



More value from security

Redefining value creation and service provision in security services

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Editors

Mervi Murtonen & Markus Jähi

VTT Technical Research Centre of Finland

Arto Rajala

Aalto University, School of Business

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PL 1000 (Vuorimiehentie 5, Espoo)

02044 VTT

Puh. 020 722 111, faksi 020 722 4374

VTT

PB 1000 (Bergsmansvägen 5, Esbo)

FI-2044 VTT

Tfn +358 20 722 111, telefax +358 20 722 4374

VTT Technical Research Centre of Finland

P.O. Box 1000 (Vuorimiehentie 5, Espoo)

FI-02044 VTT, Finland

Tel. +358 20 722 111, fax + 358 20 722 4374

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Redefining value creation and service provision in security services

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Abstract

This report is a collection of research papers written in a three-year research project addressing customer value in security services. It consists of 12 individual papers and a summative introduction. In theoretical terms, the aim of the report is to present, analyse, and discuss value creation in business-to-business security services. From a managerial angle, the report aims at understanding of how security-service providers could better meet customers' needs and requirements. The research project behind these papers was designed to explore how customer value is present in current security-service provision. The purposefully selected sample was composed of 10 companies, all of which participated in the research project. Eight of the companies represented security-service providers, while the other two were customer companies, one a large private company and the other a public organisation. In addition to these two customer organisations taking part in the project, 60 other customer companies and dozens of individual end users were interviewed, for a fuller and more coherent picture of customer-perceived value in security services. The primary data collection method was in-depth interviews. Among the other methods used were online surveys, observation of service encounters, and various workshops with the participating companies. All the papers share the same purpose – to present, analyse, and discuss value creation in business-to-business security services – but they differ in the data on which the analysis is based or in the viewpoint, research method, central theme, or research question. As a result, this report proposes a specific frame of reference for understanding the prerequisites for value creation in one particular area of business-to-business services. The summative analysis and interpretation of the papers' key findings were organised in line with that framework, following the structure of a content–process–context model. The conclusions of this report are presented after the main findings of the papers and address the following themes: 1) service-orientation of security companies, 2) value perceptions of customers and security-service providers, and 3) meeting of customers' various security needs. As an outcome of this report, a revised framework is presented, and its implications both for security services and for other business-to-business services are discussed.

Keywords

Security, business-to-business services, value co-creation

Enemmän arvoa turvallisuuspalveluista

Yhteisen arvonluonnin ja palvelutarjoaman uudelleenmäärittely turvallisuuspalveluissa

More value from security. Redefining value creation and service provision in security services.

Mervi Murtonen, Markus Jähi & Arto Rajala. Espoo 2012. VTT Science 25. 172 s.

Tiivistelmä (extended abstract in Finnish)

Olemme koonneet tähän julkaisuun ValueSSe-hankkeessa kirjoitetut konferenssiartikkelit ja niiden lisäksi muutaman aiemmin julkaisemattoman hankkeessa tuotetun artikkelin. Artikkelit ovat syntyneet vuosien 2010–2012 aikana, ja kukin niistä on kohdistettu tiettyyn konferenssiin, lehteen tai muuhun tarkoitukseen, emmekä alun perin lähteneet kirjoittamaan niitä tietoisesti yhdeksi kokonaisuudeksi. ValueSSe-hankkeen ollessa päätymässä totesimme kuitenkin käsissämme olevan melko ainutlaatuisen kokonaisuuden: 12 erilaista artikkelia, jotka kaikki on kirjoitettu samassa projektissa ja samaan aineistoon perustuen. Jokaisessa artikkelissa on jo sinällään mielenkiintoisia ja merkittäviä tuloksia, mutta vasta yhdessä ne antavat laajan kokonaiskuvan siitä, mistä turvallisuuspalveluiden asiakasarvossa on kysymys. Vaikka suurin osa artikkeleista on julkaistu jossain muodossa jo aiemmin, artikkeleiden kokoaminen yhteen on mielestämme tärkeää aiheen laajemman ja syvemmän tarkastelun vuoksi. Kokoamalla artikkelit yhteen pyrimme kuvaamaan ja analysoimaan turvallisuuspalveluiden asiakasarvon laajaa ja monimuotoista kokonaisuutta. Yksittäisen artikkelin tuloksia syvemmälle pääsemme puolestaan tarkastelemalla artikkeleita suhteessa toisiinsa. Artikkeleiden alkuperäiset lähteet ja julkaisijat on lueteltu julkaisun kohdassa ”List of original papers”. Editoreina kiitämme kaikkia aiempia julkaisijoita artikkeleiden uudelleenjulkaisuluvista.

Suuri osa suomalaisista yrityksistä on jollain tavalla turvallisuuspalveluiden asiakkaita, ja turvallisuuspalvelut olivat ValueSSe-hankkeenkin aikana myös monesti esillä kotimaisessa mediassa. Suhteutettuna turvallisuuspalveluiden yleisyyteen, julkiseen näkyvyyteen ja merkittävyyteen yritystoiminnan riskienhallinnassa, ovat turvallisuusliiketoiminta ja erityisesti turvallisuuden palvelunäkökulma varsin vähän esillä tieteellisessä kirjallisuudessa sekä suomalaisessa että kansainvälisessä tiedeyhteisössä. Suomessa viime vuosina julkaistut tutkimukset ovat koskeneet turvallisuusalan lainsäädäntöä ja toimivaltuuksia¹, yritysprofilia ja markkinoita², tulevaisuudennäkymiä³ tai yksityistä turvallisuusalaa suhteessa yksilönvapauteen ja julkisen vallan käyttöön⁴. Kansainvälisesti tarkasteltuna yksityisen turvallisuusalan tutkimus on ollut monipuolisempaa, ja aihetta koskeviin kansainvälisiin tutkimuksiin on viitattu tämän johdanto-osion muissa luvuissa. Me otamme turvallisuusliiketoimintaan uuden näkökulman ja keskitymme turvallisuuspalveluiden tuottajan, palveluita ostavan asiakkaan ja palveluiden loppukäyttäjien välisiin suhteisiin. Tarkastelemme turvallisuuspalveluita asiakasarvon näkökulmasta, mikä erottaa tämän julkaisun selkeästi aiemmista suomalaisista tutkimuksista. Lisäksi asemoimme julkaisun palvelututkimuksen kenttään, koska keskitymme riskien ja uhkien sijasta turvallisuuteen yritysten hankkimana ulkoistettuna palveluna. Sen sijaan että tarkastelisimme vain turvallisuuteen liittyvää arvoa, nostamme esiin erityisesti palveluun liitetyt arvokäsitykset ja yhteisen arvonmuodostuksen asiakkaan ja

¹ Kerttula (2010)

² Finnsecurity (2010), Lith (2009)

³ Kupi ym. (2010, 2012)

⁴ Koskela (2009), Brunila ym. (2011)

palveluntuottajan kesken. Julkaisu vastaa muun muassa seuraaviin kysymyksiin: Minkälainen palvelu turvallisuus on? Mitä vaikutuksia turvallisuuspalveluilla on? Mitä hyötyä turvallisuuspalveluista on asiakkaalle? Miten palveluntuottajat ja asiakkaat kokevat turvallisuuspalvelun arvon?

Analyysi 12 toisistaan erillisinä julkaistuista artikkeleista on jäsennetty sisältö-prosessi-konteksti -mallin (content-process-context) mukaan. Kyseistä mallia on aiemmin käytetty esimerkiksi organisaatioiden muutosprosessien kuvaamiseen. Turvallisuuspalveluiden asiakasarvo edustaa mallin prosessikomponenttia. Tarkastelemme asiakasarvon tunnistamista, ymmärtämistä, yhteisluontia ja hyödyntämistä sekä asiakkaan että palveluntuottajan tekojen ja toimintojen kautta. Lähdemme analyysissämme siitä, että sekä asiakas että turvallisuuspalveluiden tarjoaja tuottavat arvon yhdessä. Kehittämässämme viitekehyksessä palvelut muodostavat sisältökomponentin. Turvallisuusosalalla on perinteisesti myyty turvallisuustuotteita ja -järjestelmiä tai yksittäisiä turvallisuussuoritteita, mutta koko tarjoaman hahmottaminen palveluna on alalla vielä suhteellisen uutta. Haastamme sekä asiakkaat että palveluntuottajat pohtimaan, mitä turvallisuus palveluna on. Kolmanneksi, analyysimme konteksti (eli toimintaympäristökomponentti) on turvallisuus ja turvallisuusliiketoiminta (englanniksi security). Lähtökohtaisesti koko ValueSSe-tutkimushanke sijoittuu yksittäiselle turvallisuusosalalle, ja haluamme erityisesti korostaa niitä erityispiirteitä, joita liittyy turvallisuuden hankkimiseen palveluna.

Käsillä oleva julkaisu nostaa ainutlaatuisella tavalla turvallisuuspalvelut tarkastelun keskiöön ja tarjoaa yksityiskohtaisia suosituksia turvallisuuspalveluiden asiakasarvon ja palvelulähtöisen liiketoiminnan kehittämiseksi. Yksittäisten papereiden ja niiden keskinäisen vertailun tuloksena julkaisun keskeinen tulos on jäsennetty malli yhteisen arvontuoton edellytyksistä turvallisuuspalveluissa (Kuva 3 sivulla 45). Mallin avulla havainnollistamme, miten palvelulähtöisyyttä, yhteistä arvontuotia asiakkaan kanssa ja turvallisuutta palvelukontekstina korostamalla voidaan uudistaa turvallisuuspalveluita. Pohdimme myös useassa kohdassa mallin kolmen keskeisen tekijän – turvallisuuden, palvelun ja arvon – rajapintoja ja yhteisvaikutuksia: esimerkiksi sitä, miten korkealaatuista palvelua ja korkealaatuista turvallisuutta voitaisiin tuottaa samanaikaisesti ja miten asiakkaan kokemus palvelusta ja turvallisuudesta voi vaihdella eri palvelutapahtumien välillä. Tämä on erityinen haaste turvallisuusosalalla sen vuoksi, että hyvän palvelun piirteet ovat osittain ristiriidassa hyvän turvallisuuden ominaispiirteiden kanssa.

Edellä kuvatun mallin lisäksi julkaisu sisältää lukuisan joukon yksityiskohtaisia havaintoja turvallisuuspalveluista ja ideoita niiden kehittämiseksi. Yksittäisistä tuloksista voidaan mainita esimerkiksi havainto palveluorientaation nykytasosta turvallisuusosalalla. Suosittelemme, että alan yrityksissä tarkasteltaisiin turvallisuuspalveluita koko liiketoimintamallin tasolla, sen sijaan että keskityttäisiin yksinomaan vain palvelutarjoon ja yksittäisten palveluiden kehittämiseen. Toinen mielenkiintoinen havainto liittyy turvallisuuspalveluiden tuottamiin asiakashyötyihin ja palvelun hinnan merkitykseen asiakkaan kokemassa arvossa. Hinnan osalta toteamme yhteenvetona, että yksityiskohtaisemmille kustannus-hyöty-laskelmille on selvästi tarvetta. Kolmanneksi, turvallisuuspalveluiden asiakashyödyissä alkavat selvästi korostua pidemmän aikavälin strategiset hyödyt, jota pidämme hyvänä koko turvallisuusalan kehityksen ja asiakkaiden riskienhallinnan kannalta. On kuitenkin huomattava, että useissa kohdissa asiakkaan ja palveluntarjoajien käsitykset näistä yllä mainituista turvallisuuspalveluiden arvoon vaikuttavista tekijöistä olivat ainakin jossain määrin erilaiset. Sen vuoksi kannustamme turvallisuusalan yrityksiä perehtymään tarkemmin asiakkaan arvokäsityksiin ja miettimään, miten niitä voitaisiin paremmin ottaa huomioon turvallisuuspalveluiden muotoilussa, markkinoinnissa ja toteutuksessa.

Lopuksi haastamme yleiset ja toimialariippumattomat palveluiden arvoa kuvaavat mallit ja kritisimme sitä, miten ne eivät riittävästi ota huomioon erilaisten palveluiden sisältöä ja erityispiirteitä. Tämänkin julkaisun sisältö olisi jäänyt huomattavasti vähemmän

mielenkiintoiseksi ja merkityksettömämmäksi, ellemmme olisi kiinnittäneet erityistä huomiota siihen, että kyseessä ovat nimenomaan asiakkaan turvallisuutta takaavat palvelut.

Preface

This report consists of research papers summarising recent discussions of customer value in security services and the empirical research on this theme. The papers originate from a research project called '**ValueSSe – the value of corporate security services**'. This report compiles all of the main research papers written in the project and connects their arguments to form a coherent entity.

The ValueSSe project, conducted in 2009–2012, focused on the Finnish security industry. The project work brought together eight security-service providers, two customer organisations, and two research institutes as a collaborative research consortium, which worked for three years to determine how to identify, analyse, and interpret the customer value of security services. ValueSSe took all of its partners and stakeholders on a fascinating journey from the definitions of value, security, and services, through several empirical cases of security-service development, to company-specific results of more customer-oriented security services and a more thorough understanding of what qualities customers value in security services. The editors gratefully acknowledge the Finnish Funding Agency for Technology and Innovation (Tekes) for funding this journey.

The research papers presented in this report would not have come to be without empirical evidence provided by the 10 key organisations that participated in the ValueSSe project. These were Niscayah Oy, G4S Security Services Oy, Palmia Turvapalvelut (owned by the City of Helsinki), Outokumpu Oyj, the City of Espoo, Flexim Security Oy, Verifi Oy, Schneider Electric Buildings Finland Oy, Granite Partners Oy, and Turvatiimi Oyj. We wish to thank the representatives of all these organisations who gave their invaluable time for interviews, workshops, project meetings, and comments while also investing resources in the case projects.

This report was undertaken to bring together academic papers arising from the ValueSSe project that had been published in different forums. It covers 12 papers in all. The collection consists of conference papers published in various proceedings volumes, articles published in the VTT Symposium Series and in the magazine *VTT Impulse*, and some previously unpublished working papers. All of these papers originally targeted conferences and individual publications, and there was no intention to collect them in a report such as this. As we reached the end of the ValueSSe project, however, we recognised how great a contribution the collection of papers offers as a whole. All of the papers present noteworthy findings as they stand, but together these works form a coherent entity that provides a broader and more in-depth view of the customer value in security services than the papers do separately. The papers, with their original publication details, are

presented below, in ‘List of original papers’, and all papers are presented in full text in part II of this report. We wish to thank all of the publishers for allowing the papers to be reprinted in this volume, in edited and updated form.

This report is the result of a concerted effort. We as its editors would like to thank all of our colleagues who contributed both in the ValueSSe project and in writing the original papers. In addition to those who conducted the practical project work at VTT and Aalto University’s School of Business (the former School of Economics), the present papers had some experts as contributors who did not participate in the ValueSSe project in any other way. In addition, some papers were written in conjunction also with other research projects. We are thankful to the official reviewers, Professor Miia Martinsuo from Tampere University of Technology and Ph.D. Petri Puhakainen from the University of Oulu, for their reviews and insightful comments. We also thank Professor Martinsuo for agreeing to write the foreword for this report.

A list of the authors, presented in alphabetical order, follows, with their affiliations:

- Project Researcher **Reeta Hammarén**, M.Sc. (Econ.); Aalto University
- Research Scientist **Markus Jähi**, M.Sc. (Tech.), M.Soc.Sc.; VTT Technical Research Centre of Finland
- Project Researcher **Arto Kangas**, B.Sc. (Econ.); Aalto University
- Technology Manager **Helena Kortelainen**, Lic. (Tech.); VTT Technical Research Centre of Finland
- Senior Scientist **Eija Kupi**, M.Sc. (Tech.); VTT Technical Research Centre of Finland
- Professor **Miia Martinsuo**; Tampere University of Technology
- Project Researcher **Anna Multanen**, M.Sc. (Econ.); Aalto University
- Senior Scientist **Mervi Murtonen**, M.Sc. (Tech.); VTT Technical Research Centre of Finland
- Research Scientist **Katariina Palomäki**, M.Sc. (Tech.); VTT Technical Research Centre of Finland
- Project Researcher **Axel Sointu**, B.Sc. (Econ.); Aalto University
- Senior Researcher **Arto Rajala**, Ph.D.; Aalto University
- Research Director **Risto Rajala**, Ph.D.; Aalto University
- Research Professor **Veikko Rouhiainen**; VTT Technical Research Centre of Finland
- Assistant Professor **Mika Westerlund**; Carleton University, Ottawa, Canada
- Project Researcher **Tuomas Wuoristo**, M.Sc. (Econ.); Aalto University
- Project Researcher **Xiang Ye**, M.Sc. (Econ.); Aalto University

This report consists of two parts. Part I presents the summative introduction for and conclusions of the papers. It starts with a brief description of the rationale behind the report, which situates the work in the fields of service research and security. Part I continues presentation of the frame of reference, which reflects the theoretical background of the papers. Next, the research methods and data used in the papers are presented. Finally, the main findings of the research papers are reported in brief, and key contributions and recommendations are discussed. Part II consists of the 12 individual papers.

The references used in Part I are indicated in the footnotes and cited in full form in alphabetical order at the end of Part I. Works cited in individual papers are listed at the end of the relevant paper. The papers follow the guidelines and instructions of their original publications; therefore, the papers vary in their bibliographic style.

Foreword: Toward strategic change in the security-service business

Martinsuo, M.

This report focuses on the topical and strategically relevant question of how value can be created for customers in business-to-business security services. Many companies have decided to outsource their security management to external providers as part of their core business and risk management strategy. Although security service, by nature, is considered a support service for commercial enterprises and public organisations, its value stems from avoidance of pure risks and business risks, as their realisation would have significant implications for the service-buying company and its personnel.

The editors approach the value in security services through the lens of organisational change, with focus on such dimensions as content, process, and context⁵. Underlying this idea is insight into two major issues:

- The buying companies are outsourcing some of their risk management to external security-service providers and, thereby, carrying out a strategic change – typically devoting more effort to their core business while letting others take care of support activities.
- The service providers are taking on significant proportions of their clients' risk management and, thereby, carrying out a strategic change of their own – possibly adopting a new service-oriented business logic that will complement their core service product.

The findings reported in this book indicate that making such simultaneous strategic organisational changes is by no means an easy task. The companies that buy security services must learn to express their strategic expectations, understand the business drivers of security, and be willing and able to buy a certain level of service to match the expectations, instead of buying equipment – i.e., security products. Security-service providers, in turn, must expand the scope of their business, ensure the presence of the necessary resources, structure their activities, and communicate their offering while at the same time maintaining high service quality in the day-to-day encounters with their customers. All this occurs in the relationship between the two parties, who must maintain their dialogue at the operative level of security services' provision and at the same time survive in the

⁵ Pettigrew (1987).

competitive business context, which involves different customers' diverging expectations and needs. Also, the technological links of security services are quite evident, which implies that evolution of technology will generate additional challenges to strategic change in the security business.

Research on organisational change has paid increasing attention to two additional factors, besides content, process, and context. Firstly, research has looked into the criteria based on which a change can be considered successful⁶, possibly due to the practical experience of organisational changes very often failing. The results described in this book highlight the issue of mutual benefits and effectiveness in security-service provision, particularly in adoption of service-based business logic, wherein value creation is characterised as a joint activity. The book will give some ideas of how such mutual benefits and effectiveness can be witnessed and estimated, but perhaps also future research should consider the criteria through which the success of strategic change in security-service business is being evaluated.

Secondly, one factor possibly explaining difficulties in the success of strategic change is how the personnel participating in the change are taken into account and empowered for change implementation. Armenakis and Bedeian⁷ summarised that many studies have paid attention to monitoring the affective and behavioural reactions to change, for understanding the organisation's readiness for the change and promoting successful implementation of it. The collection of articles in this book is strongly grounded in the perceptions of security-service providers' and customer firms' personnel. Illustrative excerpts are reported from the micro-level episodes that security personnel experience as part of their work. The findings portray varying degrees of readiness for strategic change, in terms of both understanding what service is and knowing how service value can be created jointly. Perhaps future studies could take further steps in purposively exploring the affective and behavioural aspects of the strategic shift toward security-service business.

Finally, the scope of the empirical material in the book highlights the industry-wide opportunity presented with security-service business. If multiple service providers within a given field of industry are taking similar kinds of steps toward service provision as a business strategy and their clients favour outsourcing of security, we are likely to observe broader institutional transformation in that sector in the future. Because institutional transformation will imply diffusion of new practices across firms, adoption of new procedures and competencies, and new kinds of business networks, this book opens development avenues for the companies involved as well as education providers and policymakers. I hope also that researchers will have a chance to study such an institutional transformation and track its progress, and eventually help Finnish companies to make their businesses even safer and more secure and successful.

⁶ Armenakis & Bedeian (1999).

⁷ Armenakis & Bedeian (1999).

List of original papers

This collection consists of a summative introduction and the following papers, which will be referred to in the text by their Roman numerals (papers I–XII):

- I **Mervi Murtonen, Helena Kortelainen, Eija Kupi, and Veikko Rouhiainen** (2010). *Development of B-to-B security business: From guarding to knowledge-intensive expert services*. Paper presented at the 5th Future Security Research Conference, organised by Fraunhofer Group for Defense and Security and held on 7–9 September 2010, in Berlin. Originally published in the conference proceedings.
- II **Markus Jähi and Mervi Murtonen** (2011). *Servitization in the security business*. Paper presented at the 6th Future Security Research Conference, organised by Fraunhofer Group for Defense and Security and held on 5–7 September 2011, in Berlin. Originally published in the conference proceedings.
- III **Reeta Hammarén, Arto Kangas, Anna Multanen, Mervi Murtonen, Arto Rajala, Risto Rajala, and Mika Westerlund** (2010). *Insights into the development of the security business: Toward increasing service-orientation*. Peer-reviewed paper presented at the Security in Futures – Security in Change Conference. Originally published in Burkhard Auffermann and Juha Kaskinen (editors) (2011). *Security in Futures – Security in Change: Proceedings of the Conference ‘Security in Futures – Security in Change’*, 3–4 June 2010, Turku, Finland. FFRC eBOOK 5/2011, Finland Futures Research Centre, University of Turku, pp. 83–95. Available at http://ffrc.utu.fi/julkaisut/e-julkaisuja/eTutu_2011_5.pdf.
- IV **Arto Rajala, Reeta Hammarén, Arto Kangas, and Axel Sointu** (2012). *How is security marketed? Challenges of marketing communication in the security sector*. Unpublished working paper.
- V **Mika Westerlund, Risto Rajala, and Arto Rajala** (2011). *Security service adoption in a B2B context: Do clients and providers hold congruent views?* Peer-reviewed paper presented at the IAEB Conference organised by the International Academy of Business and Economics and held on 16–19 October 2011 in Las Vegas. Originally published in the conference proceedings.

- VI **Mika Westerlund, Risto Rajala, and Arto Rajala** (2011). *Benefits of security service adoption for B2B clients*. Peer-reviewed paper presented at the IAMB Conference organised by the International Academy of Management and Business and held on 7–9 November 2011 in San Francisco. Originally published in the conference proceedings.
- VII **Mervi Murtonen and Miia Martinsuo** (2010). *Customer value from the service providers' perspective in B2B security services*. Paper presented at the 17th International Annual EurOMA Conference, organised by the European Operations Management Association and held on 6–9 June 2010, in Porto, Portugal. Originally published in the conference proceedings.
- VIII **Markus Jähi** (2011). *Key drivers of customer value in business-to-business security-guard services*. Paper presented at the 4th International Conference on Safety and Security Engineering (SAFE 2011), organised by Wessex Institute of Technology. Courtesy of WIT Press from the book M. Guarascio, G. Reniers, C.A. Brebbia, and F. Garzia (editors) (2011). *Safety and Security Engineering IV*. WIT Press, Southampton, pp. 137–148.
- IX **Arto Kangas** (2012). *Challenges of the security-services value chain within the public sector*. Unpublished working paper.
- X **Mervi Murtonen, Markus Jähi, Katariina Palomäki, and Eija Kupi** (2011). *'Kibification' of private security services: Toward more knowledge-intensive security offerings*. Peer-reviewed paper presented at the VTT Symposium on Service Innovation on 18 August 2011 in Espoo, Finland. Originally published in P. Vähä, M. Toivonen, I. Salkari, M. Isomursu, M. Nuutinen, and P. Leviäkangas (2011). *VTT Symposium on Service Innovation, VTT Symposium 271*, VTT Technical Research Centre of Finland, pp. 145–157.
- XI **Xiang Ye** (2012). *Disruptive behaviour in the store environment – consumer narratives about experiencing disturbing or threatening behaviour and insecure transaction places*. English summary of a *pro gradu* thesis published in 2011 for Aalto University and available in Finnish at http://hsepubl.lib.hse.fi/EN/ethesis/pdf/12721/hse_ethesis_12721.pdf.
- XII **Mervi Murtonen** (2011). *Customer-perceived service quality in guarding encounters: Colliding service experiences and security experiences*. Modified version of the paper originally published in *VTT Impulse 2/2011*, VTT Technical Research Centre of Finland, pp. 33–38.

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**PART I: Customer value in security services:
Content, process, and context**
Murtonen, M.; Jähi, M.; and Rajala, A.

1. Background

One of the main inspirations for the research reported upon in this collection of papers is the sense that only limited attention has been paid to security services in academic research. Although private security services are widely used, little is known about security as a form of business services. We acknowledge that the private security industry as such has been studied within a few streams of research. For example, the relationship of public policing and private security is covered well by the literature⁸. Other research streams include criminology and disaster management⁹, sociology¹⁰, international relations¹¹, and political economy¹². Thus private security, as a social phenomenon as well as part of the legal system, is addressed quite well by the existing literature. However, a thorough analysis of security as a form of business services seems to be lacking in current research. Only a few studies¹³ have considered the customer perspective on security and discuss, for example, the benefits related to using outsourced security services.

Despite the dearth of academic interest in the security business, market interest in security products and services is continuous. The increased felt need for security has created remarkable market potential for security providers. It is estimated that the sector will grow by around eight per cent annually at global level¹⁴, being one of the most rapidly growing industries in Europe and elsewhere¹⁵. The increasing emphasis on security has also sparked criticism of the ever-spreading 'securitisation' and the replacement of public policing with private security services¹⁶. Button¹⁷ posits, as a counter-argument to this criticism, that, although general opinion of private security is sometimes negative, referring to ineffectiveness and non-reassuring status, private security from the perspective of the customer organisations is associated with high value and importance. In order to exploit the emerging market potential fully, security providers need to

⁸ Button (2007), Johnston (1992), and Wakefield (2003).

⁹ Armitage & Pease (2007), Farrel & Pease (2006), and Trim (2003).

¹⁰ Goold et al. (2010), Loader (1999), Manzo (2009) and Zedner (2003).

¹¹ Baldwin (1997), Leander (2007), Stapley et al. (2006), and Wolfers (1952).

¹² Brück et al. (2008) and White (2011).

¹³ Beck (2008), Challinger (2006), Prentice (2007), and Thai (2007).

¹⁴ Ruttenbur (2008).

¹⁵ de Waard (1999).

¹⁶ See, for example, Zedner (2003).

¹⁷ Button (2007).

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understand their customers' manifest and latent needs and to create appropriate offerings and solutions that respond to customer demand.

Current research on business services is far more widespread than that on business security. Extensive academic research has recently explored new service development (NSD)¹⁸, service-dominant logic (SDL)¹⁹, servitization of manufacturing companies²⁰, and value creation within various industries²¹. Recent literature on business-to-business services focuses primarily on certain high-value or advanced services²², such as knowledge-intensive services, IT services, management and technical consultancy, services for high-cost capital goods, and other industrial services. Far less attention has been given to many traditional or low-value business-to-business services, which constitute secondary support for the customer's business²³. These are, among others, facility management, cleaning, clerical services, and security. Typical of these traditional support services is that they are widely used in both public and private organisations and across all industries. They have long traditions in business-to-business services also, and they are constantly present on customer premises. Still, they usually are considered to be low-value, high-volume 'commodity-type' services and, therefore, somewhat secondary for the customer. The support services are a very broad and fragmented category. Consequently, any patterns are difficult to identify²⁴. We feel, however, that turning the focus to support services will uncover new perspectives on business-to-business services and enrich our view of provider–customer relationships in the business context.

In light of all these notions, we argue that business-to-business security services deserve more attention in the academic literature and simultaneously provide an interesting example of a widely used yet little-researched area of business-to-business services. The purpose of this report is to shed more light on how customer value is created through security services. We believe that, in particular, the provision and usage of security services need deeper understanding from both a conceptual and a practical standpoint. Following the logic of service-dominant business²⁵, this report takes customer value²⁶ as a key concept through which security services are approached. The report hears the voices of both service providers and their customers on how value is present in security services. From the management point of view, the report targets understanding of how security-service providers could better meet their customers' requirements, thereby gaining a better bargaining position, for capturing more value themselves, too. One of the overarching themes discussed in this report is what it means to be a service-oriented security company and what kinds of challenges security companies are facing in positioning themselves as the same.

¹⁸ See, for example, Johnes & Storey (1998).

¹⁹ Vargo & Lusch (2004).

²⁰ Oliva & Kallenberg (2003).

²¹ See, for example, Lindgreen et al. (2012).

²² Lay et al. (2009).

²³ Wynstra et al. (2006).

²⁴ Wynstra et al. (2006).

²⁵ Vargo & Lusch (2004, 2008).

²⁶ See, for example, Khalifa (2004).

2. Our frame of reference

The review of the 12 papers and the literature, together with our own experiences and insights, has contributed to the development of a frame of reference for this report. It provides an organising structure both for reporting of the key findings of the papers and for analysis and synthesis of these findings. Thus it aids in transforming the individual papers into a coherent whole. This framework is presented in Figure 1.

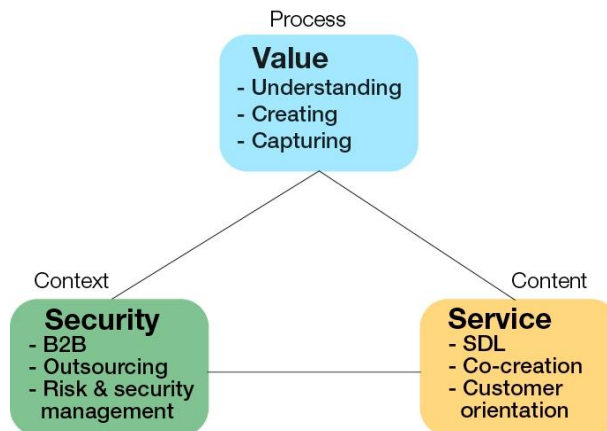


Figure 1. A collective frame of reference for the papers in this report.

The structure for the frame of reference is derived from the key themes present in the papers: value, security, and service. We believe that these three concepts and the relationships between them form a solid frame for deepening our understanding of what constitutes service-orientation and value co-creation in striving to meet customers' security-related needs in a business-to-business context. Furthermore, the structure is based on the 'content–process–context' approach, originally presented by Pettigrew²⁷ to analyse organisational change.

²⁷ Pettigrew (1987).

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We selected this model to provide structure and order for the intangible concepts of value, security, and service. At the same time, the content–process–context model is general enough to make several layers of analysis possible, and the interactions and linkages between the concepts allow us to explore these phenomena in multiple ways.

In our analysis, ‘**value**’ refers both to benefits, gains, or advantages (actual or perceived) that customers obtain when exploiting security services and to their costs and other sacrifices to gain these benefits²⁸. Since we want to adopt both the providers’ and their customers’ viewpoint on value in security services, we position value as an active **process** element in the frame of reference. In other words, the element of value emphasises the reciprocal actions of providers and customers in identifying, understanding, creating, and capturing value. Thus this process element answers the questions of **how and when**: How is value present in security services? When is value created, and by whom?

The second concept, **service**, refers to the extent to which a provider’s business logic is based on service-minded thinking, and how well customers are engaged and involved in service provisioning²⁹. We are interested in analysing to what extent security is delivered as a service instead of in the form of products and technical security systems alone. Accordingly, the service (offering or solution) provides the **content** for customer procurement. The content element arises in answers to the **what** question: What is delivered, and in what form?

Approaching any business-to-business services in research requires consideration of the **context**. In this report, the concept of **security** consists of procedures and actions that afford customers’ undisturbed business, or a safe and secure work environment, thus assisting in customers’ risk and security management. Consequently, security provides the contextual element wherein the value creation and value capture take place in the business-to-business setting. In our framework, the context element answers the question of **why**: Why are security services different from other business-to-business services? Why are security services purchased in the first place?

Next, we review the relevant literature examining each of these three central elements in our framework.

2.1 Customer value in business-to-business services

To understand value in the security context, we first must determine what the concept of value represents. The term ‘value’ has a vast range of meanings and connotations. In a business-to-business context, relevant definitions are to be found mainly in organisation and management literature. In this literature, value is clustered generally around three categories: financial value, shareholder value, and customer value. However, customer value is claimed to be the source of all other value³⁰. In this report, we focus on customer value and, in so doing, follow Bowman and Ambrosini where the different senses of value are concerned. They have introduced and defined two types of value at the organisational level: use

²⁸ Zeithaml (1988).

²⁹ Lusch et al. (2010).

³⁰ Khalifa (2004).

value and exchange value³¹. The former (often also described as value-in-use) refers to the specific quality of a job, task, product, or service as perceived by users in relation to their needs. The latter, on the other hand, is an embodiment of either the monetary worth of realised benefits at a certain point in time, when the exchange of the task, good, service, or product takes place, or the amount paid by the user to the seller for the use value of that task, job, product, or service. Viewed together, these definitions suggest that value creation depends on the relative amount of value that is subjectively recognised by a target user who is the focus of value creation. Furthermore, the subjective value realisation must at least translate into the user's willingness to exchange money for the value received³².

Why was customer value selected as a key construct in this study? As a wide range of recent studies claim, we are living in an era of a service economy wherein new services are created and even in many traditional sectors of industry the business logic is shifting from a product-based toward a service-based view³³. Even the most traditional forms of services, security services among them, are facing increasing pressures for renewal. In this transformation process, the meaning of value and the process of value creation are also changing. This has prompted calls for a better understanding of how to define and conceptualise the real value that customers obtain from these services. To answer this call, there has been growing interest in customer value among both practitioners and researchers in the last two decades³⁴. For service providers, the growing interest in customer value means a need for, before a value proposition is created, a better grasp of the underlying factors and mechanisms that affect customer value perceptions (i.e., they must identify value drivers). Recent studies show that, to be successful in creation of customer value, companies need to move from basic offerings to value-added solutions wherein the customer's, or even the customer's customers', voice has the focus³⁵. Especially in business markets, customers rely on the products and services they buy from their suppliers in order to improve their own market offering and to increase the overall profitability of their firm³⁶.

It has been pointed out in several studies that we cannot define customer value in services only as an extension to product-based value creation and that instead we must fundamentally change our way of thinking about the whole value-creation logic³⁷. This is what Vargo and Lusch in their seminal article³⁸ call for: moving away from goods-dominant logic and toward service-dominant logic (SDL). This change has its implications also for how the ultimate customer value is defined and perceived. Traditionally, value in business-to-business exchange refers to the difference between the benefits and the sacrifices (e.g., the total costs, both monetary and non-monetary) perceived by customers in terms of their expectations, needs, and desires³⁹. However, in the service business, according to the SDL approach, the value is seen as resulting from the beneficial applications

³¹ Bowman & Ambrosini (2000).

³² Lepak et al. (2007).

³³ For example, Grönroos & Ravald (2011), Matthyssens & Vandenbempt (2008), and Sheth & Sharma (2008).

³⁴ For example, Anderson et al. (2006), Smith & Colgate (2007), and Walter et al. (2001).

³⁵ Cova & Salle (2008) and Matthyssens & Vandenbempt (2008).

³⁶ Ulaga (2003).

³⁷ Lindberg & Nordin (2008) and Vargo & Lusch (2008).

³⁸ Vargo & Lusch (2004).

³⁹ Lapierre (2000).

of operant resources and there is no value until an offering is used, with experience and perception being essential to the determination of value⁴⁰. In other words, value comes from the ability to act in a manner that is beneficial for a party, so value is subjective and always determined in the end by the beneficiary, who, in turn, is always a co-creator of that value⁴¹. Accordingly, service should be seen as more a perspective on value creation than the opposite of a product or a category of market offerings⁴². We examine this issue in more detail in the next section.

2.2 Service and servitization

To understand security as service, we need first to highlight a certain basic understanding of what the terms 'service' and 'services' stand for. It is noteworthy that we prefer the word in its singular form. The reasoning behind this is that 'service' is a process of doing something for/with someone, whereas the plural form 'services' implies units of output, which are consistent with the term 'products'⁴³. This is in line with what Grönroos and Helle⁴⁴ propose as a new business logic: a *'service logic would mean that all activities and processes of a supplier that are relevant to its customers' business are coordinated with the customer's corresponding activities and processes into one integrated stream of actions, with the aim to support the customer's processes'*. Thus, service business comprises both services that support products and service that support customer actions⁴⁵, and value for the customer emerges not from one source but from the whole spectrum of supplier–customer interaction that supports successful use of the core resources⁴⁶.

It is claimed that the security business originally had its roots in services, and throughout the centuries it has been an elementary part of the offering⁴⁷. However, the rapid development of various technologies that can be used for security-related purposes (e.g., cameras, access control systems, and alarm systems) has nudged security providers' business strategies toward sales of products and technologies. Recently, most of the companies have recognised the need for service re-development, because selling and maintaining products no longer corresponds to the emerging customer requirements. This phenomenon of 'servitization' is widely recognised in other industries, as more and more firms move from manufacturing goods to providing services or integrating products and value-added services into solutions or functions⁴⁸. In the security sector, this could mean a movement toward more specialist, customised, and even knowledge-intensive business services, such as the design of complex yet interoperable alarm and surveillance systems, security consulting, and training. Another

⁴⁰ Vargo & Lusch (2008).

⁴¹ Lusch et al. (2007).

⁴² Edvardsson et al. (2005).

⁴³ Cova & Salle (2008).

⁴⁴ Grönroos & Helle (2010), p. 565.

⁴⁵ Mathieu (2001).

⁴⁶ Grönroos (2011).

⁴⁷ de Waard (1999).

⁴⁸ Lindberg & Nordin (2008) and Oliva & Kallenberg (2003).

motivating factor driving this change is that servitization seems to establish new relationships, and deepen the existing ones, between suppliers and customers⁴⁹.

What does servitization actually mean from the standpoint of a company's business? In service-dominant logic, a service-centred view of exchange implies that the goal of a provider must be to tailor its offerings, to recognise that the customer is always a co-producer, and to strive to maximise customer involvement in the service process. Following these principles, a provider can create opportunities to expand the market by assisting customers in the process of specialisation and value creation. Tangible goods only serve as platforms for service provision. In the ideal case, firms find opportunities to retain ownership of goods and simply charge a use fee, focusing on the total process of consumption and use.⁵⁰

However, some scholars suggest that, besides a servitization approach, which often means customisation of offerings, companies need to implement a kind of objectification approach. This refers to services being packaged and made more tangible⁵¹. These two logics exist in tandem, and contemporary firms combine their elements by drawing clear lines, delineating distinct products, services, and processes⁵². As for managing this kind of product-service portfolio, Ulaga and Reinartz⁵³ have developed a classification scheme for hybrid offerings. They use two dimensions: the service's direction at the supplier's good vs. the customer's process, and the supplier's service value proposition being grounded in the promise to perform a deed (input-based) vs. achieve performance (output-based). This classification suggests four hybrid offering modes. **Product life-cycle services** facilitate the customer's access to the supplier's product and ensure its proper functioning over all stages of the life cycle. **Asset efficiency services** strive to achieve productivity gains from assets invested by customers. **Process support services** assist customers in improving their own business processes. Finally, **process delegation services** are the most advanced type of services. They carry out processes on behalf of the customers. Although this hybrid offering typology was developed for goods-based industrial firms, we believe that it is fully applicable in the service sector as well.

2.3 Security services

Security is a broad topic, and it can be approached from the individual (subjective), corporate, domestic, or international perspective. In this section of the report, we analyse how security services are expected to provide value for the customer and perceived as doing so. As pointed out in the introductory section (see page 19), rigorous studies of the customer value of security services are almost non-existent. One reason might be that when trying to define the value of security, we are confronted with security as a contested and contradiction-laden concept. As some authors have stated, security is weakly conceptualised and underdeveloped, causing contested and contradictory interpretations among scholars⁵⁴. For its definition, security is always dependent on an applied context,

⁴⁹ Edvardsson et al. (2005).

⁵⁰ Vargo & Lusch (2004).

⁵¹ Lindberg & Nordin (2008).

⁵² Sundbo (2002) and Nordin (2005).

⁵³ Ulaga & Reinartz (2011).

⁵⁴ Buzan (1991).

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and, hence, it is very difficult to define in an all-encompassing or unambiguous way⁵⁵. It has also been said that the current concept of security is too broad to be practicable⁵⁶. Accordingly, if we are not able to define what security stands for in a customer context, it is almost impossible to define the customer value it provides. In this study, the focus will be on the corporate level, but we also acknowledge the key notions of security at both a higher (national/international) and a lower (individual/subjective) level. At present, a fundamental shift in global interactions blurs the boundaries between national and international security; therefore, also the boundaries between corporate security and other levels of security must be subject to constant research and refinement⁵⁷.

In its most general sense, security can be defined in terms of two specifications: security to whom and security for which values?⁵⁸ However, for overcoming conceptual ambiguity, more precise specifications are needed in addition to these. As suggested by Wolfers, the specification of security can be formed by answers to the following questions: How much security is needed, against which threats, at what cost, and in what time period?⁵⁹ These are relevant questions and highly dependent on the objectives set and the resources allocated for security. In a corporate context, there is always a risk of overestimation or underestimation of security needs, so the question of proper risk evaluation and management needs to be answered. From the risk management perspective, security is only one element in the organisational risk portfolio; therefore, it must be considered along with other aspects of enterprise-wide risk management, such as financial risk management, occupational safety, and environmental safety⁶⁰.

In a company, the worth of security is valued by employees, managers, suppliers, customers, diverse partners, and other stakeholders. Yates⁶¹ has used the concept of a 'security dividend' to describe various stakeholder benefits that are key to good corporate security investments. According to him, integrating security into business operations can deliver a security dividend in the form of return on investment, because security:

- increases businesses' efficiency for three reasons:
 - The focus shifts from correction of errors to their prevention
 - Processes become more traceable, and each individual's accountability is increased
 - The response to deviations is improved and properly delimited; disruptions are not caused throughout the business.
- increases the appeal of the business to existing and prospective customers
- increases the business's employee retention rate
- demonstrates that the business is a good corporate citizen
- reduces the likelihood of the business being liable for incidents.

On the other hand, the valuation of security is not done in isolation. The pursuit of security might necessitate sacrifice of other values (e.g., real-estate management,

⁵⁵ Brooks (2009).

⁵⁶ Manunta & Manunta (2006).

⁵⁷ Stapley et al. (2006).

⁵⁸ Baldwin (1997).

⁵⁹ Wolfers (1952), referencing Baldwin (1997).

⁶⁰ Garcia (2006).

⁶¹ Yates (2003).

R&D, or marketing). Therefore, it is necessary to ask how important security is relative to other corporate values. Baldwin⁶² suggests three ways of answering this question: through the prime-value approach, the core-value approach, and the marginal-value approach. With the **prime-value approach**, one way to determine the value of security is to ask what the business would be like without it. This involves assertion of the primacy of the goal of security in a company – for example, to what extent security is seen as a prerequisite for capturing other values. The **core-value approach** allows for other values by asserting that security is one of several important values, though not the main one. Here, the company needs to justify the classification of some values as core values and others as non-core values. Baldwin suggests that the final approach, the **marginal-value approach**, is the only one that provides a solution to the resource allocation problem. It assumes that the law of diminishing marginal utility is as applicable to security as it is to other values. Consequently, one can assert the primacy of security, or that of other business activities, but the key element is that a certain minimum amount of each value is needed for sustained continuity. For many companies and organisations, asserting a marginal value for security seems to be the preferable approach. For example, one thus can assess whether to outsource certain security services or the whole spectrum of these, since it should be easy to calculate and evaluate the costs of in-house security services.

However, evaluating the value of an in-house corporate security department and not just the costs may not be straightforward: separating out security's impact, as well as evaluating corporate security's preventive effect, may prove difficult in practice⁶³. Another way to compass the value of security is to perform investment analysis (e.g., assess return on security investments, ROSI). For example, Cavusoglu et al.⁶⁴ have constructed a quantitative model for evaluation of IT security investments. They argue that a 'what-if-based analysis is a useful tool for understanding how different parameters affect costs and benefits, so that one can explore alternative options and finally find an optimal security investment. Another example is given by Drugescu and Etges⁶⁵, who have studied how to maximise the return of investments in information security programmes. They conclude that security investments must be strategised and planned in the form of a security-services portfolio, with clear accountability and expectations. They also point out that, although security services mitigate risks and fundamentally act as an enabling element for IT services and business processes, they rarely create value in isolation. Instead, the value created by security originates from the ability to leverage new and existing services and revenue streams. Although the examples presented above illustrate a data security and IT context, ROSI would provide invaluable understanding for value analysis in other areas of security as well.

⁶² Baldwin (1997).

⁶³ Challinger (2006).

⁶⁴ Cavusoglu et al. (2004).

⁶⁵ Drugescu & Etges (2006).

2.4 Concluding remarks

In this chapter, we have striven to uncover theoretical and conceptual elements associated with the value of security services. We approached the topic from three angles: the content, process, and context points of view. In our study, services form the content, value creation the process, and security business the context. Firstly, we decided to uncover the concept of value from a customer's point of view. The existing literature emphasises that value and its creation is a vague and multifaceted concept. The 'gestalt of value' can be at the same time content (achieved benefit) and process (creation value). Therefore, its meanings differ, depending on who defines it and what the level of analysis is. Secondly, the growing body of literature on services and service logic (or service-dominant logic) was addressed. This has provided us with a better conceptual understanding of the mechanisms behind customer value creation – in other words, how and why the customer should be on the locus of value creation. Thirdly, previous studies of security reveal that the value of security services and corporate security can be approached from different angles, such as stakeholder value, risk management, marginal value, or return on security investment. All of these stress different aspects of security and hence call for enhanced understanding of the particular business context at hand.

3. Materials and methods

This chapter describes the research methods and data that were used in the individual papers. In combination, the papers in this report constitute a multi-method study that is based on multiple data sources and takes advantage of several research approaches and strategies. All of the papers share the same empirical database gathered in the ValueSSe project. The empirical data fall into three main datasets:

1. The first dataset, with empirical data from eight security companies, consists of 50 expert interviews, company workshops, observations of security-service encounters, and analysis of public marketing communication material found on the Internet. The data were collected in 2009–2011 and used for papers I–IV, VII, and X.
2. The second dataset consists of customers' views on security services. It was collected through individual and group interviews in 2010–2011 from 60 business customers, more than 100 representatives of the public sector, and 24 consumers. The interviews were semi-structured. This dataset was used for papers VIII, IX, XI, and XII.
3. The third dataset consists of data from an online survey conducted in 2010. The respondents were members of a national security association and represented both security providers and their customers. The number of potential respondents in the survey was 312, and there were 141 usable responses for analysis, for a response rate of 45 per cent. Service providers and customer organisations responded in a roughly 50/50 ratio. Papers V and VI use this dataset.

In social research, one technique that can facilitate data validation is triangulation: use of multiple sources and types of data to investigate a research question⁶⁶. For this report, the data used were gathered from multiple sources, to meet the requirements of a reliable empirical study, these including use of multiple sources of evidence, an adequately functional set of measures, and internal and external validity⁶⁷. In addition, several research strategies and methods were combined, to avoid the biases that arise from use of only a single method. The papers applied different approaches (deductive and inductive) as well as different research strategies (action research, case study, and survey), and they even reflected

⁶⁶ Denzin (1978).

⁶⁷ Yin (2003).

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different ontological and epistemological stances⁶⁸. Also, multiple techniques were used for analysis of the data.

The majority of the papers included in this report followed the research strategy of action research, or a case-study design, utilising qualitative analyses of interview and observation data (papers I–IV and VII–XII). Secondary data, especially public marketing communication material (dataset 1), were used throughout the papers to support the analysis. In addition to more traditional qualitative techniques, narrative analysis was applied in two of the papers (XI and XII), to emphasise the subjective views of security-services customers and reflect a more interpretivistic research philosophy. The survey data were approached and analysed deductively through establishing a research model and testing it over the data (papers V and VI). An empirical analysis was performed with the SmartPLS 2.0 software application⁶⁹. More thorough descriptions of the methods used can be found in each paper.

All papers in this report include some views on the central constructs of the frame of reference – i.e., value, service, and security. The papers provide us with empirical illustrations that reflect these constructs through three research themes: First, papers I–IV study **service-orientation** in a security context and discuss the level of servitization in this field. Second, papers V–VIII compare and discuss service providers' and customers' **value perceptions** in security services. The use of multiple data sources made it possible to compare the views of service providers and customers in a manner that has been unusual in the context of security services. Third, papers IX–XII take a more multidisciplinary stance and apply specific research methods in analysing how different types of security services **meet the various security needs of different customer sectors**. In this report, the papers are organised and discussed in line with these themes.

Table 1 presents the three research themes and summarises the aim and main findings of each paper, as well as the research approaches and data used. More detailed descriptions and analyses are provided in the individual papers in part II of the report. The main findings of the 12 papers are presented in the next chapter, organised on the basis of the above-mentioned research themes.

⁶⁸ See, for example, Saunders et al. (2009).

⁶⁹ Ringle et al. (2005).

Table 1. Summary of the papers.

Paper	Main topic	Aim	Methods and data	Main findings
I – Murtonen et al. (2010)	Introduction to servitization in the security business	To analyse the premises and requirements for service development in the security business	Themed interviews of eight service providers and three customer companies	<ul style="list-style-type: none"> • Security companies are living the re-servitization phase • The business logic among security providers is shifting in favour of provision of more comprehensive solutions to customers • A new concept of security co-creation is being introduced
II – Jähi & Murtonen (2011)	Introduction to product-service systems (PSSs), continued from Paper I	To analyse what types of product-service systems can be identified within the security business and what challenges security-service providers face in the servitization process	Action research approach, workshops and meetings with seven service providers	<ul style="list-style-type: none"> • Products and services are still seen as separate phenomena within the private security industry • The product-oriented PSS functions well as a description of the present state of the private security industry • Security-service providers should pay attention to and redefine the outcomes of their services
III – Hammarén et al. (2010)	Qualitative analysis of the service-orientation of security companies	To investigate the manifestation of service-orientation in security companies' business models	Case study with five service providers, interviews and public marketing material	<ul style="list-style-type: none"> • More service-orientation is needed in organisations in the security business, regardless of increasing emphasis on service-dominant logic • One reason many firms struggle in becoming service-oriented is that they have restricted their focus to changes in the company's offerings • Too often, the other elements of business models do not support service-orientation as well as they should

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<p>Paper IV – Rajala et al. (2012)</p>	<p>Main topic Introduction to marketing communications in the security business</p>	<p>Aim To analyse how security companies use their marketing communications to promote their products and services and to enhance their image as a customer-oriented service provider</p>	<p>Methods and data Six security providers' marketing communications material</p>	<p>Main findings</p> <ul style="list-style-type: none"> The communication material is provider-centric, emphasising product and technical features There are clear signs that service- and customer-oriented elements are emerging in security firms' marketing communications Security-service firms remain very similar in their marketing communications To improve marketing communication and its effects, there is a need to emphasise value concentration and the importance of security, and to demonstrate the values that guide the company's actions
<p>Value perceptions V – Westerlund et al. (2011a)</p>	<p>Quantitative comparisons of providers' and clients' views on value-in-use in security services</p>	<p>To compare and spot differences between service providers' and clients' views on the customer value of security services</p>	<p>Hypothetico-deductive approach, online survey</p>	<ul style="list-style-type: none"> There is an apparent difference between the security-service providers' and clients' view on what brings the most value in use of security services Service providers tend to stress secure work conditions, though clients' service adoption depends primarily on the security service's ability to support the client's corporate image and stakeholder welfare These contradictions can seriously affect security service' innovation development

<p>VI – Westerlund et al. (2011b)</p>	<p>Quantitative analysis of perceived benefits of security-service adoption</p>	<p>To investigate the expected and perceived benefits of professional security services among B-to-B clients</p>	<p>Hypothetico-deductive approach, online survey</p>	<ul style="list-style-type: none"> • Clients adopt outsourced security services only if the increased operational efficiency improves their employees' awareness of security and their corporate reputation as a security-oriented firm • Clients expect outsourced services to improve their corporate image and create peace of mind for their customers and stakeholders • These strategic gains are beyond tackling of everyday security incidents, which is traditionally considered the main benefit of using professional security services
<p>VII – Murtunen & Martinsuo (2010)</p>	<p>Qualitative analysis of security providers' value perceptions</p>	<p>To explore supplier-perceived customer value in security services and to discuss the challenges created by the value-conscious approach for service operations management</p>	<p>50 thematic interviews in seven security companies</p>	<ul style="list-style-type: none"> • In suppliers' opinion, their services could be utilised more comprehensively to support customers' enterprise-wide risk and business-continuity management, but they claim customers do not see the security services this way • Providers' value perceptions are dominated by customer benefits, whereas customer costs and other sacrifices (especially non-monetary ones) are under-represented • Providers' current dialogue with customers on security services' real costs is inadequate and may distort the service concept and offering development

3. Materials and methods

VIII – Jähi (2011)	Qualitative analysis of value drivers of security-guard services	To deepen the understanding of private security services by exploring value creation in security guarding from the customer's perspective	15 themed interviews of customer companies	<ul style="list-style-type: none"> Security-guard services should be evaluated not only in relation to crime prevention and security provision but in consideration of all of the security guards' duties, including customer service, housekeeping, etc. Customers put great emphasis on the way service providers maintain contact with the customer organisation, how the service content is developed, and how proactively the service provider operates The concept of the security-service dilemma is introduced to describe the difficulties of combining security-related duties with non-security duties in one service concept
Meeting customer needs				
IX – Kangas (2012)	Introduction to security services in the public sector	To discuss whether the public sector gains enough added value from co-operating with commercial security-service operators	40 themed interviews with 100 people working in the public sector	<ul style="list-style-type: none"> The paper identifies internal and external influences for security-service adoption in the public sector Rapid change is occurring in the public sector – that is, there is a lot of pressure to be more service-oriented in order to satisfy customers, and there is also great pressure to determine the benefits to be gained via outsourcing and use of automation and self-service as much as possible

<p>X – Murtonen et al. (2011)</p>	<p>Introduction to KIBS in the security business</p>	<p>To present the key challenges to accomplishing the kibsification process in security services</p>	<p>Qualitative data provided by three research projects and some company-specific development projects</p>	<ul style="list-style-type: none"> • The security industry does not fulfil the criteria for KIBS • In spite of many challenges, there are some positive signs that could eventually lead to unprecedented security-related KIBS development
<p>XI – Xiang (2012)</p>	<p>Qualitative analysis of disruptive behaviour in retail stores</p>	<p>To understand how disruptive behaviour observed in the store environment can affect consumers' experience of the transaction location and its safety, and thus consumers' own behaviour</p>	<p>Narrative analysis of consumer stories from six group discussions with 24 people, in total</p>	<ul style="list-style-type: none"> • Safety and orderliness of retail stores are considered prerequisites for a pleasant or even acceptable transaction • Repeated occurrence of disruptive behaviour might result in consumers avoiding the environment, especially where visiting the location is optional • Guards' training programme should emphasise the importance of customer service in day-to-day work
<p>XII – Murtonen (2011)</p>	<p>Qualitative analysis of customers' security and service experiences in security-guarding encounters</p>	<p>To discuss how customers perceive service quality on the basis of security guards' actions and behaviours in service encounters</p>	<p>25 oral narratives, from 12 representatives of seven customer organisations</p>	<ul style="list-style-type: none"> • Not consisting of just consecutive service encounters, service episodes are continuous processes with more active and more passive stretches of time • The essence of service quality is not captured in analysis of separate yet sequential service encounters if the time intervals between the encounters remain unnoticed • The content of the service provided must be taken into account in the constructs addressing service quality

4. Findings

This chapter summarises and discusses the central findings of the 12 research papers (see Part II). The findings are organised around the three research themes: 1) **service-orientation**, which embraces service as a mindset and the fulfilment of service logics in the security business; 2) **value perceptions**, the discussion of which compares security-service providers' and customers' viewpoints on value; and 3) **meeting of customer needs**, with a focus on security providers' practices in matching services with customer-specific wants and needs. The themes and their links to the central constructs of the frame of reference, together with the sub-themes presented in the papers, are shown in Figure 2.

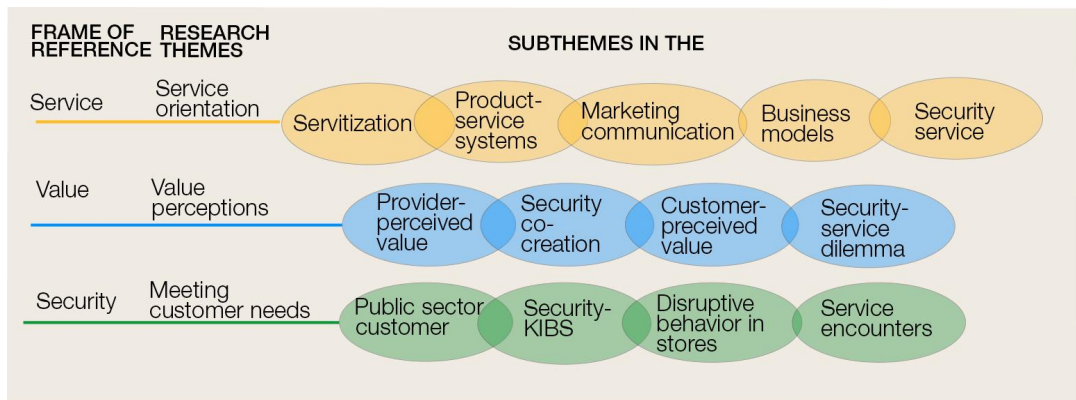


Figure 2. The three research themes and sub-themes of the papers.

The research themes were constructed in such a way that they, on one hand, reflect the frame of reference of this report, and, on the other, provide unifying elements linking the individual papers. In the following sections of this work, the findings of the papers are pulled together on the basis of these three research themes.

4.1 Service-orientation

At first glance, the security business appears to be a perfect example of real business-to-business service. Security companies seem to advertise themselves as service companies, and their product offerings consist of various services. Even in official statistics, security activities, including guarding services and the operation of electronic security alarm systems, are grouped into administrative and support-service activities⁷⁰. However, from the papers in this report, it can be concluded that the reality is more multifaceted than it seems at first. Several of the papers challenge this first impression of the security business as a perfect example of genuine service business in many ways. When taking a closer look at the security business from the perspectives of servitization (papers II and III), service-orientation (Paper III), and marketing communication (Paper IV), we discovered that, regardless of the good intentions of security-service providers, the business mindset is not always service-oriented. Transactional and goods-based business practices take precedence over the more relational and customer-oriented approach. In other words, there is still a lot of unused service potential to be exploited.

One of the key findings presented in this report is that the business models of security companies do not support service-orientation as well as they could (Paper III). To promote service-orientation in their business, security companies should embrace changes far more than by only adding services to support their products or highlighting the role of services in their market communication. That is, the whole business model should reflect not only the fact that they are providing security services to their customers but also how the services are embedded in customers' business processes and what implications this has for the provider itself.

In addition to shaping the business models' service-orientation in the security business, there seems to be a need for clarifying the content of security firms' offerings. In Paper III, it is argued that many firms struggle in becoming service-oriented because they have limited their development focus to changes in their offerings and fail to understand that offerings are only one part of the business model, which covers also elements such as the firm's resources, relationships, revenue model, and management mindset. So, to build a more service-oriented approach, service providers could, for example, shift the focus from resource ownership toward access to skills, capabilities, and complementary options; seek closer and longer customer relationships; move toward value-based pricing models; and, most of all, direct the management mindset from guarding-oriented security to taking care of customers' business needs. Findings from analysis of six security companies' marketing communication (Paper IV) support this view.

In security business, the marketing communication seems to be service-provider-centric, emphasising product and technical features to a large extent. However, the aim of the marketing communication should be to increase customers' understanding of why they should acquire security services⁷¹. As is argued in Paper IV, customers obtain products and services not because of their specific features but in order to gain concrete benefits, such as undisturbed

⁷⁰ United Nations Statistics Division, International Standard Industrial Classification of All Economic Activities (2008).

⁷¹ Cova & Salle (2008).

business operations. The emphasis on product features in the marketing communications betrays the same lack of customer-orientation that was revealed in Paper II and, especially, in Paper III.

A particular challenge in presenting the concrete benefits of security services to customers appears to be related to customers' understanding of security companies – e.g., seeing how one can solve customers' problems or what kinds of solutions must be developed to increase customer-perceived value. Findings in papers II and IV indicate that it is not always clear to the security companies themselves what the final outcomes and benefits are for the customers. For example, Paper II asks explicitly why customers buy security services in the first place and what the customer benefits obtained are. Obviously, this is also a question of value perceptions of security services, and it will be discussed more thoroughly in the next section. Nevertheless, one can conclude that the spectrum of the benefits of security services is extremely wide in any case, and that the benefits and sacrifices related to all business-to-business services are more or less market- and customer-specific. The best security services can improve operational efficiency, help to ensure business continuity, improve a client's corporate image, support crime prevention, and help the customer focus on its core business (papers IV–VIII). All in all, this requires a more active dialogue between the service provider and the customer. The wide range of customer benefits, along with the great variety of market segments, provides a challenge for marketing communication – especially if the service providers themselves are not fully aware of the final benefits and total value for the customer. As claimed in Paper II, service outcomes can hardly be communicated well to customers if they remain unclear to service providers themselves. In these circumstances, it's no wonder that product features dominate in security companies' marketing communications.

4.2 Value perceptions

The papers in this report suggest that, even though security services' benefits are traditionally considered to be mainly operational-oriented, there is a need to revise this view and consider security services as capturing a more strategic perspective too. That is, there are clear signs that customers of security-services emphasise, besides operational benefits, more strategic effects, such as improvement of their corporate image or reputation as a security-oriented firm (Paper VI). This is also a preferable direction for security-service providers (Paper VII). Still, the papers as a whole make it evident that service providers hold somewhat different conceptions of the key components of customer value than their customers do. At worst, these contradictions and perceptions can seriously affect the development of new security innovations, as argued in Paper IV.

When the interviews with key personnel of security companies were analysed, it was concluded that security providers are eager to emphasise strategic benefits to customers, such as how security services would enable customers to focus on their core business without fear of interruptions to business (Paper VII). Further, security-service providers held the view that their services could be utilised in a more comprehensive manner to support customers' risk and continuity management. At the same time, the providers acknowledged that not all customers share this view. Instead of a more strategic approach, customers usually seek qualities related mainly to operational issues, such as service providers' expertise in security systems and on-site security services. One

consequence of this perceptual gap is, according to the service providers, that the price of the services far too often becomes the most important criterion for the purchase. One informant expressed this explicitly by saying that *'for most customers, we [security services] are still just an item of expenditure and not a value-adding business partner'*. Although admitting that the situation might be slowly changing, the interviewees held a shared view that most customers are not yet ready to see security services' benefits as strategically important ones.

The findings presented in papers V, VI, and VIII indicate that both security-service providers and their customers perceive improved operational efficiency as one of the key motives behind the services' adoption (Paper V). Also, service providers seem to believe that demand for security services originate primarily from growth in the security needs of customer companies. In other words, service providers think that customers buy security services if they support 'in-house' safety and security. Customers, on the other hand, emphasise the importance of improved corporate image. The opportunity to communicate that one is a security-oriented company that protects its customers and stakeholders, taking their security into account, seemed to be the primary reason to use outsourced security services. Further analysis of the same survey data showed that customer organisations adopt security services especially if they produce safety and security 'in-house' in the form of increased security-awareness as well as a better corporate image and improved stakeholder welfare (Paper VI). That is, customers use outsourced security services only if the increased efficiency of operations improves the awareness of security and of the company's reputation as a security-oriented firm.

The findings presented above from papers V and VI clearly challenge the views of those service providers who reported that staff expertise is what customers appreciate most in security systems and on-site security services (Paper VII). It appears that security-services customers not only can approach the benefits more strategically but actually consider them more comprehensively than the service providers assume. As expressed in Paper VI, an improved corporate image and a reputation as a security-oriented firm are benefits that lie beyond tackling of everyday security incidents.

Also called into question was the importance of price, as expressed by the service providers discussed above (Paper VII). When the customers of security-guard services were interviewed, it appeared that the (low) price of security services is an essential component of customer value, but many other components too play an important role. These include the operative capabilities of the security provider, the personal characteristics of the security guards, and overall communication and customer relationship management. Also, the customer relationship management is an area that seems especially important to many customers (papers II–IV and VII–IX). Customers of security guarding, on the other hand, put great emphasis on such issues as the way in which service providers maintained contact with them, how the service content is developed, and how proactively the service provider operates (Paper VIII). This clearly de-emphasises price.

4.3 Meeting customer needs

For a fuller picture of security services, the various customer sectors, specific types of security services, and detail-level security-service encounters were studied, separately. The resulting papers, under 'Meeting customers' [security]

needs', cover three special cases – namely, **the public sector** (Paper IX), **knowledge-intensive business services** (Paper X), and **retail business** (Paper XI). The public sector and retail business represent traditional fields for customers of the security business, accounting for a considerable share of the industry's markets and revenues. Knowledge-intensive security services, on the other hand, form an example of a new kind of high-value security services that has not yet established its position among security-service offerings but may offer one scenario for the whole industry's future. In addition to these three cases, service encounters of security guarding are studied in Paper XII, to include micro-level analysis and examination of person-to-person interaction in security services.

As discussed in Paper III (see also the section 4.1), a shift toward increasing service-orientation is taking place in all sectors of business. This change can be seen in the public sector as well. In Paper IX, it is concluded that there is great pressure to be more service-oriented in order to satisfy public-sector customers. There seems to be a lot of pressure also to develop outsourcing, automation, and self-service as much as possible. This could open new possibilities for security companies, if they are able to support this process of change and are willing to innovate new ways to improve the quality of public services through security.

Increasing security services' knowledge-intensity was identified as one possible angle for development of the offerings. To be able to satisfy customers in the public sector and in other sectors too, it is argued, security companies could include more consultancy, training, and other expert services in their offerings (papers IX and X). Furthermore, keeping up with technological developments will require more competence from security companies in future. Building new capacities in the form of consulting, technology, or both may create new business opportunities if security companies can convert new competencies into knowledge-intensive business services such as security KIBS (Paper X).

In the retail business, it was discovered that the way customer service is delivered has a great influence on how consumers evaluate security services (Paper XI). Accordingly, guards' training programmes should stress the importance of customer service in the everyday work. Disruptive behaviour in a store environment was studied with a narrative approach as a framework for analysis. It was assumed that consumers' subjective voices can be best heard in the stories they tell. A similar narrative approach was used for Paper XII, which focuses on service encounters in security guarding. In that paper, the narratives clearly indicate how diverse the service encounters in security guarding are, and how much customer expectations might differ in different situations.

Moreover, it was found that customer-perceived service quality in guarding services can be analysed in terms of the customer's *security experiences* and *service experiences* (Paper XII). Depending on the situation and context, one or the other usually dominates. When security dominates, customers seek an ability to prevent crimes and disorder, but when service dominates, the service personnel's friendliness and helpfulness become more important. A store environment is a good example of the latter (Paper XI), while papers V and VI, which are based on analysis of the questionnaire, highlight the former. The service and security experiences as the determinants of service quality are to some extent also mutually exclusive, a fact referred to in this report as the security–service dilemma (see Paper VIII).

5. Conclusions

This report is a first attempt at a comprehensive look into the security-service business from the standpoint of customer value. As pointed out at the beginning of this report (Chapter 1), security services have thus far not been addressed widely in academic research. As editors of this report, we would, of course, be delighted to say ‘until now’. Unfortunately, we are not quite there yet, although the papers in this report are the first steps toward this goal. We feel that if we are to be able to understand security services better, what drives business customers to acquire these services is an issue especially worth addressing. The role of private security in society is growing steadily, and there are hardly any signs of this development slowing. This calls for more research efforts in private security, and a business perspective can offer valuable insights into the phenomenon of private security. We also acknowledge that there are social consequences related to the growing role of private security in society that cannot be addressed solely by considering business aspects.

The purpose of this report is to shed more light on **how customer value is created through security services**. To reach our target, we began with the content–process–context framework, wherein service provision forms the content, value creation the process, and the security sector the context. In the next section, the key findings of the original papers and the report as a whole are discussed and portrayed against the backdrop of the previous studies. On the basis of the papers and their empirical findings, the original framework presented in Figure 1 can be revised. The resulting form is presented as a conclusion of this report. The report has uncovered a great many interesting topics for academics and practitioners alike, which are presented as theoretical and managerial implications, respectively. Finally, we will discuss the limitations of our approach and make some suggestions for further research.

5.1 Discussion of the main findings

The first research theme, **service-orientation**, illustrates both the service and the security element of the framework. We argue that services and products are currently seen as separate phenomena in the security business. This can be noted, for example, in the way security companies depict themselves on their Web sites, or how the companies’ organisational structures are based on a division between services and products or on separate product families. One way to resolve this dilemma is to shift the focus from problem-solving to emphasising the effective use of the resources, skills, and capabilities the security-service provider can

offer (i.e., real co-creation of value)⁷². As marketing communication is no longer seen only as a sales promotion but, rather, is viewed as connected to other core activities of the company⁷³, it should reflect stronger service-orientation in the same way the business models of security companies do. We argue, however, that the business models of security companies do not reflect advanced service-orientation. If the offering of a firm is strongly divided into services and products, this may indicate that other elements of the business model reflect the same division into services and products. It may also indicate that service providers see their services and products not as, first and foremost, solutions for customer needs⁷⁴ but mainly through product features and service encounters. In recent literature⁷⁵, services are not seen as opposite or an addition to physical products, as seems to be the case in most of the security companies studied. Instead, services can be seen as a perspective on value creation, with the focus being on the value-in-use for the customer⁷⁶, or as an overarching framework for all of the provider's activities associated with co-operation with the customers⁷⁷.

Second, the theme of **value perceptions** illustrates the current shift toward increasing interest in customer value within the security business. The security-service providers face an acute question as they attempt to understand how their customers assign value to security services. In our analysis, an intriguing difference between customers' and providers' value perceptions is seen in the question of price. The security industry struggles against a reputation for low-value, low-price services⁷⁸; therefore, it is not surprising that many security-service providers emphasise price as a major factor in customers' value perceptions. Customers in our study, however, stressed more operational-related issues, such as customer relationship management and service performance. The question of price has also been present in other security-related studies, and there is an interesting dialogue between our findings and those of previous studies. In the maritime security context, for example, Thai⁷⁹ found that customers have mixed opinions about the price: on one hand, customers feel that security improvements only add extra work load and expenses and lead to delays and other difficulties in work, without concrete benefits. On the other hand, although the security improvements are large investments, they are seen as acting for not only security purposes but also customer service and business improvements. At a more abstract level, our findings are in line with those of more general studies, which widely acknowledge that, though the role of price in customers' value evaluations is complex, purchasing decisions are not made solely on the basis of low price⁸⁰. Because of these slightly contradicting views both in empiria and in the literature, we argue that both cost-benefit analysis and a more thorough analysis of customer's perceptions on price requires more research attention in security context.

⁷² Cf. Lepak et al. (2007).

⁷³ Holm (2006).

⁷⁴ See, for example, Tuli et al. (2007).

⁷⁵ Edvardsson et al. (2005) and Heinonen et al. (2010).

⁷⁶ Edvardsson et al. (2005).

⁷⁷ Ramírez (1999).

⁷⁸ Thumala et al. (2011).

⁷⁹ Thai (2007).

⁸⁰ See, for example, Khalifa (2004) and de Chernatony et al. (2000).

When we delve more deeply into customers' value perceptions and factors motivating purchases of security services, the improved operational and strategic customer benefits of security services come to the fore. Previous studies analysing the customer value of business-to-business security services are positioned in the retail business⁸¹, banking⁸², and the maritime⁸³ and transportation industries⁸⁴. In these studies, the key incentives for purchasing security systems and services are found to be the increased occupational and customer safety coming about through reduced risk, enhanced security-awareness, and increased reliability and efficiency in operations and management – results that are well in line with our findings. With its large number of in-depth interviews of both security-service providers and customers from various industries, our study lends important support to the previous studies. Furthermore, this study suggests that there are more and more customers who also seek gains beyond these traditional operational benefits, such as improved corporate reputation and intensified engagement with customers and other stakeholders. Increasingly, both service providers and customers are identifying benefits of security services more strategically. Unlike the operational effects, the strategic benefits of security services have not been widely discussed in previous studies. Prentice⁸⁵ lists several indirect benefits of security solutions (interoperability in the supply chain, compliance with regulations, higher property value, etc.), and Thai⁸⁶ mentions better corporate image, but neither of them states these gains as strategic benefits or separates them from operational reliability and efficiency. The lack of comprehensive analysis of strategic benefits is a remarkable deficiency when one considers the analysis of the customer business value of the security services.

Where **meeting customers' security needs** is concerned, two conclusions can be drawn. First, it is obvious that different customer sectors and market segments have different security needs. Noted less often is that different customer needs call for different strategies and different responses from the service providers. This is analogous with contingency theory, which suggests that different business environments call for different strategies⁸⁷. Thus far, many security companies have offered almost equal products and services to all of their customers, using very similar argumentation in their marketing communications.

Second, throughout this report, we have analysed corporate security services through the lens of general models of business-to-business services and value. In doing so, we acknowledged that the models developed in knowledge-intensive services, other professional services, the manufacturing industry, or even consumer services might not be fully applicable to security services. Nevertheless, more specific models that explicitly consider the specific content of the services do not exist. There is no doubt that all other business-to-business services have their own, unique characteristics, shaping and shaped by the content, processes, and context. Our argument is that these specific characteristics are not adequately

⁸¹ Beck (2008).

⁸² Hughes (1995).

⁸³ Thai (2007).

⁸⁴ Prentice (2007).

⁸⁵ Prentice (2007).

⁸⁶ Thai (2007).

⁸⁷ See Gebauer (2008) for an example of an application of the contingency theory in fitting service strategy to different business environments.

considered in the current literature on service business. Delivering high-quality service is not enough if the service does not support the actual purpose. Taking content, processes, and context into account would increase the depth of the analysis and enhance our understanding of service as business. Consequently, it might make the general models more difficult to form and follow, but, at the same time, it would improve the quality of analysis and encourage the critical evaluation of analysis methods.

5.2 A revised framework

Value, service, and security were chosen as key constructs for our framework because we believe that through them we can approach the customer value of security services by taking into adequate consideration both the nature of 'service' and the characteristics of 'security'. We suggest that all three of these elements, together with their linkages, have to be somewhat present in a customer–provider relationship if we seek optimal value creation. For example, without enough focus on customer-specific needs, a service provider may end up producing services that do not fit the customers' processes well enough. In security services, a typical example of this would be a situation wherein the service provider's conception of customer benefits differs from that of the customers, and this could lead to offering the wrong kind of services – e.g., placing emphasis on the security aspects at the expense of the customer service. On the other hand, customers' misperceptions of the potential value provided by security services could mean that, regardless of the efforts of the service provider, not all possible customer benefits are reached. In security services, this might be manifested in, for example, a situation in which the customer acquires basic security services for mandatory ends without ever considering the possible business benefits or taking advantage of the service provider's wider expertise. Even the service provider's service-orientation and the customer's insightful value perceptions may prove to be insufficient if the two parties are not able to harness their professional skills in a collaborative way. As pointed out in our preliminary frame of reference (see Chapter 2), the value is ultimately determined by the beneficiary, who is always a co-creator of value. Without enough co-operation, the parties may not be able to understand each other sufficiently and so may not be able to take advantage of each other's skills and capabilities. Some value creation potential may be left unused if the customer is unable to take part in the value creation in an optimal manner.

All of that said, no matter how interesting the original content–process–context model is, we argue that it is not the elements of value, security, and service that are interesting as such but the linkages and intersections among them (Figure 3).

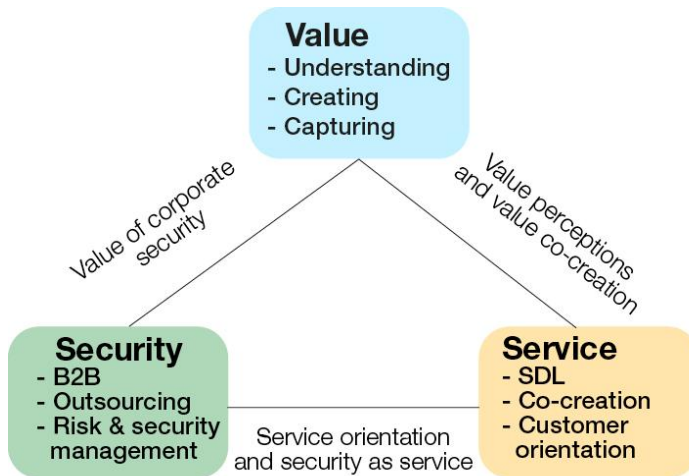


Figure 3. Revised frame of reference.

Considering first the linkage between value and service (at the right side of the triangle in Figure 3), we gain new insights from our empirical findings on the value perceptions and the concept of value co-creation with respect to service encounters and how value is created and captured in co-operation between provider and customer. As companies and other organisations increasingly adopt service-orientation and implement SDL, the role of customers in value creation is changing dramatically. Value creation occurs when a customer consumes, or uses, a product or service, rather than when the output is manufactured⁸⁸. This is because the more informed, networked, and empowered customers are, the more they take active part in value creation⁸⁹. However, there are somewhat different insights among scholars with respect to customers' role in value creation. Some researchers⁹⁰ argue that value is created jointly by the customer and the service provider (i.e., in co-creation), whereas others⁹¹ state that the customer is always in charge of value creation. Furthermore, a more holistic view is provided by Möller et al.⁹², who point out that service co-creation can be provider-driven, client-driven, or balanced. They argue further that value creation is also more effective if there is strategic congruence between customer and service provider. This congruence exists when the customer and the service provider have similar views on service strategies – i.e., they operate in a balanced mode. Either way, when one takes a process-based view, the procedures, activities, tasks, and interactions between the service supplier and the customer need to be at the centre of building and maintaining a relationship and joint value creation.

⁸⁸ Payne et al. (2008).

⁸⁹ Prahalad & Ramaswamy (2004).

⁹⁰ Payne et al. (2008) and Vargo & Lusch (2004).

⁹¹ Grönroos (2011).

⁹² Möller et al. (2008).

Second, the relationship between value and security (at the left side of the triangle) highlights the specific safety- and security-related benefits customers gain when using security services. This is a matter of the customer-perceived value of security services but also a question of the value of security as such. Applying the notion of value-in-use, we propose that, in the context of security services, this 'use value' can be classified into three distinct categories: 1) value that originates from enhanced operational efficiency; 2) value that arises from a company's increased internal security-awareness; and 3) value that is outcome of a company's improved reputation, and intensified engagement in its customer and other stakeholder relationships. This categorisation provides a more comprehensive understanding of security value creation than traditional function-framed activities such as video surveillance and access control. It also corresponds nicely to the 'marginal value' thinking of security value creation as endorsed above⁹³.

Finally, the association between security and service (at the bottom of the triangle) underscores the notion of provisioning security as true service in line with the service logic approach⁹⁴ and, furthermore, applying a customer-oriented business mindset. When security products or services are no longer sold as such, or as add-ons, and the focus is placed instead on customers' resources, actions, and business processes, pressures are imposed on the supplier's organisation. For example, the traditional sales function is not an appropriate means by which to serve customers, because of the great variety of resources, knowledge, skills, and capabilities needed. Therefore, suppliers must establish customer-focused sales organisations and empower global account management teams⁹⁵. In addition, the relationship between the service provider and the customer is shifting from the transactional to something more relationally oriented. We argue that if servitization refers particularly to a change process wherein a product-centric orientation is gradually being supplanted by a service-centric orientation, security companies are currently living the re-servitization phase. Emerging technologies and the increase in integrated security systems have become a key driver for change in many security companies. However, behind these trends still lies the shared tradition of guarding as a basic security service. To sell security as service means, if one applies the assumptions presented above, often redesigning and modularising the company's market offering and organisation. Furthermore, this offering should be provided and perceived as a service (a solution) rather than only a combination of products and service elements (an offering). We also argue that it is important to understand whether customers accord the value to security attributes or instead to service attributes when making a purchase decision.

To bring the security-specific framework to a more general level, we suggest the revised framework as a general model to be used in analysis of value creation in any business-to-business services, other fields of industry, and support services of other types, especially. In these further contexts, the security-as-a-service content emphasised in this report can be replaced with the service content appropriate for the area of services or sector of industry in question. This way, greater attention could be paid to more content-specific analysis of the business services.

⁹³ Baldwin (1997).

⁹⁴ Grönroos (2011).

⁹⁵ Sheth & Sharma (2008).

5.3 Implications and recommendations

We propose several recommendations based on the findings described in the individual papers, analysis of the papers when taken together, and the conclusions above. The recommendations that follow are both for managers at security companies and for further research. It should be noted that, because of the wide variety of security services and service providers, the recommendations should be considered for their appropriateness case-specifically. At the same time, we acknowledge that many security companies already have a very customer-oriented approach. Therefore, some of the recommendations made below may already be seen in action.

From a theoretical standpoint, this report extends earlier research by providing new knowledge about how customer value of business services can be identified, understood, created, and captured. We propose that combining value creation with service logic provides a powerful approach for grasping the construct of value co-creation. This gives a provider tools to identify the customers' value drivers with greater precision, understand the expected benefits, co-produce the real value, and be able to capture a legitimate share of the value. Second, we have addressed the contextual issues by attempting to capture the value of security and of security as service. These analyses provided us with new knowledge about the ways in which security can create value and how this value could be generated in collaboration between a service provider and its customers. Third, where the price of security services is concerned, our empirical findings, coupled with the slightly contradictory evidence from previous studies, indicates a need for more thorough understanding of customer-perceived value and cost-benefit analysis of security services.

To sum up, it seems evident that customers need to be incorporated into security-service provisioning in order to create benefits, or value-in-use, for which they are willing to give a reasonable monetary amount (exchange value). This allows the security-service provider to capture part of the total value created. The co-creation of value, following service-dominant logic, has been recognised by several authors in the current literature, and even some scholars argue further that the customer is always the value's creator – not only a co-creator. We put forward this argument and propose that if the customer is the creator of value, the provider needs to take the role of co-creator. Another interesting element is the notion of hybrid offerings. As discussed above, it offers a valuable classification of different types of service offerings.

Managerially, security-service providers are advised not to make too many assumptions about customers' views on security services. Instead, service providers could try to establish closer relationships with their customers. This way, they could maintain regular dialogue with the customers and minimise the risk of misunderstandings about the motives for use of these services. Moreover, a constant dialogue could also help to identify those customers who would be willing to open their core business to closer partnerships. This would create solid ground for mutual security-service development and true customer-orientation. Equally, security-service customers should be more open-minded to closer and more co-operative relationships with service providers. If security services could bring added value beyond traditional conceptions of corporate security, there should not be any barriers to innovative collaboration and new kinds of security partnerships – in this case, security co-creation.

To differentiate themselves from competitors, it is recommended that security companies identify particular customer sectors, analyse the specific needs of these groups in detail, and adjust their offerings to the needs uncovered. This necessitates the identification of those customers whose needs are not met adequately and those with the highest value-adding potential. In future, the knowledge requirements for the security industry are likely to rise, making it even more important to identify the company's core competencies and to build the right kinds of strategic capabilities.

Security-service providers can use the framework presented in this report, for example, to plan the route from add-on services toward service that carry out processes on behalf of customers. The good news for the managers both in security companies and at their customer companies is that they already have many established procedures and practices that can enhance the more collaborative value creation involved. It is only a matter of opening the dialogue and putting all the existing procedures into more active use.

Methodologically, the work for this report has employed many qualitative research methods in addition to a more traditional quantitative survey. Narrative analysis, especially, turns out to be a suitable method in studying customers' and consumers' views on security and security services. A feeling of safety and security and, second, service experiences and customer value are subjectively experienced phenomena. Because of this, it is justifiable to emphasise the subjective voices of the customers and consumers. In addition, the content–process–context model, adopted from work on organisational change management, provided a solid basis for analysis.

Recommendations for further research can be drawn from the limitations associated with the present study. First, with data from only one industry in only one country, and an approach of a very explorative nature, this study lacks the power of statistical generalisability. Further research might consider services that are of a similar nature and have different content. It would be interesting to see further studies of value creation in other business support services (e.g., cleaning, facility management, and catering). Second, the summative findings of this report are more suggestion-oriented than conclusive. The individual papers in this report are deeply grounded in the empirical data, and we applied source triangulation, observer triangulation, and methodological triangulation in the course of our study, yet, regardless of our efforts to bring the individual papers together, the collection still may remain fragmented. Third, although we are very proud of the empirical datasets utilised in this study and have conducted dozens of in-depth interviews with both the security-service providers and their customers, there is still a need for more detailed analysis of the similarities and differences in the value perceptions of security-service providers and their customers. We hope to fill this gap in our later research.

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PART II: Original papers

Paper I:

Development of B-to-B security business: From guarding to knowledge-intensive expert services

Murtonen, M.; Kortelainen, H.; Kupi, E.; and Rouhiainen, V.

Introduction

Private security services is a globally flourishing business and one of the most rapidly growing industries in Europe [1]. The growth is fuelled by increasing crime rates, the perceived fear of crime, the spread of 'mass private property' (such as shopping centres and other communal spaces), and the demands for protection of citizens and organisations. Even more importantly, governmental decisions and acts that result in the outsourcing of public security functions to private companies are perhaps the most influential factor behind the new business and profit opportunities in this field [2].

The private security industry is not a homogenous group but a multitude of sectors, unified under the banner of 'selling security'. They aim to preserve the security of customers' personnel, information, and property by using both manpower and alarm-based detection and monitoring technologies [3]. The current security environment and security technologies, as well as prerequisites and solutions for organisational security, are well covered in the existing literature, but thorough analysis of the supplier–customer relationship in the security business, especially in business-to-business security services, seem to be lacking in current research. In this paper, the main focus is on business-to-business security services, and the main context is organisational security.

Security as a service

The security business has its origins in services. Already centuries ago, night watchmen and security guards were protecting cities in central Europe. In addition, in-house security officers were common at industrial companies of that time [3]. Thus, unlike in many other industries, services have always been an important part of the offerings of security companies.

Recent decades have seen security technologies advance enormously, and many previously human-based services have been replaced by technical security systems. At the same time, the technical revolution has produced new needs for entirely new kinds of related services. Now, the offerings of many security companies constitute of both products and services. The proportion of services in these solution packages varies along the product–service continuum [5]. Some security companies offer only human-based security services, with only a few related technical products, while others, at the other end of the continuum, build their offerings around technical security systems.

In today's highly competitive business environment, we are witnessing a rebirth of services, and firms in many sectors of industry are increasingly integrating services into their product offerings. This trend is driven by factors related to economic issues (higher margins, the incremental and more stable revenues that services offer, etc.), customer expectations (e.g., customisation and customers' increasingly complex needs and expectations), and intense competition [4, 5].

In most firms, the transition from products to services occurs in stages as the business logic of such firms evolves gradually into a more customer-driven and service-oriented operation. In the literature, this transformation process is referred to as servitization [6]. There are various forms and levels of servitization, and companies usually proceed toward a more service-oriented business strategy incrementally and gradually add more customer-supporting services to their offerings [5]. However, adding some extra services to support the current products as 'add-ons' still does not fulfil the criteria for service-oriented business. Instead, true service-orientation is reached only when total solutions are sold as services.

Research approach

This paper addresses the issue of servitization in the security business. We seek to demonstrate the current state of servitization and identify the challenges that this approach poses for security-service providers. We use the concept of servitization in analysis of the premises and requirements for service development in the security business. By addressing these issues, this paper shows the 'big picture' of servitization in the security business.

The paper, based on two ongoing research projects, applies a qualitative research approach [7]. The research data consist of interviews in eight private security companies and in three customer companies. In addition, informal conversations, several company visits, joint workshops, and related documentation have yielded valuable insights into the current state of servitization in the security business. Also, the preliminary results were discussed with the informants in the workshops.

The importance of servitization in the security business

The security business has had to adapt to the changing global security environment and evolve along with it. At the same time, security companies try to keep up with the global flow of servitization. Among others, security companies are starting to realise that selling and maintaining products no longer corresponds to the emerging customer requirements. The current shift is toward more specialised and tailored knowledge-intensive expert services, wherein customer integration and value co-creation are among the key concerns.

Depending on the sector of activity, different customers have different needs, and the demands placed on security services are constantly increasing, as is the need for customisation. Now, the desired content of security services is something

more than only the traditional, defining 'protection against crime'. Supporting customers' business continuity management and providing high-profile consulting services for customers that operate in high-risk environments are a few examples of the content expected from the new security services.

Simultaneously, alarm and surveillance systems have advanced substantially, which has created new opportunities for novel service concepts and more comprehensive security-service offerings. However, the move from focusing on products to focusing on entire integrated service offerings is not easy, and in most cases the journey has only begun.

As does any other transformation process, the increased service-orientation imposes great pressure on any organisation. Products are no longer sold as such; the focus is on more complex service packages. In addition, the relationship between the service provider and the customer changes in response to the shift from transactional to relational marketing. In this study, we refer to this as security co-creation. It means that the customers are more involved in security-service design and actively use their own resources to produce security-service content. This is in line with the current discussion about the service-dominant logic that emphasises the exchange of specialist competencies between the service supplier and the customer [8]. In this process, a service-oriented company is constantly learning from customers and adapting to their dynamic needs.

We argue that if servitization is, specifically, a process of change wherein a product-centric orientation is gradually being supplanted by a service-centred approach, security companies are currently living a re-servitization phase. And, unlike most other industries, they are approaching servitization from different direction than most other companies. The security industry formerly focused on human-centred services, and new security technologies have slowly taken the industry logic in the direction of more product-oriented logic. Unlike in many other manufacturing companies, for many security companies the emerging new technologies and the increase in integrated security systems has become a key driver for change. In this situation, some security companies are bringing new technologies into use to support their current service offerings, while others are solely focusing on services and concentrating on strengthening their service offerings by developing new, more knowledge-intensive services and by exploring new markets. Behind these current trends lies the shared tradition of guarding as a basic security service.

In summary, the business logic among security providers is shifting in favour of providing more comprehensive solutions to customers. This is in line with previous studies [9]. In our case, servitization does not necessarily mean combining traditional guarding services with new technologies. Instead, the new service offerings are composed of IT services and security consulting and analytics services for highly demanding applications. Since the technologies are typically the same for all security providers, they also see these new knowledge-intensive services as a key differentiating factor.

Conclusions

In this paper, we have taken an industry-wide approach to the servitization in the security business. A trend is evident: the current security services and products are being repacked and modularised to form new security solutions that respond positively to customers' requirements and expectations of modern organisational security [10]. Changes in global economics, along with non-viable infrastructures and diminishing public services, give rise to new security services, a need that is

difficult to meet with technical systems alone. In addition, security co-creation will rise to the fore, as new customised and specialised services require thorough understanding of customer needs, integrated product-service packages, and close collaboration in service design and delivery.

In view of the notions above, it can be stated that the journey of servitization is different in the security business from that in most manufacturing companies. Most security companies do not manufacture and sell goods as such. Rather, these companies either have a long tradition in manned security services or have withdrawn from the guarding business and taken the role of a system integrator, who combines and packages technologies and services into novel security solutions. In both cases, they are not newcomers to services.

However, most of the literature on servitization is in the field of manufacturing, where the tradition of services is different. Therefore, two apparent questions arise: 'Are the models of servitization that are created in the manufacturing industry applicable to the security business?' and 'What similarities and dissimilarities can be found between servitization in the manufacturing industry and the security industry?'

The tradition of academic security research in the areas of the security business and services is very young; research has focused mainly on threats and security technologies. We argue that B-to-B security services and the security business in general deserve more attention in today's research and that business-oriented studies have much to offer for the development of the whole security field. A more profound understanding of the dynamics of the security business will provide new opportunities to reinforce security-service operations and to expand the knowledge and understanding of customer needs in this field.

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Paper II:

Servitization in the security business

Jähi, M. and Murtonen, M.

Abstract

Over the past few decades, increasing competition has forced many sectors of industry to adapt to a more service-oriented business perspective, with the security business being no exception. In this paper, we use the product–service system as a lens through which to look at servitization and discuss how servitization is present in current security business. We analyse what types of product–service systems can be identified within security-service providers and what kinds of challenges security-service providers face in the servitization process. Building on rich empirical data from seven case companies, we conclude that in the security business, the servitization process is still in its infancy and more thorough understanding of this phenomenon is needed. We also found that, to produce more service-oriented solutions for business-to-business customers, security-service providers must clarify their service offerings. As a concluding remark, we would like to pose a challenge to the security-service industry to revise the concepts of ‘product’ and ‘service’ – i.e., the actual content of what is being sold, in the context of the security business. We also call upon the academic community to take part in this debate.

Introduction

Today manufacturers integrate more and more services into their product offerings. This ‘servitization’ of products refers to a change in which the manufacturers use and develop an organisation’s capabilities and processes for better creation of mutual value through a shift from selling products to selling product–service systems (PSSs) [1]. In the service management literature, at least three drivers for this development have been identified. First, it is believed that services have better margins than pure products do. Second, there is a growing demand for services among customers. Third, services are seen as more difficult to imitate, which can be a sustainable source of competitive advantage. [2]

Servitization as a phenomenon is vague, and in order to limit our examination, we use the concept of product–service system as a lens through which to look at servitization. To limit our study further, we focus on PSSs in the context of one

distinct industry: private security services. We limit the scope of private security services' consideration to security products and systems such as closed-circuit television (CCTV) systems, burglar alarm and access control systems, and combinations of these technologies with pure services such as manned security guarding. Pure security services, including traditional security guarding in its simplest form, are excluded from the study.

In this paper, we discuss how servitization is present in the current security business, what types of product–service systems can be identified within security services, and what kinds of challenges security-service providers face in the servitization process. The study is based on empirical findings from seven case companies providing security products, systems, and services. Before we present the results of our analysis, we briefly describe the concepts of servitization and PSS. After outlining the methodology, we illustrate the prerequisites for development of more service-oriented product offerings in the security business. Finally, we discuss our findings' implications for managerial practice and security research.

Servitization and product–service systems

A PSS is a special case of servitization, and it can be regarded as a market proposition that extends the functionality of a product by offering it with additional services [3]. In a PSS, asset performance or utilisation rather than ownership plays a key role, and differentiation is achieved through integration of product and services to produce value for the customer [3]. A typical way of defining a PSS is as a factor that shifts the business focus from designing only physical products to designing a system of products and services that together are capable of fulfilling customer needs [4]. In some cases, a PSS is also seen as a method of producing sustainable products and services with smaller environmental impacts. However, this is controversial in light of PSS literature, and it is claimed that most types of PSSs result in marginal environment improvements at best [5]. In this paper, this debate on environmental impacts is left aside.

In the recent PSS literature, three basic types of PSS have been identified [3, 5]: product-oriented, use-oriented, and result-oriented PSS. The simplest case, the product-oriented PSS, involves a traditional manner of selling products but with extra attention being paid to additional services. These include maintenance, repair, advice, consultancy, etc. The use-oriented PSS is focused on providing availability of a product to a customer. These arrangements can include product leasing, sharing, rental, or pooling. With user-oriented PSSs, service providers try to maximise the use of the product and extend its life. The result-oriented PSS is the most sophisticated version of the PSS. In this most popular interpretation of the PSS, the ownership of the products remains in the hands of the producer and the customer buys only the actual results or capability provided by the service provider. Some authors have identified more than three categories of PSS [5]; however, the additional categories can be regarded as subtypes of the three main classes of PSS, so, they are not presented here in detail.

Methodology

This study is a multiple-case study following an action research approach. Action research is a participatory research strategy wherein researchers are involved in the development processes of the case organisations [6]. Over the last two years, we have had access to seven security companies that operate in the Finnish security markets. Three of these companies provide technical security systems, and four provide both manned security services and technical systems. The

names of the participating companies have been disguised, to maintain anonymity as requested by the informants.

The findings of the study are based on rich empirical data that were gathered in various workshops and meetings. The analysed data included interview transcripts, workshop memos, and a wide selection of fieldnotes, of various types. During the research process, we participated in development of service concepts and strategies in close co-operation with managing directors or service developers of each company. We also organised several inter-firm and cross-firm workshops at which the findings were discussed. To broaden our view further, we analysed public marketing material of several security-service companies.

Servitization in the security business

As a general trend, we found that security companies try to keep up with the global flow of servitization. They constantly develop new ways of combining products and services, and they would like to be seen as strategic partners providing business solutions to their customers instead of as producing mere products and simple services. As a research result, this is hardly surprising. Those in the private security industry are, as are many other business service industries, trying to build partnerships and networks with customers, and, to do so, they would like to be seen as solution providers who are creating added value for customers.

In the security market, the reality seems to be more ambiguous, however. The traditional security-guarding services and technical security systems such as CCTV, burglar alarm, and access control systems are still seen as the cornerstones of the industry. Technical security systems are usually sold with some add-on services – e.g., maintenance, advice, or consulting. This is well in accordance with the product-oriented PSS. Still, it is worth noting that servitization is about not only attaching additional services to existing products but also perceiving the whole offering as a system of products and services. Among the companies studied, examples of true use-oriented PSSs and result-oriented PSSs, especially, remain rare.

On the other hand, there seem to be several transitions under way that could result in more sophisticated PSS arrangements. In our case companies, these transitions include simultaneous shifts toward more comprehensive, customer-specific, and integrated security services. In some cases, these are pursued through more standardised service processes and modular security-service concepts. In other cases, customer value is sought from new technologies that provide new possibilities for development of novel knowledge-intensive business services (KIBS), such as security consulting and data analytics services.

Our interpretation of this rather ambiguous situation is that, despite the security-service providers' good intentions, the servitization process is still in its infancy and more thorough understanding of this phenomenon is needed. It appears that the customers see security services mainly in terms of outsourced non-core and low-value activities instead of strategic, high-value security partnerships. Therefore, the essential question is how these servitization intentions of the service providers could be realised. Our answer to this question has two parts. First, to allow the design of more service-oriented PSSs, the definitions of 'product' and 'service' should be revised and more emphasis put on selling 'solutions'. Second, the outcomes of security services should be redefined, for showing the strategic benefits to the customers. We now turn our attention to these two elements.

Toward more service-oriented security solutions

Security as a solution

The modern service literature portrays 'service' as a perspective on value creation instead of seeing it as a category of market offerings; it also underlines the importance of the customer perspective as well as co-creation of value [7]. At a more abstract level, 'service' is seen as the fundamental basis of exchange, all economies are regarded as 'service economies', and goods are seen as a distribution mechanism for service production [8]. One of the central implications of seeing service as a perspective is that it makes the product/service division obsolete. More attention is paid to the actual results of the service – i.e., to what is being done on behalf of the customer – than to the characteristics of the service *per se* [9].

What we found, however, was that products and services are still seen as separate phenomena within the private security industry. Surprisingly, this applies not only to customers of the private security industry (as argued in the previous section) but also to service providers themselves. This can be seen, for example, in the way the private security industry depicts itself on company Web sites. The majority of the companies make a clear distinction between products (e.g., technical systems) and pure services (e.g., security guarding) or between distinct product families. In addition, the variety of security-related products is wide, and it can be difficult to form an overall conception of what is being sold. An alternative would have been to advertise more holistic security solutions that consist of various components or modules (i.e., products and services) and that respond to specific customer needs. This is also a prerequisite for more sophisticated PSSs. The same product/service-oriented mindset can be seen in the organisational structure of these companies. The companies are often structured around the traditional division between products and services, or around separate product families.

We argue that, in order to make a strategic shift from producing distinct products and services to producing solutions for customers, security-service providers should revisit their basic conceptions of their products and services. This is by no means an easy task, and we do not believe that it can be done overnight either. However, we hypothesise that one step in this direction would be to re-conceptualise the service concept of security in general and the actual service outcomes in particular. We argue that the actual rationale for the security-service consumption is by no means self-evident, and that there is a clear need for clarification.

Security as a service outcome

The service concept is like a prototype of service: it is 'a detailed description of what is to be done for the customer (what needs and wishes are to be satisfied) and how this is to be achieved' [10]. Moreover, a service concept can be understood as having three aspects [11]:

1. The organising idea: the essence of the service bought, or used, by the customer.
2. Service experience: the customer's direct experience of the service.
3. Service outcome: the results of the service for the customer (the benefits provided, the resulting emotions, and the assessment of the value for money).

When we take a closer look at these three elements, we can easily state that the organising idea is typically well defined in security services: related products and service elements are usually specified in detail, and for a security-service provider, it is clear what needs to be done to fulfil the service contracts. The service operations are built according to long service traditions, and they also draw from those needs that customers express to service providers. Similarly, service experience has been an active topic recently, and the service encounters and more customer-oriented approaches have been under active development in many security companies. However, we argue that the third aspect of a service concept, security as a service outcome, is too often taken for granted.

As stated above, the service outcome refers to the result of a service for a customer. We can take a simple example to illustrate our view: a CCTV system is used for surveillance in areas that may need monitoring such as industrial plants, offices, and shopping centres. With sophisticated computer-controlled technologies, detailed analysis of the images is possible, and people, other objects, and changes in the environment can be automatically identified, tracked, and categorised in line with pre-programmed rules. The immediate results of such data analysis are obvious: unwanted objects are identified so that further actions can be taken at the earliest possible stage. Unquestionably, this is useful and beneficial as such. However, the indirect consequences, which can be extremely important to the customer, often remain under-analysed, under-discussed, and underrated. For example, how is the identification of unwanted objects related to the customer's strategic objectives and business goals? What kind of business potential is created for a customer with more sophisticated CCTV systems in use? And how much does the customer benefit financially?

To make it clear: We do not claim that there are no clear benefits for the customers. On the contrary, if these benefits did not exist, we would not have witnessed such dramatic growth of the private security industry as we have seen in the past few decades [12, 13]. There are plenty of sociological explanations for this growth (see, for example, sources 13 and 14), but these macro explanations do not consider the decision-making from the business-to-business customers' perspective. What is needed, therefore, is a universal understanding of the benefits of these services to business-to-business customers: Why do customers actually buy these services? What are the practical benefits? And, if there are strategic benefits, what are they?

Our answer is that the customer benefits of security services cover a much wider range of topics than usually considered, such as business continuity management, image and brand management, crime prevention, occupational safety, and personnel security. What we do not understand yet is how these various elements constitute a single meaningful service concept including direct and indirect service outcomes. How are they interrelated? Which is more important than the other, and to whom? What is the core outcome for each customer, and what are the additional benefits? We argue that, as long as the actual service outcome remains unclear to the security providers themselves, the service outcome can hardly be well communicated to customers, and as long as customers do not see the proposed strategic benefits clearly enough, there are hardly any chances to strategic partnerships or more developed result-oriented PSSs.

Conclusions and discussion

In this paper, we have discussed how servitization is present in today's security business, what types of product–service systems can be identified within security services, and what kinds of challenges security-service providers face in the servitization process. Proceeding from empirical data from seven case companies, we found that, despite the good intentions of the security providers, the process of servitization remains in its infancy in the security business. We have argued that, to develop more service-oriented security solutions, security-service providers should revise the concepts of 'product' and 'service' in the security business so as to be able to design security 'solutions'. On the other hand, we have argued that the outcomes of security services should be redefined so as to allow showing the strategic benefits to the customers.

As a conclusion, we state that the product-oriented PSS works rather well as a description of the present state of the private security industry. Technical security systems and products are usually sold with some sort of maintenance, advice, or consultancy services, which is without doubt in accordance with a product-oriented PSS. In the same manner, the result-oriented PSS serves well as a description of the target state of the industry. To be able to reach this target state, we stress, security-service providers should pay attention to and redefine the outcomes of their services. Doing so would open opportunities to learn more about the strategic opportunities of security services and provide a starting point for development of more use-oriented or result-oriented PSSs.

As a concluding remark, we wish to pose a challenge to the academic community to take part in redefining the 'service' and the 'product' as well as the service outcomes of the security industry. For example, we would like to find out how customers see the roles of business continuity management, image and brand management, crime prevention, occupational safety, and personnel security as a service outcome when they buy security services. We have found that in the case of a single service provider and a specific service offering, it can be fairly straightforward to define the benefits of the security services to a customer. However, production of generalised knowledge of this issue is a challenge yet to be addressed. We, as authors, will address these points more fully in future, and we are pleased to invite the practitioners of the industry as well as the research community to take part in this debate.

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Paper III:

Insights into the development of the security business: Toward increasing service-orientation

Hammarén, R.; Kangas, A.; Multanen, A.; Murtonen, M.; Rajala, A.; Rajala, R.; and Westerlund, M.

Abstract

The security industry provides us with novel and interesting examples for analysis of the service-orientation of companies providing business-to-business security services. Our study draws on a qualitative approach to investigating the manifestation of service-orientation in security companies. The research reveals that, although the dominant business logic in the security industry previously relied on product-oriented offerings, many firms increasingly emphasise service-dominant logic over product-dominant logic in their security solution business. Such service-orientation spans several aspects of the business models of the security firms and extends far beyond their offerings.

Introduction and background

The security business has its origins in services. Already a century ago, night watchmen and security guards were protecting citizens' safety in the cities of central Europe. In addition, in-house security officers were commonplace in industrial companies of that time (de Waard 1999). In today's highly competitive business environment, we are witnessing the rebirth of services, and industrial firms, including security companies, are increasingly integrating services into their product offerings. This trend is spurred on by factors related to economic considerations (higher margins and the incremental and more stable revenues offered by services), customer expectations (customers' increasingly complex needs and wants, and higher requirements), and intense competition (Gebauer, 2009; Oliva and Kallenberg, 2003). Homburg et al. (2003) argue especially strongly that in today's competitive landscape, one of the few ways left for firms to differentiate themselves from competitors is by offering value-added services.

As is suggested by Vandermerwe and Sada (1988), modern companies are increasingly offering fuller market packages or 'bundles' of customer-focused combinations of goods, services, support, self-service, and knowledge. This movement is termed the 'servitization' of business. One of the main motives driving companies toward servitization is that it leads to new relationships between them and their customers. Oliva and Kallenberg (2003) stress that recent studies almost unanimously recommend that product manufacturers integrate services into their product offerings, and Jacob and Ulaga (2008) support the view that industrial manufacturers are developing value-adding services in order to sustain competitiveness and long-term growth. On the other hand, Nijssen et al. (2006) point out that in new service development, the company's willingness to cannibalise organisational routines and prior investments is more important than the R&D-related strengths. This indicates that companies need to unlearn from the traditional R&D capabilities and develop a new mindset if they are to gain success with more service-oriented business.

The augmented service-orientation in firms is seen as an indication of the so-called service dominant logic. Lusch et al. (2007) state that the primary focus in service-dominant logic is on the exchange of specialist competencies between the service supplier and the customer. In this respect, the service-oriented view of business is customer- and market-driven. This means that a service-oriented company is constantly learning from customers and adapting to their dynamic needs. However, service-orientation has been studied mainly at the level of employees among the service staff (e.g., Cran, 1994) and there is almost a dearth of prior investigation into service-orientation at the level of organisations, especially in the B-to-B setting (Homburg et al., 2002).

Security has been studied within several research streams. These include criminology (Armitage and Pease, 2007), sociology (Zedner, 2003), international political studies (Wolfers, 1952; Baldwin, 1997), economics (Brück et al., 2008), and technological studies (Rouhiainen, 2009). Thus security environment, as well as preconditions and solutions for organizational security are well covered in an extant literature, but thorough analysis of supplier–customer relationships in business-to-business security services seems to be lacking in current research. One of the few studies that take the customer perspective on security is that of Ian Loader (1999), who studies consumerism in public and private security services. In spite of its absence from academic debate, privatised security is one of the most rapidly growing businesses in Europe and security services are under active development worldwide (de Waard, 1999). This has also led to criticism of the ever-spreading 'securitization' and the replacement of public policing with private security services (see, e.g., Zedner, 2003). In light of all these notions, security services are presented as an interesting and current research topic.

This study strives to fill the above-mentioned research needs by investigating how the service-orientation is manifested in the security firms' business models. We take a service research approach to security and focus our study on business-to-business security services and the service-orientation of the security suppliers. We focus our study on the private security industry, which aims at preserving the security of people, information, and property by using both manpower and alarm and surveillance technologies (de Waard, 1999). As the relationships between business models and service operations in security companies have not yet been fully revealed, a qualitative research approach, built on a thorough literature review and rich data, was an obvious choice for this study. Rather than testing a predetermined hypothesis, we aim at generating new descriptions and categorisations for the private security business from the

perspective of service research. The data were collected through semi-structured interviews with the managers at these companies. In addition, we analysed an extensive set of secondary material on security-service business.

This paper is structured as follows. First, we introduce the concept of organisational service-orientation as the focus of the research and the business model of a firm as the level of analysis. We use these concepts in our investigation of transition toward increased service-orientation in the security industry. Then, we present the research setting, methodology, and empirical findings. Finally, we discuss the findings and conclude the paper with suggestions for further research.

Service-orientation as the focus of research

The service-dominant view on strategic management has gained ground in diverse areas of business. In their seminal paper on the service-dominant business logic (SDL), Vargo and Lusch (2004) advocate a shift toward increased service-orientation in contemporary business. According to them, goods-dominant logic has been the prevailing logic in the markets but over the past decade increasing competition has forced industrial manufacturers to adopt a more service-oriented perspective on business. While the traditional goods-centred view is based on the exchange of tangible goods, the service-dominant logic focuses on intangible resources and co-creation of value (Vargo and Lusch, 2004; Lusch et al., 2007). Hence, the dominant logic of doing business is shifting away from the exchange of manufactured goods and toward the exchange of intangible elements such as professional know-how and specialist skills. Moreover, Vargo and Lusch (2004) underscore that value is co-created by service providers and customers rather than received from the use of tangible outputs. Earlier studies suggest that the service-oriented view is a business strategy that can be adapted to any market offering (Vargo and Lusch, 2008), even in the business-to-business context (Homburg et al., 2002).

Academic literature, by and large, lacks a precise definition of organisational service-orientation. One of the few exceptions is provided by Homburg et al. (2002), who conceptualise the service-orientation of an industrial firm's strategy in terms of two dimensions: 1) the number of services offered and 2) how strongly these services are communicated to customers. Much of the academic literature on service-orientation focuses – without more precisely defining the concept – on analysing the extent of service-orientation in a firm's business strategy (Gebauer, 2009; Antioco et al., 2008; Lytle et al., 1998; Berthon et al., 1999). For example, Gebauer (2009) classes manufacturing companies into those with high service-orientation and those with low service-orientation. According to Gebauer (ibid.), the former group heavily emphasise services in their business strategy and operation, whereas the latter group focus on the role of products in their value propositions and receive their profits and revenues mostly from the product offerings.

Service-orientation is intertwined with a company's business model. Consistently with Homburg et al. (2002), Rajala (2009) suggests that an organisation's service-orientation can be determined in view of the extent to which 1) the firm's marketing strategy emphasises the importance of customer service, 2) the firm's solutions are sold as services, 3) services constitute a source of competitive advantage in the firm's business, 4) the firm responds to customer needs through service, 5) the organisation's structure supports the realisation of service, 6) the organisational culture is service-centred, and 7) the company's information systems support the service activity. Furthermore, Homburg et al.

(2002) stress that the realisation of service-orientation in business necessitates a number of other organisation-related factors, such as the human -resource management. All of these measures of service-orientation actually comprise the business model elements of the firm. Therefore, we argue that the shift toward increasing service-orientation should be analysed in the framework of the firm's business model, since it covers the crucial aspects of the company's everyday business and manifests the realisation of its business strategy.

Business model as the level of analysis

Business models offer a viable concept for the analysis of service-orientation at the firm level. This is because firms promoting service-orientation in their business embody changes far more than merely accentuating the share and role of services in the company's offering or value proposition. That is, the shift toward more service-oriented business necessitates changes in all aspects of the firm's business model. This is consistent with the notion of Oliva and Kallenberg (2003), who state that 'not only are new capabilities, metrics and incentives needed, but also the emphasis of the business model changes from transaction- to relationship-based'. Also other authors (e.g., Homburg et al., 2002) state that increasing a firm's service-orientation requires changes in several organisational factors.

The concept of the business model of a firm has reached a position as a strategy-based (Rajala and Westerlund, 2007) 'thought-focusing device', a pertinent notion in the managerial vocabulary (Shafer et al., 2005; Tikkanen et al., 2005). It includes the key components of a company's everyday business and embodies the fundamental processes of value creation and value capture underlying the business (Möller et al., 2008; Chesbrough, 2007). Although the two concepts – business model and strategy – are sometimes used interchangeably, it should be noted that a business model is not the same thing as a strategy (Shafer et al., 2005; Magretta, 2002). Instead, a business model is a reflection and a result of the strategy, and a way to implement it. In other words, it is a conceptual and theoretical layer between the firm's strategy and operations (Rajala and Westerlund, 2007). We also argue that a clearly defined business model can help a company to create 'mindsets' and foresight in order to cope with the future (cf. Naisbitt, 2006).

Following the conventions of the previous literature, which often defines a business model through the value-creating components it includes (see e.g., Morris et al., 2005), we define a business model as a concise representation of how an interrelated set of components – the offering, relationships, resources, revenue model, and management mindset – is addressed to create value in defined markets. Multanen (2009) further characterises these components to represent the most important aspects of the business and, hence, the business model of a firm. Each of these key components is discussed in more detail in the section on the empirical part of the study, with examples and illustrations from the security-service business.

Material and methods

This paper adopts a qualitative approach to investigation of service-orientation in security companies. Our conceptual framework was developed on the basis of a literature review. To illustrate this framework, we conducted interviews with the top managers and line managers at several Finnish security-service firms. In addition, we analysed an extensive set of secondary material on these companies and the

industry. All of the interviews support the view that there is an ongoing shift toward increased service-orientation in the security-service business, with some companies undertaking more dramatic competitive repositioning in the market, whilst others develop their offerings to a lesser extent. Through the interviews, we can illustrate how the changes in service-orientation transcend the boundaries of the security-service offerings, covering the key aspects of the business models of the case companies. That is, in addition to analysing the offerings, the investigation covers the companies' revenue models, resources, and relationships as well as the management mindset.

A large dataset was collected in 2009 from three types of security-service firms. For the purpose of this paper, we chose a handful of companies for analysis. Two of the firms are suppliers of security systems, and one focuses on traditional guarding and other security services. Two firms provide security-related products and support services such as maintenance and training. The turnover of the firms ranged from about 1.5 million to 50 million euros in 2008.

Yin (1994) emphasises that a reliable empirical study requires multiple sources of evidence, a sufficiently operational set of measures, and internal and external validity. To this end, Denzin (1978) recommends triangulation as a way of improving the reliability and validity in social research. Data triangulation uses multiple sources and types of data to investigate the research question. In this study, we collected data from several informants in the case companies (via in-depth semi-structured interviews) and used secondary data (documents, reports, etc.) from the same companies as support. Also, some observation data were collected from a number of meetings and workshops arranged with the participating companies. Investigator triangulation involves multiple researchers in an investigation. In the present study, this was addressed both in the data collection and in the analysis phase when separate researchers in the research team scrutinised the qualitative data to cross-check and verify the findings.

Observations on security-service business models

In this section of the paper, we investigate the security-service providers' business models through five cases in the private security business. On account of confidentiality issues, the cases are identified only as cases A to E. As was stated earlier, the subjects observed include the offerings, relationships, resources, revenue model, and management mindset that are perceived as the elements of the business models of companies providing security services.

Toward new security business models

Business models of industrial firms concurrently undergo a shift toward increased organisational service-orientation. In general, Oliva and Kallenberg (2003) suggest that the transition from products to services in firms occurs in stages. That is, the business logic of such firms evolves gradually into a more customer-driven and service-oriented operation. In our data, security systems' suppliers are witnessing a somewhat similar transition, as highlighted by the following excerpt from an interview:

'Our company provides security systems and related services that are valuable to our customers. [...] We have a long history as an equipment supplier [...] starting with maintenance services in the 1990s [...] we have moved gradually toward more service-oriented operations in the 2000s. [...] However, we still have a long road ahead.' (Case A)

Although the security industry has traditionally focused on guarding services, automation and technology such as video surveillance has over time transformed the industry logic. Our data indicate that the service logic of the security industry is twofold. On one hand, the companies that have a tradition of providing guarding services are searching for new service concepts and offerings, and they are pursuing more value-adding services. On the other hand, the business logic seen among suppliers of security systems is also shifting in favour of providing more comprehensive solutions to customers. This view surfaced in our interviews:

'We focus not on the overhaul of security systems but on "maintaining" the customer relationship.' (Case A)

The service-dominant transition of business models, along with its increasing customer focus, which is ongoing in many industries at present, seems obvious also in the security-service business. However, the change bears many features previously unknown to the industry. Next, we illustrate the various changes in more detail within the business models of the firms that have accompanied the shift toward increased service-orientation.

Offering

Offering as a business model element refers to products, services, and solutions offered to the market to satisfy customers' specific needs and wants (Westerlund et al., 2008). This component, also described as the firm's product/service offering (Rajala and Westerlund, 2007; Morris et al., 2005) or value proposition (Chesbrough, 2007; Linder and Cantrell, 2000), emphasises the company's decisions on the nature and role of what it offers to the customers, such as the degree of customisation (i.e., standardised or customer-specific) (Westerlund et al., 2008), the depth and breadth of the product/service mix (Linder and Cantrell, 2000), the role of the firm in service production or service delivery, and how the service is made available to the customers (Morris et al., 2005).

Mathieu (2001) recognises two distinct strategies that service providers can apply: services supporting the products (SSP) and services that support the client's actions (SSC). Our data reveal that providers in the contemporary security-service business execute both of these strategies. Some security-service providers focus more on offering products while services are additional, supporting implementation and use of those products. In the security-service business, these services include training, maintenance, and repair. However, as the following excerpts from our interviews reveal, security businesses are increasingly merging their products and services into more complete offerings or solutions to which services are integral:

'Our company offers security-service solutions. Our focus is on being even more service-oriented in the future.' (Case C)

'We aim at providing more comprehensive solutions that increasingly include service components. [...] The objective is that the clients need to focus their efforts on security issues.' (Case E)

Technology had a major impact on business and society in the previous century. Our interviews illustrate that companies whose main offerings have consisted of 'traditional security services' such as guarding have started to utilise the latest technology more effectively, resulting in novel service solutions that comprise technology-driven products and services. That is, the increased use of technology may help the service providers to serve their customers more efficiently and to be more flexible with regard to technological uncertainty. Moreover, service coverage can be significantly increased with the aid of ICT and other technology, including remotely operated camera and 24/7 surveillance services, as well as wireless

emergency alarms and buttons, and even security-service-related robotics as in the case of Japan. Our interviews clearly show that the role and importance of technology in the security business is growing:

'Our key business idea is to assist our clients in developing their core business. This is pursued through provision of security services. A significant part of the security services consists of technology.' (Case B)

Moreover, our data highlight that the business models of the security-service providers investigated comprise ever more comprehensive and customer-specific offerings and integrated security-service solutions.

Resources

Resources constitute a fundamental factor in strategic business decisions (Barney, 1991). Betz (2002) investigates resources by differentiating between two forms of resources: tangible and intangible. Firms' resources can be defined as assets and capabilities that are needed for development and implementation of a given business model (Rajala and Westerlund, 2007). Morris et al. (2005) describe resources in terms of a firm's internal source of advantage, the 'core competency', and Linder and Cantrell (2000) as a firm's 'distinctive capability'. These concepts can be used to investigate a firm's skills or capabilities in developing and delivering specific benefits to customers through service.

'All our activities are premised on the basis of trustworthiness. That is, our key qualities and competitive advantages consist in credible processes and we need to be convincing about our resources in providing our customers with security.' (Case C)

'We aim at providing our customers with comprehensive services based on our internal resources and capabilities.' (Case E)

On the other hand, the service-dominant view emphasises resource access over resource ownership in the service business. This perspective calls for investigation of resources in relation to other business model elements, such as relationships. Our observations support this view:

'We meet the customers' expectations related to security through our close collaboration with the clients. [...] We will help our customers throughout the life cycle of the long-term relationship.' (Case A)

The security-service industry has been considered to be a business environment featuring low education levels, and, significantly, the standard of service know-how is somewhat low. Increased service-orientation necessitates changes in the skill and expertise requirements. Security-service providers are developing/improving their business relationships in order to complete their offerings. The use of partners from multiple, heterogeneous business fields enables security-service providers to offer a more extensive service package. Our interviews indicate that some of the case companies recognise that there are important resources and areas of specialisation in their partner network consisting of various actors in the security-service business.

Another issue that surfaced in the interviews is that almost none of the security-service providers use marketing communications to support their sales. For example, security-industry magazines and other security-related publications are the main channels used for advertising. Professional direct-mail advertising and specialist market-research analysts seem to be an almost untapped resource among the companies at which we conducted interviews.

Relationships

Relationships in the business-model context underscore the value-creation process between the service provider and its clients. More specifically, the relationship component has to do with the entire network of the firm's social and inter-organisational relationships, including organisational processes and activities (Tikkanen et al., 2005; Betz, 2002) as well as the organisational structure (Linder and Cantrell, 2000). Relationships in service-oriented business models provide an important perspective from which to understand the roles of the various business actors and their contributions to the service provision. The roles include providers of service components, system integrators, end users' maintenance suppliers, independent service providers, and other relevant contributors (Oliva and Kallenberg, 2003). Our findings underscore that increased service-orientation creates challenges for the whole network of business actors:

'We have discussed a lot about daily issues with our customers [...] but we need to go further in developing the security solutions together.' (Case A)

'We had better let our partners focus on their core competencies. We serve them for other important issues. That is, the customers need not to be out there alone.' (Case B)

'Networking with our partners is the key to growth in this business.' (Case D)

The trend toward closer customer relationships is shown in the way security-service providers describe their value propositions. Our findings highlight that all the essential business operations in the security business are governed by an outcry for trustworthiness. Security-service firms provide their customers with the feelings of security, safety, problem-solving, short response times, and credible operation and cost-efficiency. Our data reveal that the service providers are willing to offer more extensive partnership agreements than the clients are willing to adopt. Hence, the service providers constantly attempt to train customers and partners to understand the benefits of accepting more comprehensive services and total solutions and to listen to their customers in pursuing learning and co-creation of solutions for emerging customer needs.

Revenue model

A revenue model specifies the ways to appropriate value for the company (Chesbrough and Rosenbloom, 2002). Usually this business-model component is discussed in terms of revenue sources, pricing policy, cost structure, and profit potential (Rajala and Westerlund, 2007; Pateli and Giaglis, 2003; Chesbrough and Rosenbloom, 2002). The first two of these involve determining the different pricing options (e.g., value-based, market-based, or competition-based prices) as well as the modes of transactions (e.g., subscription payments). Moreover, cost structure, which refers to the operating leverage, margins, and volumes (Morris et al., 2005), is an important aspect of any service-based business model. Our empirical findings underscore that the revenue models in the security business are increasingly based on service contracts wherein the pricing is considered in a case-specific manner:

'Security has no price as such. The price is jointly agreed on with the customer. We only are taking the first steps in assessing the value of security for our customers. [...] In my opinion, there are two underlying grounds [for customer and value-specific pricing] [...] first, it is not easy to quantify the value of safety. Second, although some aspects of the value can be measured – such as the costs of damage or mishaps – there are important elements that are extremely difficult to quantify. These include the state and feeling of safety.' (Case C)

The above extract suggests a significant change in the pricing scheme. According to the data, the most common way of pricing products in the service business has been use of fixed product pricing. That is, customers have paid separately for each product they are using. Our interviews provide new evidence that security-service firms are likely to experience a momentous change in their pricing policy in the near future. This is because companies are taking a more and more value-based pricing approach by introducing, for example, fixed monthly rates and service contracts that are fundamentally value-centred.

'We are not aiming at being the cheapest provider of security services in the market but trying to be the most credible partner for our customers.' (Case E)

Value-based pricing appears to be a viable pricing model even for the future. As the above excerpt from the interviews suggests, its strengths lie in long-term and trustable supplier–customer partnerships. Our data further advance the view that some managers at the security firms interviewed would be willing to set the criteria that would serve as the basis for assessment of the value of security services and solutions. In addition to this, they are interested in producing specific case examples based on past projects and best practice that could be communicated to prospective customers in order to demonstrate the benefits of purchasing more comprehensive security services and solutions.

Management mindset

The management mindset signifies the business model's existence in the minds of those pursuing it. In particular, from the perspective of an organisation's *service-orientation*, it determines whether the management of a firm specify the company's business in terms of products, markets, or services provided to the clients. Following the idea of Porac et al. (2002), Tikkanen et al. (2005) conceptualise managerial cognition in terms of the industry logic and cognitive representations that link, for instance, product or service attributes, usage conditions, and buyer characteristics. Whereas previous literature on *service-orientation* has emphasised the more operations-focused individual employees' *service-orientation* (e.g., Cran, 1994), the management mindset focuses on strategic and organisation-level *service-orientation* by considering the perceptions of managers – those who typically are responsible for strategy-making – of the relevance and appearance of *service-business logic* in their respective organisations.

'We need to shift our mindset toward customer- and personnel-orientation. [...] The personnel are the cornerstone of our service.' (Case D)

Amongst the most important issues that enable a firm to become more service-oriented or prevent this are its managers' perceptions of what the company is doing. Service-dominant business logic necessitates a new kind of thinking; one that considers the firm as providing services, not producing products. For this purpose, both unlearning of the old and learning of the new become essential. If managers keep thinking of the firm primarily as a product company, it is difficult for the staff to communicate the potential value of the amplified service solutions to customers. In fact, the staff and, especially, the customers may not even learn and understand the difference and potential value with the provider's new service-oriented logic as compared to the old operation logic. Accordingly, the firm encounters a considerable managerial challenge, as it can either succeed or fail in becoming a true service-oriented business, as illustrated by the following excerpts from our interviews:

'The problem is that our customers still believe they are buying appliances [...] and we still think we are producing them.' (Case B) [...]

'We are not just security guards but a service provider that assists our customers to conduct their business better.' (Case A)

'We need new thinking when "selling security as a service" – that is the hardest thing – unlearning. [...] And we would be too narrow-minded if we would sell to security managers only.' (Case E)

Discussion and conclusions

The security industry's business models are facing a shift toward increased service-orientation. In general, transition from products to services in many industries manifests the strategic choice of firms to compete increasingly through service. Prior research (e.g., Lusch et al., 2007; Nijssen et al., 2006; Vandermerwe and Rada, 1988) shows that several factors drive the increased service-orientation of firms' business strategy. Among these factors are decreasing product margins and, at the same time, increasing customer expectations (Oliva and Kallenberg, 2003; Gebauer, 2009). To address these points, Mathieu (2001) suggests two distinct strategies that service providers could employ in their business: services that support the products (SSP) and services that support the client's actions (SSC). It seems fairly obvious that foresight-providers in the contemporary security-service business execute both of these strategies.

Organisational service-orientation has been studied in many fields, including manufacturing (Gebauer, 2009) and consumer retail (Homburg et al., 2002). In addition, there are numerous studies of the transition from products to services in business marketing (e.g., Jacob and Ulaga, 2008). However, research has not paid sufficient attention to describing these transitions in their real-life contexts, especially in business-to-business firms' business. The security industry provides us with novel and interesting examples for analysis of the transition from traditional product- or technology-based business towards the more future-oriented service-dominant business logic. Our study has drawn on a qualitative case-study approach to investigate the service-orientation of companies providing business-to-business security services in Finland. The data were collected through semi-structured interviews with senior managers at these companies. In addition, we went through our observations from an extensive set of secondary material on the security-service business.

In addition to 'servitization', the security industry faces increasing reliance on technology. There is ongoing debate on whether and how the traditional forms of security service, such as guarding, could be replaced by automated security and surveillance systems. In the extreme cases, technology is considered to replace a vast part of the security service, as evidenced by the recent development of robotics in Japan's security market. However, Vargo and Lusch (2004) and Lusch et al. (2007) underscore that the customer-related exchange processes and business relationships are at the centre of focus in the service-dominant view. This is consistent with our findings, which highlight that service-oriented business models cannot rely solely on automated service processes.

Figure 1 summarises the key observations on service-orientation in the business models of the security firms studied. Analysis of the organisational service-orientation at the level of business-model components was found advantageous, given the need for analysing organisational service-orientation in firms' business. This is because a business model describes the key components of the business and, thus, enables us to investigate the appearance of

service-orientation in specific, easily identified but utterly crucial aspects of a firm's business.

Our findings indicate that security-service providers strive to take care of a swiftly broadening spectrum of customer needs. There seem to be several ongoing transitions in the security-service business, including simultaneous shifts toward more comprehensive, customer-specific, and integrated security-service solutions. In some cases, these are pursued through more standardised service processes and modular security-service concepts. This is consistent with earlier research, which has indicated that many companies struggle to formulate and implement service-orientation in their business (Gebauer, 2009).

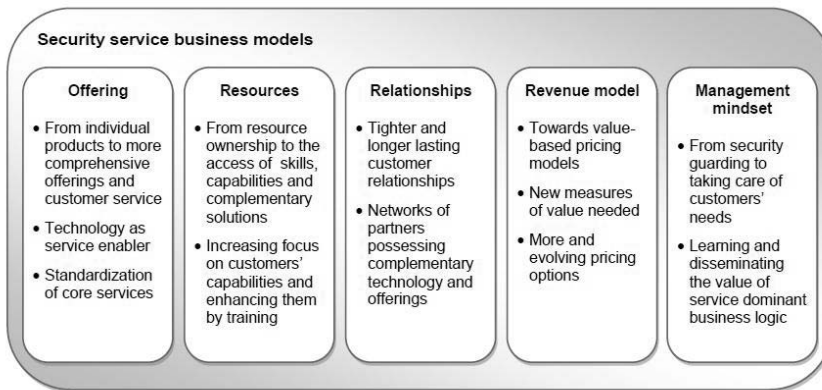


Figure 1. Security-service business models.

According to Oliva and Kallenberg (2003), the list of manufacturing organisations with strong services strategies is short because 1) firms don't believe in the economic potential of the service component for their product, 2) firms think that providing services is beyond their competencies, or 3) firms recognise the market potential and decide to enter the market but fail to deploy a successful strategy. However, we argue that an important reason many firms struggle and experience confrontations in becoming service-oriented is that they have delimited their development focus in terms of the changes in the company's offerings. That is, many firms emphasise the nature of their offerings in the shift from products to services and fail to understand that offerings are a component of a firm's business model that is closely connected to other relevant components. Therefore, the other elements of the firm's business models are not going to support the 'offering-driven service-orientation' very well but would need similar changes and alignment to support the newly established service-dominant operation logic.

In conclusion, our study reveals that, although the dominant business logic in the security industry has relied on product-oriented offerings, firms increasingly emphasise service-dominant logic over product-dominant logic in their security solution business. Alongside this transition, they have to promote organisational service-orientation in their business. Because of its component-composed nature, the business model of a firm provides a conceptual tool with which to investigate and evaluate the appearance and effects of this increased service-orientation in security-service firms' business. Accordingly, the use of a business-model

approach creates great potential to enhance a company's foresight capabilities. Our findings provide interesting questions for further research, such as to what extent increased service-orientation affects firms' financial performance. Thus our exploratory study calls for more research on the performance implications of organisational service-orientation in the security business.

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Paper IV:

How is security marketed? Challenges of marketing communication in the security sector

Rajala, A.; Hammarén, R.; Kangas, A.; and Sointu, A.

Abstract

The article focuses on describing and analysing the ways in which security companies use their marketing communications to promote their products and services and enhance their image as a customer-oriented service provider. Over the last few decades, the development of technical devices and equipment has made this whole sector of industry more and more product-oriented. This has resulted in security often being marketed and sold with an emphasis mainly on technical features. To shed more light on the current situation, we have analysed six security providers' marketing-communications-related material in the Finnish security markets. The results show that the communication material is to a large extent provider-centric, emphasising product and technical features. However, there were clear signs that service- and customer-oriented elements are emerging in the marketing communications. Companies also emphasise willingness to tailor their products and services to customer needs, and they devote effort, especially, to factors that increase their credibility. At the same time, we found three specific drivers that enhance the transformation from a product-oriented company into a customer- and service-oriented one. In this transformation process, marketing communications has a key role. Firstly, communication should focus more on the security services' concrete benefits and added value. Secondly, the importance of these services both for customers' business improvement and for overall societal well-being must be emphasised. Thirdly, security-service providers need explicitly to communicate their values, mission, and vision. Placing these three drivers on the marketing communications agenda, security companies can increase their customers' sense of safe and security, thus motivating security procurement.

A return to a service-oriented business approach

Security services were based on human presence until a shift toward an emphasis on products and technology was made possible through technological development (de Waard, 1999). Later on, surveillance cameras and alarm systems were introduced to complement traditional guards, making the security sector clearly product-oriented. As a result, companies began to emphasise technological elements in their marketing communications. The introduction of high-technology-based products was expected to create the image of a pioneer as well as to provide a sense in the market of the company as more trustworthy and professional. Meanwhile, when a service- and human-oriented approach was neglected in marketing communications, a strong technological orientation made the proposition often diffuse and difficult to understand.

Because most security providers offer quite identical and substitutive products, many of them have started to focus more on service elements as a way to achieve differentiation and competitive advantage. As a consequence, in increasing numbers, traditional security products seem to include integrated value-added services (cf. Homburg et al., 2003). Besides the competition, changed customer needs (e.g., larger systems) and expectations (e.g., customisation of the offering) have driven this development. Whereas the product-oriented approach focused on selling technology and devices, the service-oriented model focuses more on immaterial resources and value creation especially through collaboration (Vargo and Lusch, 2004). The core of the service-oriented business model originates in close communication between a service provider and a customer. Thus, the service-oriented company constantly tries to learn from its customers and develop its activities with customers' real needs and wants in mind (Lusch et al., 2010).

The role of marketing communications in creating and maintaining customer relationships

Traditionally, marketing communications refer to communication targeted at the companies' external shareholders. It aims to create indirect or direct demand or behaviour with a positive impact on demand (Kotler, 2005). This communication encompasses several central roles. It can be used to increase a company's reputation, deliver product and service information, arouse customers' interest, and help them to identify needs. However, changes in the market environment, technological development, and the emergence of the Internet have diversified the forms of marketing communication and expanded its operation environment. Therefore, marketing communications should not be regarded any longer as a separate activity so much as a cross-function process for creating and maintaining profitable relationships with customers and other stakeholders as well as for controlling all the messages that are sent to these groups and encouraging dialogue with them (Duncan, 2002; Grönroos, 2007). In this sense, its role has moved from tactics to strategy. In today's rapidly changing and highly competitive world, only strategically oriented integrated marketing communications (IMC) can help a business to move forward (Holm, 2006). Marketing communications is, therefore, one of the key strategic tools playing a vital role in competitive markets.

In application of IMC, customers are at the centre of neither the service provider nor its goals. It is a system of engagement that is embedded in the organisation's culture. The main idea is to co-ordinate and streamline the communication targeted at a customer so as to establish an identical message in all interfaces and channels. Therefore, the key features of the integrated

marketing communications are a consistent message, target segments, and open two-way communication (Luck and Moffatt, 2009). This is important since customers usually pay little attention to the channel; information is received on the basis of its relevance, timing, suitability, and consistency.

The importance of IMC has led to an increased interest to strategic marketing. This reflects the fact that communication is connected to a greater extent to other core activities of a company: marketing communication is no longer seen as only a sales promotion activity – it is viewed as a larger entity comprising factors from other areas. Communication is related to the entire company having close connections to strategic decision-making through which communication becomes a managerial issue and should be taken into account at the strategy level.

Marketing communications in the Finnish security sector

The empirical study conducted for this work involved examination of marketing communications in six companies representing the Finnish security industry. Analyses are based on data collected from the companies' Web pages, product leaflets, brochures, and other marketing material. The aim is to discover signs or signals reflecting transition toward a more service- and customer-oriented approach.

In general, our analysis revealed that marketing communication seems to be largely service-provider-centred. This is illustrated by the following quotes:

'Our services are based on many years' experience and competence in the security sector' or 'are harmoniously working coherent entities into which one can integrate different functional, technical, or regional elements provided by our collaborative network.'

However, many companies have recently striven to emphasise both more customer- and service-**oriented** elements in their marketing communications. Accordingly, we found three joint elements that reflect these more customer-centred elements in the companies' marketing communications: emerging emphasis on customer-**orientation**, willingness to customise the offering, and the credibility of the promised service. These elements and their specific characteristics are presented in Table 1.

Table 1: Elements reflecting a customer-centric approach in marketing communications.

Elements reflecting a customer-centric approach	Characteristics
Emerging emphasis on customer-orientation	Customers' individual needs form the basis for the activity. The benefits of the service are highlighted for the customer – e.g., undisturbed business.
Willingness to customise the offering	The option of tailoring products and services is stressed. It is highlighted that solutions are adjusted to fulfil the specific needs and wants of the customer.
Credibility of the promised service	Customers are convinced and credibility increases through, for example, quality certificates and references.

According to our findings, the most significant joint element in market communications among the security-service providers was the attempt to emphasise customer-orientation. In general, companies' marketing communications highlighted how the customer and its individual needs form the basis for the providers' business. Customers are informed that their needs are addressed through collaborative planning and actions. The following example describes well the importance of customer vicinity and the collaboration between the service provider and the customer: *'Services are planned alongside our customers and other shareholder groups in order to serve our customers in the best possible way.'* Also, benefits reached by means of the security services offered are highlighted, and 'undisturbed' business is mentioned as one of the main benefits – e.g., *'[o]ur security services help the customer to identify and prevent security risks and support to improve their profitability'*. Furthermore, customers are motivated to acquire security solutions by emphasis on the unique characteristics of the products and services: *'combining guarding services, quick and systematic cleaning of graffiti [...] does not cost more than a normal cleaning'* or *'a PC with a touchscreen and four intelligent cameras compose an easy-to-use monitoring system that can be directed by the user him- or herself'*.

The second joint factor was the provider's willingness to customise product and service offerings in response to customer needs. Here, companies' marketing communications underscore how product and service offerings are tailored to the specific needs of each individual customer – e.g., *'[s]olutions are always realised according to customer needs, and their modularity means that they can be put into operation application by application and fitted into the customer's systems'*. Accordingly, the customer is informed about the modularity and the possibility of building various solutions by using individual product and service elements. It is further emphasised that services will always be specified to meet customer needs.

The third joint factor in marketing communication is related to the credibility of the service promise. Service promises seemed to vary between companies, but at a general level the clients were promised high-quality, tailor-made, and expert services. The service promise is made believable via highlighting of the unique nature of the products and services via, for example, customer references or

quality certificates of various types. Providers also strive to convince their customers of their expertise by using references. This quote exemplifies how the marketing material emphasises quality and its development: *'We strive to maintain quality by taking care of our personnel and investing in interactive training as well as systematically developing quality in line with approved quality systems.'* Finally, in marketing communications the provider's credibility is enhanced also through reference to well-known brands, the provider's market share, or the company's specific expertise in the security sector.

Development of marketing communications in the security sector

The three elements described above give some indication of a customer-centric approach that could be identified from the marketing communication material. However, we argue that companies in the security sector need to put more emphasis on issues that drive the development of customer- and service-orientation. On the basis of the results, when analysing the marketing communication material, we suggest that these drivers are value concretisation, emphasis on the importance of security to *customers* and society, and demonstration of the values that guide the company's operations. These drivers are presented in Figure 1 and described in detail in Table 2.

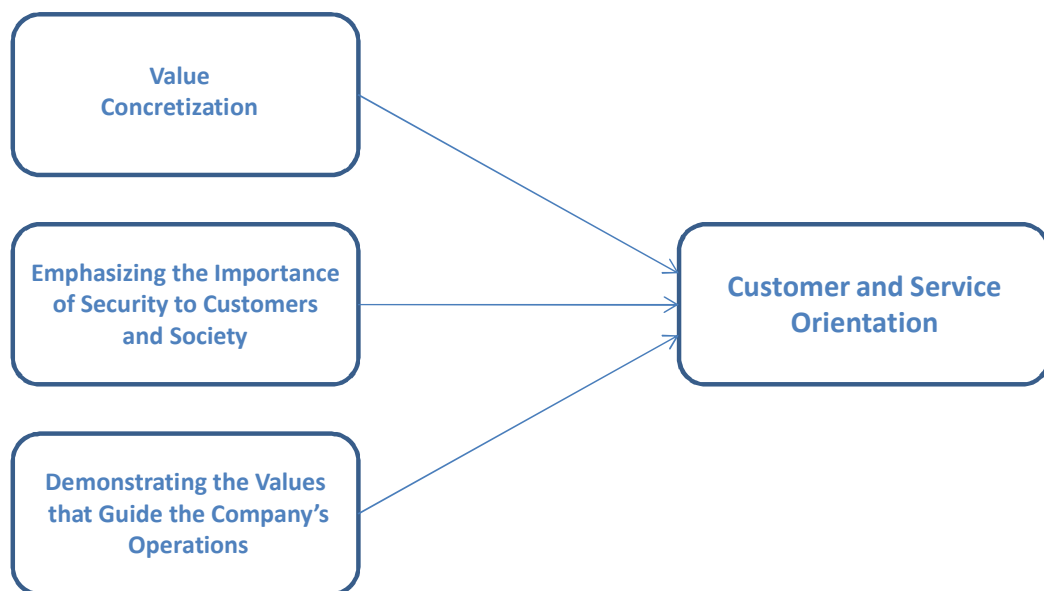


Figure 1. Marketing-communications-related development drivers that emphasise customer- and service-orientation.

To emphasise customer and service-orientation, marketing communications should explicitly focus on customers' individual needs and highlight the benefits that the customer can gain by adopting security-consciousness and acquiring these products and services. However, the added value and benefits had a minor

role at a product/service attribute level. In contrast, companies emphasise more physical features, such as the compactness of the product, its modularity, and usability. In addition to listing these features, marketing communications should emphasise the concrete value and benefits that the products and services offer to the customer. The following quotation exemplifies the issue: *'The emergency centre handles alarms received from security systems, alerts guards and authorities, registers the incidents for reporting, and notifies the agreed quarters.'* If, on the other hand, a company wants to profile itself as a partner, it should clarify the advantages that this partnership delivers for the customer and its business performance.

One way to concretise the benefits is to assess them in three phases. The first phase comprises the identification of the key features, or attributes, of the product or service offered. The second-phase assessment focuses on the consequences of these features: are they manifested in the customer's business, and, if so, how? Finally, the third phase, the most demanding one, is that of concretising the customer's desired end result and how it can be achieved by means of the security products or services offered. At its best, this approach not only gives a signal that the company is customer-oriented but *de facto* makes it clear for the provider what actions need to be taken to ensure that the customer gains from the security offering.

Table 2. Elements reflecting a customer-centric approach in marketing communications.

Development driver	Characteristics
Value concretisation	Instead of describing physical product features, the service provider should focus on the concrete value: the customers are buying not product features but solutions for their problems and needs. In marketing communication, the provider should emphasise communication of the final outcomes that can be achieved with the security services offered.
Emphasising the importance of security to customers and society	Marketing communications should highlight the societal importance of security issues, meaning that creating a safe and secure operation environment is beneficial for everyone inside and outside the company, along with the ways in which security, and the sense of security, probably enhance the customer's performance in many ways (e.g., positive effects on image and brand both inside and outside the company).
Demonstrating the values that guide the company's actions	Security-service companies should more clearly present and communicate the values, mission, and vision directing or steering companies' actions. This helps the service provider create a positive image of itself, and it sensitises potential customers to security issues. Values are becoming more and more important decision-making criteria even in security procurement.

The second development driver highlights the importance of security to customers and the whole of society. This is almost completely neglected in security-service providers' marketing communications. Companies tend to put more weight on

traditional sales arguments (e.g., cost savings, expertise, and delivery) and assume that customers know and identify their security needs. Consequently, communication seems to target customer groups that already possess some experience of security-service procurement. Inexperienced parties should be informed, for example, of the importance of security-consciousness as a socially important factor as well as of security's positive effects on a firm's competitiveness. A safe and secure operation and working environment benefits the company, its customers, and the whole society. An increased sense of security also creates a positive image for the company. All of these elements together help companies attract both competent employees and profitable customers.

The third development driver of marketing communications is how security providers present the values that guide their business operations. Guiding values, mission, and vision receive only limited attention. Furthermore, remarks on strategic goals along with concrete customer promises are absent. Communication on the above-mentioned issues is important since it helps the company to improve customers' vicinity and build a more human image, create expectations, and shed more light on the company's goals. Recently, the term 'value' has been frequently used in corporate marketing communications. It refers to ethical values and norms the company is committed to. Communicating these values creates the corporate image, and customers can assess whether the service provider's values and norms correspond with their own. As the security sector is characterised by having many identical service providers, expression of corporate values and norms can be used as a marketing tool to differentiate a company from its competitors.

Conclusions: Toward more service- and customer-oriented marketing communication

Recently, service- and customer-orientation has become an important issue in the security sector. This has brought challenges for the traditional product-oriented and provider-centric marketing communications. A service- and customer-oriented business model calls for closer collaboration between customers and solution providers, and it presumes more value co-creation. This enables the design of the best possible security solution for customers' problems and needs. In most security companies, customer benefits are still described from the service provider's point of view. Therefore, the aim of the marketing communications should be in increasing customers' understanding of why they should acquire security services. Customers acquire products or services not for their features but because of concrete benefits such as undisturbed business operations. For this reason, it is important to identify and determine what kinds of benefits each customer group values, and which product and service attributes, and to create and deliver the value for them. As for achieving this kind of customer vicinity, service providers need to study the underlying motives and values for security procurement.

From the findings, we can conclude that security-service companies remain very similar in their marketing communications. They all emphasise customer-orientation, tailoring, and comprehensive security solutions. Therefore, customers cannot easily draw distinctions between the service providers. In order to differentiate itself from competitors, a service provider needs to identify and, above all, communicate the specific added value or benefit it provides that the customer cannot acquire anywhere else. A service provider can use many creative means of enhancing its differentiation from the crowds and that awaken customer

interest. For example, one way is to develop an integrated marketing communications strategy wherein also interactive communication channels are used (e.g., social media). Another way is to focus on collaborative actions with emphasis on partnerships and co-creation of security value. Partnership with a security-service provider can also have positive effects on a customer's image and brand. These kinds of client-provider collaboration benefits (e.g., more undisturbed operations) need to be expressed explicitly in interactive and integrated marketing communications.

So, what are the practical implications of the re-emergence of service-orientation for marketing communications in the security sector? In general, it can be stated that implementing a service-based approach has, to some extent, remoulded companies' strategies throughout the industry. On the other hand, taking into account customers' expectations – i.e., being more customer-oriented – will also change marketing communications, because it plays a central role in the management of customer relationships. We highly recommend that security-service providers invest in the three marketing communications development drivers identified here (concretising values, emphasising the importance of security, and demonstrating values that guide the company's actions) in order to endorse their customer- and service-orientation. This way, the security-service provider is able to combine co-creation from the customer's and the provider's perspective (cf. Heinonen et al., 2011).

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Paper V:

Security services' adoption in a B2B context: Do clients and providers hold congruent views?

Westerlund, M.; Rajala, R.; and Rajala, A.

Abstract

Private security is among the few industries that are growing in today's economy. The security industry has a double-digit growth rate in most parts of the world, but the irony is that, with the advancement of inexpensive technology, security firms' profit margins continue to decrease. Security firms' income and competitiveness increasingly depend on ability to provide value-creating service solutions for the clients. We believe that the perceived value-in-use of security services is probably the biggest challenge facing the security industry today. Empirical analysis of security providers and their clients reveals that improved operational efficiency has surfaced as a key driver of security-service adoption in the business-to-business context. However, its effect on service use is not straightforward; both internal and external perceptions of security mediate the relationship. There is a striking difference between providers' and clients' views on the importance of these perceptions. Service providers tend to stress secure work conditions, although clients' service adoption depends primarily on the security service's ability to support their corporate image and stakeholder welfare. One possibility for solving this puzzle would be to involve the client's customers in the service-development work.

Introduction

Security is no longer optional – it's a 'must have', as security concerns have escalated in many industries and societies. The burden of increased crime and disturbance in society has overcome public authorities' ability to respond to private firms' security demands. Economic development and globalisation have presented companies and other organisations with new security needs. As a result, for instance, Prenzler et al. (2007/2008) argue that the private security industry is

growing apace and state as an example that the number of private security providers in Australia rose by 41 per cent from 1996 to 2006. According to Yoshida (1999), the private security industry in Japan grew from 775 companies in 1972 to 8,669 companies in 1996. Also, van Steden and Sarre (2011) state that in 2005 the United States boasted 60,000 security companies and private industries there employed approximately 1.5–2 million guards. The rise of the global security industry has been rapid, and security workers actually outnumber the police force in many countries. For example, the number of security workers in Canada in 2002 was around 82,000, as compared to just over 59,000 police, and there were 459,000 security guards to 240,000 police officers in Japan in 2003 (*ibid.*).

Security is traditionally regarded as a recession-proof industry, and now, with the escalation of global terrorism, crime, fraud, and vandalism, along with rapid development of information technology, the demand for protection has increased. However, the bad news is that security has so far been regarded as a grudging purchase to be made at the lowest possible cost (*ibid.*). Diminishing profit margins, particularly due to the inexpensive new technology and the digitalisation of services, have urged private security companies to put more effort into developing security services that meet embedded customer needs more intensively and provide superior value-in-use for clients. At the same time, firms offering outsourced security services have taken over many tasks that were traditionally handled by the client's own personnel, such as visitor badging and guest-access services. Nevertheless, the security industry faces the incessant challenge of understanding what drives the clients' security-service adoption and what kinds of value-creating services are needed for the future.

The challenge is similar to that seen by firms in other industries focusing on the value-in-use of services and ways of improving it via intense service-provider–client collaboration (Möller et al., 2008). For example, Securitas, a leading security firm and one of the largest in the world, state that they are a 'strongly client-focused company and their emphasis is on providing value-added services which enable them to become a long-term, strategic partner for security with their client organizations' (Securitas 2010a). The tasks of such a partner include not only taking care of the client's imminent security needs but providing services that support and foster the client's business and daily operations. The value-based approach to strategy argues that a firm's ability to capture value depends on the extent of its added value (Chatain, 2010). Therefore, it is vital for security providers' strategy to understand what drives clients' security-service adoption and what their expectations of the provider's value-creation outcomes are.

We propose that understanding and properly addressing the value-in-use of security services is probably the biggest challenge for security providers. In this paper, we investigate the effects of a provider's value creation – i.e., the benefits clients gain from using outsourced professional security services – and their relationship to clients' service adoption. We establish a research model and test it over a sample of firms that are members of a national security association. As some of these firms are security providers whilst others represent clients, we are able to compare, and spot potential differences between, their views. Because the national security association provides a common platform for innovation and collaboration, one would expect similar assessments of the key drivers and reasons for service use among the parties. Through this paper, managers learn that, despite the existence of the platform, in the business-to-business security-service context, the supply side and the demand side actually may have incongruent understandings of what provides value-in-use for clients and promotes their security-service adoption.

Theory and hypotheses

Value is a complex and crucial concept in business and economics (see, for example, Sánchez-Fernández and Iniesta-Bonillo, 2007). A very useful definition is provided by Haksever et al. (2004), who discuss value-in-use and claim that value is 'the capacity of a good, service, or activity to satisfy a need or provide a benefit to a person or legal entity'. In addition, they point out that for value to exist, it must be perceived as such by the recipient. Allee (2000), discussing value from the perspective of value-creating intangibles and intellectual capital, suggests that there are three types of intellectual capital that matter for firms. These types are traditionally considered to be people, processes and structures, and customers. Allee (ibid.) expands the traditional view and puts forward a new typology. According to this view, the main elements that support firms' operation and provide value are a) external capital (including relationships with customers, partners, and other stakeholders, as well as brand recognition, corporate image and goodwill, and social responsibility), b) human capital (internal capabilities, skills and knowledge that reside in the employees of the firm, the personnel's health and safety, and corporate identity as opposed to corporate image), and c) structural capital (including core systems of operation and processes, as well as business concepts and models that bring competitive advantage).

It is logical to assume that any protective action in these respects will promote the success of a firm's operations. Customer-perceived value is often viewed as the difference between the benefits and costs of obtaining a product or service (Lapierre, 2000). Following the above typology and assumption, we suggest that the main benefits of using outsourced security services are threefold. First, we believe that using security services will support a firm's *operational effectiveness*. In the value context, this refers to improved productivity and facilitating operations (ibid.). It means that outsourced services enable the firm to concentrate on its core activity and save its resources for more crucial tasks from the perspective of its business models and processes. Second, we believe that using security services will promote the firm's *internal perception* of security. This means that outsourced services allow employees to become more aware of safety and security regulations and requirements, gain more knowledge of safety practices, and develop a security-oriented mindset. Third, we believe that using security services enables a firm to focus on its customer and stakeholder relationships and to improve its brand recognition and visibility. We refer to this as a firm's *external perception* of security, since the target lies with external actors and capital.

The most important of these benefits is probably operational efficiency. It has become one of the key sales arguments for security firms hoping to attract new customers and gain their service acceptance. The underlying idea is that security providers have grown beyond dealing with mere security incidents, and professional security services may foster the client's business in general. For example, Securitas (2010a) suggests that in provision of value-added services, the firm begins 'by working with clients to objectively assess their existing security programs and determine if changes are necessary to better serve their security needs and business objectives'. The first task is to perform an operations analysis, which will help the firm to co-create value with the clients in order to support clients' business objectives and improve their operations' efficiency. We understand operational efficiency in the security context in terms of four measurements derived from prior literature and security firms' marketing materials. These measurements suggest that clients adopt outsourced security services because doing so a) gives ability to re-deploy internal resources productively for

time and energy savings (Allen et al., 2003; Securitas, 2010a, p. 1), b) provides the client with professional expertise and leading-edge best practices (Allee, 2000; Securitas, 2010a, p. 1), c) helps to reduce costs via outsourcing of non-core operations (Allen et al., 2003; Securitas, 2010a, p. 1), and d) lets the clients focus on their core business (Securitas, 2010a, p. 1).

By and large, operational efficiency resembles the exploitation perspective familiar from strategy and business studies (see, for example, March, 1991; Gupta et al., 2006). Firms emphasise the exploitation strategy in seeking improved efficiency of operation in their current business. Exploitation consists of refinement, choice, production, efficiency, selection, implementation, and execution in resource capture (Ancona et al., 2001). The exploitative firm sustains price competition with a high profit objective and supports structures designed for efficiency of operation (He and Wong, 2004). Therefore, exploitation requires routines and co-ordination for efficient management of the activities and processes (Nooteboom, 1999). Products and services that result from improved processes and concentration on the firm's core business are likely to satisfy customers better, leading to increased revenues and, ultimately, higher profits (Benner and Tushman, 2003). Exploitation strategy also has to do with whether firms emphasise improvements in their current operations and whether they pursue strengthening of their customer relationships, as suggested by Katila and Ahuja (2002). Therefore, we hypothesise that:

H1: Operational efficiency has a positive relationship with internal perception

H2: Operational efficiency has a positive relationship with external perception

H3: Operational efficiency has a positive relationship with service adoption

We consider a firm's internal perception of security from four angles. Given the notions in previous literature and service firms' marketing material, we suggest from this perspective that clients use outsourced security services because this a) reduces the number of disturbance and security incidents in the firm (Allee, 2000), b) promotes employee awareness of security and safety measures and practices (Allee, *ibid.*; Securitas, 2010b, p. 5), c) complies and conforms with legislative requirements and standards (Allee, *ibid.*), and d) enhances employee satisfaction by creating peace of mind and an increased sense of safety and security (Allee, *ibid.*; Securitas, 2010b, p. 5). Furthermore, Haksever et al. (2004) argue that a firm can create value for employees by establishing a safe, pleasant, friendly, and co-operative work environment, and also by providing training that upgrades the skills and knowledge of employees or gives them new skills and knowledge that are in demand, creating intra-firm value. As the benefits related to internal perception are obvious, we hypothesise that:

H4: Internal perception has a positive relationship with service adoption

The firm's external perception of security refers to corporate image, customers, and other stakeholders. Haksever et al. (*ibid.*) posit that society at large can be a stakeholder, especially if the company's actions have an impact on the environment or other aspects of quality of life. In fact, Lapierre (1997) argues that the value-in-use of industrial services includes social outcomes that involve an improved standard of living for stakeholders. Hence, establishing and conducting corporate social responsibility programmes is a form of action that provides value for society and bodies outside the firm. Overall, we rely on previous literature on value and apply its concepts in order to understand external perception of security.

In particular, we believe that, from the external perception perspective, clients use outsourced security services because it a) forwards ensuring their customers' welfare and operation (Allee, *ibid.*), b) advances the safety and welfare of their other external stakeholders (Allee, *ibid.*), c) increases positive brand recognition (Allee, *ibid.*), and d) supports their corporate social responsibility objectives (Allee, *ibid.*). Yet again, the benefits of using outsourced security services are clear, and we hypothesise that:

H5: External perception has a positive relationship with service adoption

In this study, we use the terms 'service adoption' and 'service use' synonymously. However, existing service research literature does not give us useful measures of understanding and measuring security-service adoption. The reason is that the types of services vary considerably within industries. In addition, the scale and scope of security services is large, thereby making it very difficult to compress the main types of services into a few constructs. We overcame this problem by reviewing and collecting items from security firms' marketing material. Proceeding from the service offerings of Securitas (2010a; 2010b), we chose three distinct types of services for assessment of clients' security-service use. The distinction was based on what aspects these services stress in their service delivery. The three types are personnel-related security, infrastructure-related security, and property-related security. Each was measured with four items.

Personnel-related security services' investigation consisted of examining whether firms 1) have used/delivered within the previous three years or 2) intend to use/deliver within the next three years the following services for industrial/commercial site protection: a) guarding services, patrols, and inspections and b) access-control and visitor badging, concierge, and reception services. These services focus strongly on personnel in protecting and in delivery of security. Infrastructure-related services were assessed similarly, in terms of previous and future use/delivery of a) structural security products and services and b) electronic security systems. Delivery of these products and services includes, for example, installing digital security systems, cameras, and alarms, as well as providing monitoring for alarms and video. Property-related services involve previous and future use of services protecting financial and valuable intellectual capital, such as sensitive information, IT systems, and trade secrets. To be more precise, we should state that property-related security services were investigated with the same 3/3-year rule applied with the other constructs; i.e., if the firm had used/delivered a) cash-management and logistics services and b) IT and information-security services or expected to do so. Together these three types of security form a construct for estimation of clients' adoption of outsourced security services.

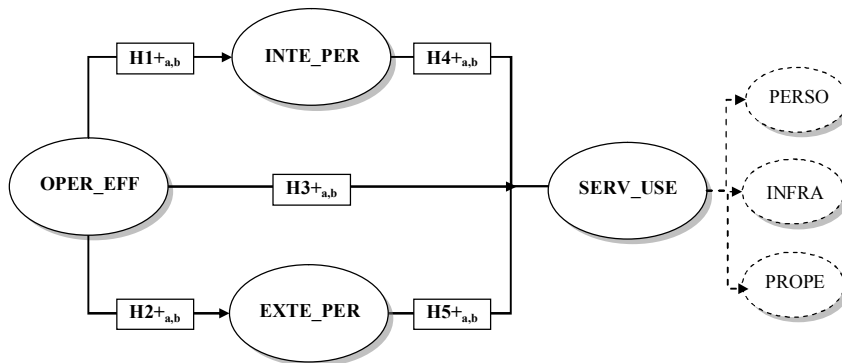


Figure 1. Research model and hypotheses.

To illustrate our five hypotheses related to the drivers of security services' adoption, we establish a research model (see Figure 1). The model includes three major constructs reflecting the value of using outsourced security services. These constructs are improved operational efficiency, internal perception of security, and external perception of security. Each of them comprises four items. Security services' adoption is labelled as service use in the model, as we use the terms synonymously in this study. It is a second-order construct consisting of three first-order constructs: personnel-related security services, infrastructure-related security services, and property-related security services. In turn, each first-order construct comprises four distinct items. All causal relationships are expected to be positive. We estimate the model from data from a national security association. In addition, we conduct the analysis with a split dataset, with one sample covering security-service providers' views and the other comprising their clients' perceptions. For this purpose, an 'a' or 'b' notation is used for each hypothesis in the latter cases, to reflect potential differences between supply- and demand-side views. We expect the results to be similar between the two parties – the service providers and their clients – for each of the hypotheses.

Methodology

For the purposes of the study, an online survey was conducted in early 2010. The empirical enquiry was employed with firms that are members of a national security association in Finland. For confidentiality reasons, contact lists of potential respondents were administered and managed by an employee of the association. An invitation to participate in the survey was sent to potential respondents by e-mail. Multi-item scales were used to measure all constructs. The survey addressed reasons for using security services and products. All items were measured on a five-point Likert-type scale (1 = 'strongly disagree' to 5 = 'strongly agree'). The scales for the drivers of service adoption as well as for actual service use were developed for the study on the basis of a literature review. Because objective measures are not available from other sources, the study relies on the respondents' perceptual assessments. Here too, service use is treated as synonymous with service adoption.

The questionnaire yielded 141 usable responses for analysis. The survey provided us with some background information on the respondent firms, which enabled us to make a distinction between those firms that are primarily security-service providers and those that are their clients. Some of the clients are firms that buy security services from large providers and integrate them into the offerings to their own customers. By coincidence, the ratio of service providers and their clients in the dataset is roughly 50/50, as there were 68 providers and 69 clients. This discovery enabled us to make a reasoned and interesting split of the data into two sub-samples for additional analysis of the differences between the groups. We believe it can give us a good understanding of the incongruence related to business-to-business security-service needs that may exist between service providers and their clients. All analyses were performed first with all data, then for the split samples.

The empirical analysis was performed with SmartPLS 2.0, software developed by Ringle et al. (2005). Partial least squares (PLS) path modelling is a component-based SEM approach that does not require multivariate normal data and imposes minimal requirements for measurement levels (Tenenhaus et al., 2005). The advantages of PLS include its ability to model multiple constructs, ability to handle multicollinearity among the independents, robustness in the face of missing data, and the creation of independent latents directly on the basis of cross-products for the response variables (Chin et al., 2003). Moreover, as PLS considers all path coefficients simultaneously and estimates multiple individual item loadings in the context of a theoretically specified model rather than in isolation, it helps to avoid biased and inconsistent parameter estimates for equations. Finally, PLS is appropriate when the research model is in an early stage of development and has not been tested extensively (Teo et al., 2003).

Scale validity and reliability

We use Wold's (1982) method of partial least squares (PLS) to estimate parameters. First, we ensured that our data of 141 firms meet the guideline threshold of five respondents per indicator, as suggested by Bentler and Chou (1987). Second, to address common method variance (CMV), which can be a problem when dependent and independent variables are measured in the same survey, we used Harman's one-factor test. Factor analysis revealed six factors with an eigenvalue greater than 1. Together they explain 69 per cent of the total variance, and the first factor explains 21 per cent. Because no single factor explains most of the variance, CMV is unlikely to be a concern with the data (Podsakoff and Organ, 1986). Third, to assess the constructs' reliability and validity, we examined composite reliability values (ρ_c) and average variance extracted values (ρ_v) for each first-order latent variable.

All composite reliability values were above the recommended threshold of .70 (Fornell and Larcker, 1981), and all constructs exceeded the recommended .50 threshold for average variance extracted value (Diamantopoulos and Siguaw, 2000). Overall, the composite reliability values and average variance extracted values indicate that the scales perform amply. In addition to these two measures, Table 1 shows the means, standard deviations, Cronbach's alphas for internal consistency for all latent constructs, and correlations for the first-order constructs. The dependent variable is measured as a second-order construct via the repeated-indicators method suggested by Wold (1982). Thus all items included in the analysis were configured as reflective indicators (Haenlein and Kaplan, 2004).

Table 1. Construct correlations and descriptive statistics of measures.

Construct	Mean	SD	ρ_v	ρ_c	α	1	2	3	4	5	6
1. OPER_EFF	3.39	0.91	.65	.88	.82	(.80)					
3. INTE_PER	3.38	0.81	.60	.85	.77	.60	(.77)				
3. EXTE_PER	3.38	0.95	.66	.89	.83	.66	.72	(.81)			
4. PERSO	2.67	1.25	.73	.92	.88	.27	.28	.31	(.85)		
5. INFRA	3.31	0.99	.62	.87	.80	.32	.42	.43	.42	(.79)	
6. PROPE	2.55	1.02	.58	.85	.76	.26	.32	.33	.52	.46	(.76)
7. SERV_USE [†]	-	-	.64	.84	.87	-	-	-	-	-	-

Note: SD = standard deviation; ρ_v = average variance extracted; ρ_c = composite reliability; α = Cronbach's alpha, with the square root of ρ_v on diagonal in brackets; and [†] = second-order construct of 4–6. Analysis was performed with the full sample ($n = 141$).

Discriminant validity was assessed through examination of the correlation matrix of the constructs. According to Fornell and Larcker (1981), satisfactory discriminant validity among constructs is obtained when the square root of the average variance extracted is greater than corresponding construct correlations. In our data, the square root of the average variance extracted exceeded the correlations for each pair of first-order constructs. Therefore, all constructs meet the criterion, supporting the discriminant validity of the constructs. As for other quality measures, the PLS path modelling includes no proper single goodness-of-fit measure. However, to conclude our analysis, we calculated the goodness of fit (GoF) of the model by using Tenenhaus et al.'s (2005) global fit measure for PLS. The criteria for small, medium, and large effect sizes are .10, .25, and .36, respectively. In our model, the GoF is .46 for the full sample ($n = 141$), which indicates a large effect. The corresponding GoF for the provider sample was .43 and for the client sample was .49. These values indicate good fit of the model to the data.

Results

Table 2 lists the results for the hypotheses in view of the full sample (including all firms) as well as split samples (full dataset divided into provider and client samples). We entitle the full-sample analysis 'Model 1' and the split-sample analyses 'Model 2' (provider sample) and 'Model 3' (client sample), although the model is precisely the same throughout the analyses. With the full sample (Model 1), H1 and H2 are supported, as operational efficiency seems to have a strong positive relationship with internal perception ($\beta = .60, p < .001$) and external perception ($\beta = .66, p < .001$). Contrary to our hypothesis H3, operational efficiency does not have a direct effect on service adoption. Instead, internal and external perceptions mediate the relationship as predicted by H4 and H5. Both internal ($\beta = .20, p < .001$) and external perceptions of security ($\beta = .25, p < .001$) have a positive relationship with service use. Hence, all of our hypotheses except H3 were supported, indicating that the benefits of increased operational efficiency do indeed foster clients' security-service adoption in a business-to-business context. This effect is not straightforward; it takes place through improvements in internal working conditions and external market visibility.

The results are a lot more interesting when the model is tested on two split samples. Analysis of Model 2 for security-service providers' responses shows causal relationships similar to those in the full-sample analysis. Operational efficiency has a positive relationship with internal perception ($\beta = .60, p < .001$) and external perception ($\beta = .70, p < .001$), thus showing support for H1 and H2. Moreover, as with Model 1, operational efficiency does not have a direct effect of any kind on service use, and H3 can be rejected. The analysis with the provider sample supports H4 and H5, as internal perception ($\beta = .23, p < .001$) and external perception ($\beta = .17, p < .05$) alike have a relationship with service use. However, internal perception has a slightly stronger relationship and external perception has a somewhat weaker yet significant relationship with service adoption in comparison to the full sample.

Table 2. Results in the PLS structural equation model.

H#	Paths	Beta	t-values	Level of	Support for
<i>Model 1: Full sample (all)</i>					
H1	OPER_EFF → INTE_PER	.60	17.998	<.001	Yes
H2	OPER_EFF → EXTE_PER	.66	23.442	<.001	Yes
H3	OPER_EFF → SERV_USE	.07	1.319	n.s.	No
H4	INTE_PER → SERV_USE	.20	3.646	<.001	Yes
H5	EXTE_PER → SERV_USE	.25	4.374	<.001	Yes
<i>Model 2: Provider sample (a)</i>					
H1a	OPER_EFF → INTE_PER	.60	16.172	<.001	Yes
H2a	OPER_EFF → EXTE_PER	.70	23.114	<.001	Yes
H3a	OPER_EFF → SERV_USE	.03	0.469	n.s.	No
H4a	INTE_PER → SERV_USE	.23	3.859	<.001	Yes
H5a	EXTE_PER → SERV_USE	.17	2.516	<.05	Yes
<i>Model 3: Client sample (b)</i>					
H1b	OPER_EFF → INTE_PER	.62	22.220	<.001	Yes
H2b	OPER_EFF → EXTE_PER	.64	23.814	<.001	Yes
H3b	OPER_EFF → SERV_USE	.03	0.597	n.s.	No
H4b	INTE_PER → SERV_USE	-.03	0.513	n.s.	No
H5b	EXTE_PER → SERV_USE	.63	10.023	<.001	Yes

Note: Bootstrap = 500, and df = 283.

The findings for H1 and H2 in the security-service clients' sample (Model 3) are consistent with the above-mentioned results for Model 1 and Model 2. Operational efficiency has a significant strong positive relationship with internal perception ($\beta = .62, p < .001$) and external perception ($\beta = .64, p < .001$). Hypothesis 3 is not supported in Model 3 either, meaning that there is not a direct link between operational efficiency and service adoption. Unlike in previous models, the analysis with the client sample does not offer empirical support for hypothesis 4 as to the relationship between internal perception and service use. This is quite

noticeable, since the negative yet not statistically significant ($\beta = -.03$, n.s.) relationship implies a complete lack of such a relationship. Interestingly, the positive relationship between external perception and service use ($\beta = .63$, $p < .001$) is considerably stronger than seen with full data and the provider sample.

There are still interesting differences between security-service providers and their clients. The explanatory power of the model for the dependent construct was measured by using the squared multiple-correlations value (R^2). Whereas operational efficiency and internal and external perceptions explain almost 40 per cent of the service-use variation in the client sample, only 15 per cent is explained in the provider sample for the same variables. This suggests that the model may lack a variable that service providers consider a driver of the utmost importance for their clients' service adoption. It remains a mystery whether the missing driver would be that important for the clients. At present, the most significant difference is that between the ways and paths by which operational efficiency affects firms' service adoption. This notion and its implications are discussed further below.

Discussion and conclusions

Benefits of increased operational efficiency are among the key drivers of outsourced security services. Improved operational efficiency is considered a key motive of clients' service adoption by both security-service providers and their clients. However, its effect on service use is not straightforward in the business-to-business context. Internal perception in terms of employees' safe working conditions and top-of-mind security awareness, as well as external perception in terms of the firm's visibility to markets and stakeholders as a safe and secure actor mediates the relationship. These two perceptions characterise the apparent value-in-use of outsourced security services for the client. There is still a major concern. Although providers and clients seem to have a mutual perception of security's role for a client's business, providers may fail to understand in full their clients' true motives for outsourced security-service adoption.

There is a striking difference between the security-service providers' and clients' view of what brings the most value in the use of security services. Providers seem to believe that security-service demand emerges primarily from increased security needs within client firms. Therefore, they strongly promote potential operational efficiency benefits in their sales material and speak from the perspective of an employee's work conditions, and they think that clients choose to adopt new security services particularly if they support 'in-house' safety and security. Security improves work conditions and thus is an important reason for service adoption. Service providers reckon that a client's use of outsourced security services has an effect on the company's market visibility as a safety-conscious firm but stress the intra-firm benefits for business and operation.

In contrast, clients emphasise the improved corporate image and visibility found with outsourced security services. They see that increased operational efficiency leads to enhanced market visibility; external perception is the main concern. For client firms, the opportunity to communicate that one is a security-aware market player that protects and takes account of its customers' and stakeholders' safety and security is a major reason for outsourced security services' use. In-house security benefits are valuable as such, but the real value-in-use and decisions on service use are related to how well the outsourced security service supports the client's market image and customers' security needs.

The contradiction in perceived motivation between providers and clients could seriously affect security-service innovation development. Possible reasons for incongruent views include that, since security has long been seen as a grudging purchase (van Steden and Sarre, 2011) – i.e., necessary but costly – and the main concern has been to lower the security costs for clients, service providers fail to see how security could improve business through other than operational and process enhancements. Perhaps providers like to calculate the number of security incidents and plan new security programmes that would result in fewer incidents, but they may forget the most basic characteristic of security: it has a lot to do with psychology and mindset. People may feel insecure and in danger even if there is not a reason for this, and vice versa. That may be the reason why clients' prefer security's role as supporting their corporate image as a safe and secure market player over the operation-focused benefits.

The results will help managers for security providers to apprehend how their understanding of customers' needs and motivation for service adoption may differ from those of the clients, in spite of a jointly established innovation and collaboration platform. The firms in our survey were members of a national security association that promotes the security industry and provides a common collaboration stage for the security providers and clients. One possible way to address security-service needs better would be to include end users (i.e., clients' customers) in the innovation and value co-creation activity and processes. This argument is supported by the fact that clients' service adoption depends primarily on security services' market visibility. Clients expect outsourced security services to help them in promoting and improving their corporate image and creating peace of mind for their customers and stakeholders. This could help providers establish novel security services that will meet the embedded market needs and be of greater help to clients and their customers.

Future research could extend this study in several ways. First, it might test the findings in other service industries or countries. The present study has investigated the drivers of security services' adoption in Finland. Although security is a global concern, there may be certain differences among countries. Second, the study covers service providers and clients that are members of a national security association, where the participants are expected to have above-average interest in security issues and the security industry. Membership is natural for security-service providers, but an analysis of clients outside this organisation might show different results. Third, the results could be different if security-service adoption is measured in terms of other variables. In this study, we have focused on personnel-, property-, and infrastructure-related services. Moreover, future research might search for further drivers of service adoption; ones that are not considered here, as the analysis of the provider sample suggests that additional factors could be of use in explaining more of the variance of service adoption.

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Paper VI:

Benefits of security services' adoption for B2B clients

Westerlund, M.; Rajala, R.; and Rajala, A.

Abstract

The private security industry is considered one of the most rapidly growing industries in many countries. However, security providers' profit margins are decreasing because of intense competition and the spread of low-cost technology. As revenues increasingly depend on innovative services, the perceived value-in-use of security services is probably the biggest challenge facing the industry today. With data from the members of a national security association, we investigate the expected and perceived benefits of professional security services among business-to-business clients. The study reveals that improved operational efficiency has surfaced as a leading expected advantage of security services, but its effect on service adoption is not straightforward. A client organisation adopts professional security services only if they produce safety and security in the workplace as well as a better corporate image and improved stakeholder welfare. The results also show that outsourced security brings about market and operational benefits for service adopters.

Introduction

Private security is among the few industries booming in the current economic climate. The growth is related to concerns about crime, vandalism, and terrorism. According to Yoshida (1999), the private security industry in Japan grew from 775 companies in 1972 to 8,669 companies in 1996. Prenzler et al. (2007/2008) cite the number of private security providers in Australia as rising by 41 per cent in 10 years, from 1996 to 2006. Security workers actually outnumber the police force in many developed countries. Canada had 82,000 security workers in 2002 as compared to 59,000 police, and Japan had 459,000 security guards to 240,000 police officers in 2003 (van Steden and Sarre, 2011). In 2005, the United States boasted 60,000 security companies, which employed approximately 1.5–2 million guards (ibid.). Nevertheless, the market is expanding, particularly in developing

economies. The private security market in India features more than 5,000 guard companies, employing over 1 million people, with an expected annual growth rate of about 30 per cent (Singh, 2007).

Security services are sold mainly in business-to-business (B2B) context. Companies throughout the world are ramping up security systems and employing new strategies to keep themselves protected. However, security has been considered a grudging purchase, made at the lowest possible price, and many clients scale back their security spending amid recession (van Steden and Sarre, 2011). Increased costs of labour, the upsurge in inexpensive technology, and novel digital services have urged security providers to focus on the value-in-use of services. Providers have taken over many tasks that were traditionally carried out by the client's own staff, such as visitor badging and guest-access services. Securitas, one of the largest security firms in the world, currently state that they are a strongly client-focused company and that their emphasis is on providing value-added services that enable them to become a long-term, strategic partner for security with their client organisations (Securitas 2010a). Understanding what drives clients' security-service adoption and what the perceived benefits of using outsourced security services are is vital for all security providers.

This paper investigates the expected and perceived benefits that security companies' clients receive by adopting professional security services. The study establishes a research model and tests it over a sample of firms that are members of a national security association in Finland. After reviewing the results, we propose that understanding and properly addressing the value-in-use of security services is probably the biggest challenge for security providers. Through this paper, managers learn that by adopting professional security services they can enjoy various business gains. Our study shows that these gains comprise market-related benefits and operational benefits. The former include improved customer satisfaction, a better competitive position, and a positive reputation. The latter comprises improved knowledge of security, superior innovations born of co-operation between the client and the service provider, and more efficient use of the client organisation's own resources.

Theory and hypotheses

Value is one of the most discussed concepts in business and economics (Sánchez-Fernández and Iniesta-Bonillo, 2007; Chatain, 2010). Haksever et al. (2004) argue that value is 'the capacity of a good, service, or activity to satisfy a need or provide a benefit to a person or legal entity'. This definition focuses on value-in-use. Allee (2000) suggests that three types of intellectual capital matter for firms: people, processes and structures, and customers. Therefore, the elements that provide value for a company are i) structural capital (core systems of operation, processes, and business concepts and models that bring competitive advantage), ii) human capital (internal capabilities, skills and knowledge that reside in the staff, employees' health and safety, and corporate identity as opposed to corporate image), and iii) external capital (the company's relationships with its customers, partners, and other stakeholders, as well as brand recognition, corporate image and goodwill, and social responsibility). Protective actions with respect to these qualities promote the firm's operation, making them good objects for professional security services.

Value-in-use embraces the idea of gaining various benefits by using a commodity. For example, Lapierre (2000) submits that customer-perceived value is the difference between the benefits and costs of obtaining a product or a

service. Following Allee's (2000) typology of intellectual capital, we suggest that the benefits of using outsourced security services are threefold. First, we propose that security services enhance a company's operational efficiency. This assumption refers to improved productivity and facilitated operations (Lapierre, 2000). It means that outsourced services enable the client to concentrate on its core business and save its resources for more crucial tasks. Second, we believe that outsourced security services promote the company's internal perception of security. This means that outsourced services allow the staff to become more aware of safety and security regulations and requirements, obtain more knowledge of the safety practices, and develop a security-oriented mindset. Third, we believe that outsourced security services enable the company to focus on its customer and stakeholder relationships and improve its brand recognition and visibility. We consider this thesis to involve a company's external perception of security, because it focuses on external aspects.

Operational efficiency has become a key sales argument for security companies. Security providers have grown beyond dealing with everyday security incidents and proclaim that clients can obtain a variety of business gains by using professional security services. For instance, Securitas (2010a) announced that the company's first task with clients is to perform an operations analysis that helps it to support clients' business objectives and improve their operational efficiency. We understand operational efficiency from a security perspective through four measurements derived from existing literature and security companies' marketing material. These measures suggest that a client adopts outsourced security services because they i) give it an ability to re-deploy its internal resources for time and energy savings productively (Allen et al., 2003; Securitas, 2010a, p. 1), ii) provide it with professional expertise and leading-edge best practices (Allee, 2000; Securitas, 2010a, p. 1), iii) help it to reduce costs via outsourced non-core operations (Allen et al., 2003; Securitas, 2010a, p. 1), and iv) allow it to focus on its core business (Securitas, 2010a, p. 1).

Client organisations seek improved operational efficiency through 'exploitation strategy'. This strategy, derived from organisation and management literature, focuses on excellence in a company's existing business (March, 1991; Gupta et al., 2006). It consists of refinement, choice, production, efficiency, selection, implementation, and execution in resource capture (Ancona et al., 2001). The exploitative company sustains price competition with a high profit objective and supports structures designed for efficiency of operation (He and Wong, 2004). Exploitation requires routines and co-ordination for efficient management of the activities and processes (Nooteboom, 1999). Products and services that result from improved processes and concentration on the company's core business are likely to satisfy customers better, leading to increased revenues and profits (Benner and Tushman, 2003). Exploitation strategy also has to do with whether companies emphasise improvements in their current operations and whether they pursue strengthening of their customer relationships (Katila and Ahuja, 2002). Therefore, we hypothesise that:

H1: Operational efficiency has a direct positive relationship with internal perception

H2: Operational efficiency has a direct positive relationship with external perception

H3: Operational efficiency has a direct positive relationship with service adoption

We consider a client's internal perception of security from four angles. After reviewing existing literature and service providers' marketing material, we suggest

that a client organisation adopts outsourced security services because they i) reduce the number of disturbance and security incidents in the company (Allee, 2000), ii) promote employee awareness of security and safety measures and practices (Allee, *ibid.*; Securitas, 2010b, p. 5), iii) comply and conform with legislative requirements and standards (Allee, *ibid.*); and iv) enhance employee satisfaction by creating peace of mind and an increased feeling of safety and security (Allee, *ibid.*; Securitas, 2010b, p. 5). Moreover, Haksever et al. (2004) argues that a company can create value for its staff by bringing about a safe, pleasant, friendly, and co-operative work environment. Training that upgrades employees' skills and knowledge, or gives them new skills and knowledge that are in demand, also creates value within the company. Therefore, we hypothesise that:

H4: Internal perception has a direct positive relationship with service adoption

A client's external perception of security refers to its operational environment, customers, and other stakeholders. Lapierre (1997) argues that the value-in-use of industrial services includes social outcomes that improve many stakeholders' standard of living. Haksever et al. (*ibid.*) posit that society at large can be a stakeholder, especially if a company's actions have an impact on the environment or other aspects of quality of life. Therefore, corporate social responsibility programmes provide value for the society and bodies outside the firm. Existing literature on value helps us to comprehend the external perception of security. We believe that a client organisation adopts outsourced security services because they i) improve its customers' welfare and operations (Allee, *ibid.*), ii) advance the safety and welfare of its stakeholders (Allee, *ibid.*), iii) add positive corporate brand recognition in the market (Allee, *ibid.*), and iv) give support to its corporate social responsibility objectives (Allee, *ibid.*). Consequently, we hypothesise that:

H5: External perception has a direct positive relationship with service adoption

The existing literature on services lacks sound measures for security service adoption. Most common service characteristics in the security industry are difficult to measure with a few constructs, because the scale and scope of security services are large. We overcame this challenge by reviewing and collecting items from security firms' marketing material. We chose three distinct types of services for assessment of clients' security-service adoption, in view of material from Securitas (2010a; 2010b). These three types are personnel-related security, infrastructure-related security, and property-related security.

Personnel-related security services are implied when clients use the following services for industrial or commercial site protection: i) guarding services, patrols, and inspections and ii) access-control and visitor badging, concierge, and receptionist's services. These services focus on human aspects of security. Infrastructure-related services include the use of i) structural security systems and ii) electronic security systems. They comprise installing physical or digital security systems, cameras, and alarms, as well as monitoring for alarms and video. Property-related services are deemed to be services that protect the client's intellectual or financial capital and sensitive information, such as information systems and trade secrets. Specifically, they include the use of i) cash-management and logistics services and ii) IT and information-security services. We consider the client organisation's use of these services during the

previous three years or its intention to use them within the next three years to reflect adoption of security services.

We are interested not only in expected benefits but also in the actual benefits or performance effects of using professional security services. We focus on perceived effects because we believe that security-service clients are motivated by factors beyond financial performance when using the services. Moreover, the above-mentioned expected advantages of using outsourced services rule out financial metrics. This approach is consistent with the thesis of March and Sutton (1997) according to which one should consider not only economic performance as the dependent variable in organisation research. Furthermore, Cohen et al. (2008) argue that financial performance is only one important piece of organisational performance measurement. The use of non-financial measures is rational in the security industry, where security and its consequences are largely cognitively based and cannot be measured numerically.

We see that the client's actual benefits consist of its perceived market benefits and operational benefits. The client organisation's market benefits encompass its i) customer satisfaction, ii) brand and corporate image, iii) competitive position in the market, and iv) differentiation from its competitors. According to Hennig-Thurau and Klee (1997), customers' satisfaction with a company's services is the key to a company's success and long-term competitiveness. Smith et al. (2010) show that companies with a positive brand image and market reputation experience a significant market-value premium, superior financial performance, and lower cost of capital. In addition, Grant (1991) points out that a company's competitive position is an essential attribute of its competitive advantage, and Porter (1980) argues that one of the key market strategies for companies is to stand out from their competitors.

The operational benefits that clients receive by using security services include i) the development of security-related expertise within the organisation, ii) the emergence of new ideas and innovations that result from the collaboration between the security-service provider and the client, iii) improved problem-solving capability, and iv) enhanced resource-efficiency. Semadeni and Anderson (2010) show that professional services foster expertise in the subject field in both the service provider's and the client's organisation. Furthermore, the innovation-management literature has numerous examples of inter-organisational collaboration as a favourable breeding ground for innovations (Srivastava and Gnyawali, 2011). Problem-solving skills are the most complex of all intellectual functions, as their cognitive processes require modulation and control of routines or basic skills (Goldstein and Levin, 1987). Services that help a company to control its routines can enhance its problem-solving skills. In addition, Cohen et al. (2008) suggest that the efficient use of production resources is an important non-financial measure of operational performance. Therefore, we hypothesise that:

H6: Service adoption has a direct positive relationship with non-financial performance.

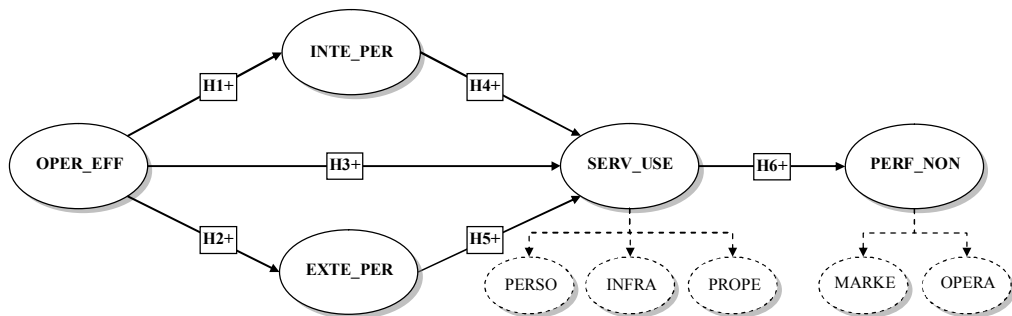


Figure 1. Research model and hypotheses.

Figure 1 illustrates our hypotheses as to the benefits of security-service adoption. The model includes three constructs reflecting the expected advantages of using professional security services. These constructs are improved operational efficiency (OPER_EFF), internal perception of security (INTE_PER), and external perception of security (EXTE_PER). Security-service adoption is labeled as service use (SERV_USE) in the model. It is a second-order construct composed of three first-order constructs: personnel-related services (PERSO), infrastructure-related services (INFRA), and property-related services (PROPE). Non-financial performance (PERF_NON) is a second-order construct that reflects actual benefits of using outsourced security services for the client. It comprises two first-order constructs: market benefits (MARKE) and operational benefits (OPERA).

Methodology

We conducted an online survey in early 2010 among members of a national security association in Finland. To select the target companies, we used a convenience sampling method. The companies selected represent typical B2B customers in the field, either using professional security services themselves or adding these services to their own market offerings. Our contact with the association sent an invitation to participate in the survey to potential respondents ($N = 312$) by e-mail. We used multi-item scales to measure all constructs. The survey addressed reasons to adopt professional security services and products. All items were measured on a five-point Likert-type scale (1 = 'strongly disagree' to 5 = 'strongly agree'). We developed the scales for the expected and actual benefits of service adoption on the basis of a literature review. The study relies on the respondents' perceptions, because objective measures were not available from other sources. We regard service use as synonymous with service adoption. The questionnaire yielded 141 usable responses for the analysis, for a response rate of 45 per cent.

We performed an empirical analysis by using the SmartPLS 2.0 software, by Ringle et al. (2005). Partial least squares (PLS) path modelling is a component-based approach that does not require multivariate normal data and imposes minimal requirements as to measurement levels (Tenenhaus et al., 2005). The advantages of PLS include its ability to model multiple constructs, the ability to handle multicollinearity among the independents, robustness in the face

of missing data, and the creation of independent latents directly on the basis of cross-products for the response variables (Chin et al., 2003). PLS helps to avoid biased and inconsistent parameter estimates for equations, because it considers all path coefficients simultaneously and estimates multiple individual item loadings in the context of a theoretically specified model rather than in isolation. It is appropriate when the research model is in an early stage of development and has not been tested extensively (Teo et al., 2003).

Scale validity and reliability

We apply Wold's (1982) method of partial least squares to estimate parameters. First, we used Harman's one-factor test to address common method variance (CMV), which can be a problem when both dependent and independent variables are measured in the same survey. Factor analysis revealed eight factors with an eigenvalue greater than 1. Together they explain 70 per cent of the total variance, and the first factor explains 14 per cent. CMV is unlikely to be a concern with the data here, because no single factor explains most of the variance (Podsakoff and Organ, 1986). Second, we examined composite reliability values (ρ_c) and average variance extracted values (ρ_v) for each first-order latent variable to assess the reliability and validity of the constructs. All composite reliability values were above the recommended threshold of .70 (Fornell and Larcker, 1981), and all constructs exceeded the recommended .50 threshold for average variance extracted (Diamantopoulos and Siguaw, 2000). They indicate that the scales easily perform well. Table 1 shows these values, as well as the means, standard deviations, Cronbach's alphas for internal consistency for all latent constructs, and correlations for the first-order constructs. We measured the dependent variable as a second-order construct by using the Wold's (1982) repeated-indicators method. Therefore, all items included in the analysis were configured as reflective indicators (Haenlein and Kaplan, 2004).

Table 1. Construct correlations and descriptive statistics of measures.

Construct	Mean	SD	ρ_v	ρ_c	α	1	2	3	4	5	6	7	8
1. OPER_EFF	3.39	0.91	.65	.88	.82	(.80)							
2. INTE_PER	3.38	0.81	.60	.85	.77	.60	(.77)						
3. EXTE_PER	3.38	0.95	.66	.89	.83	.66	.72	(.81)					
4. PERSO	2.67	1.25	.73	.92	.88	.27	.28	.31	(.85)				
5. INFRA	3.31	0.99	.62	.87	.80	.32	.42	.43	.42	(.79)			
6. PROPE	2.55	1.02	.58	.85	.76	.26	.32	.33	.52	.46	(.76)		
7. MARKE	3.61	0.71	.68	.90	.85	.50	.51	.65	.27	.34	.25	(.83)	
8. OPERA	3.56	0.67	.67	.89	.84	.58	.53	.60	.31	.36	.28	.69	(.82)
9. SERV_USE [†]	-	-	.64	.84	.87	-	-	-	-	-	-	-	-
10. PERF_NON ^{††}	-	-	.85	.92	.89	-	-	-	-	-	-	-	-

Note: SD = standard deviation; ρ_v = average variance extracted; ρ_c = composite reliability; α = Cronbach's alpha; [†] = second-order construct for 4–6; ^{††} = second-order construct for 7–8; and square root of ρ_v on diagonal, in brackets.

To assess discriminant validity, we examined the correlation matrix of the constructs. According to Fornell and Larcker (1981), satisfactory discriminant validity among constructs is obtained when the square root of the average variance extracted is greater than corresponding construct correlations. In our data, the square root of the average variance extracted exceeded the correlations for each pair of first-order constructs. All constructs met this criterion, which supports the discriminant validity of the constructs. Since PLS path modelling does not include proper single goodness of fit measure, we used Tenenhaus et al.'s (2005) global fit measure (for GoF) for PLS to evaluate it. The criteria for small, medium, and large effect sizes are .10, .25, and .36, respectively. The GoF of our model is .44, which indicates a large effect and a good fit to the data.

Results

Table 2 lists the results for the hypotheses. Hypotheses 1 and 2 are supported, as operational efficiency has a strong positive relationship with internal perception ($\beta = .60, p < .001$) and external perception ($\beta = .66, p < .001$) of security. Hypothesis 3 lacks support: operational *efficiency* does not have a direct effect on service adoption ($\beta = .07, n.s.$). Internal perception ($\beta = .20, p < .001$) and external perception ($\beta = .25, p < .001$) mediate the operational-efficiency–service-adoption relationship as predicted by H4 and H5. Hypothesis 6 is supported, as service adoption has a strong positive effect ($\beta = .41, p < .001$) on a company's non-financial performance. Therefore, all of our hypotheses except H3 were supported, which indicates that the expected increase in operational efficiency fosters clients' security-service adoption in B2B context. This effect is not straightforward; it takes place through service-provided improvements in clients' safety and security in the workplace and the organisation's market visibility. In addition, those firms that adopt professional security services gain operational and market benefits

Table 2. Results of PLS analysis.

H#	Paths	Beta coefficients	t-values	Level of significance	Support for hypothesis
H1	OPER_EFF → INTE_PER	.60	27.97	<.001	Yes
H2	OPER_EFF → EXTE_PER	.66	32.84	<.001	Yes
H3	OPER_EFF → SERV_USE	.07	1.85	n.s.	No
H4	INTE_PER → SERV_USE	.20	4.56	<.001	Yes
H5	EXTE_PER → SERV_USE	.25	5.49	<.001	Yes
H6	SERV_USE → PERF_NON	.41	17.84	<.001	Yes

Note: Bootstrap = 500; df = 490; n N= 141.

The explanatory power of the model for the dependent constructs was measured by means of the squared multiple-correlations value (R²). Operational efficiency and internal and external perceptions of security explain 22 per cent of the variation in service adoption. However, service adoption explains only 17 per cent of a client's non-financial performance. These figures indicate that the model may lack an important variable. Implications of the results are further discussed below.

Discussion and conclusion

This study investigated the benefits of security services' adoption for clients. Specifically, it examined what drives the outsourcing of these services and what the expectations and perceived outcomes of using them are. The results suggest that improved operational efficiency is a key expected advantage of using professional security services. However, its effect on service adoption in a B2B context is not straightforward. Two perceptions of security mediate the improved operational-efficiency–service-adoption relationship. The first of these is internal perception in terms of employees' safety and security in the workplace and the top-of-mind security awareness in the client organisation. The second is external perception in terms of the client's brand image in its market and among its stakeholders. Accordingly, clients adopt outsourced security services only if the increased operational efficiency improves their employees' awareness of security and their corporate reputation as a security-aware firm.

Future research could extend this study in several ways. First, it may test the findings in other professional service industries or countries. The present study investigated the benefits of security-service adoption in Finland. Although security is a global concern, there can be differences among countries. Second, the companies in this study covered the members of a national security association, and they may have above-average interest in security. An analysis with companies outside the association could show different results. Third, the results may be different if either security-service adoption or non-financial performance is measured in terms of other variables. This study has focused on the adoption of personnel-, property-, and infrastructure-related security services; other security classifications could yield different results. Moreover, the study measured market benefits and operational benefits but excluded potential economic benefits. Finally, future research could search for other expected and actual benefits of security services' adoption, which were not considered in this study. It would be particularly interesting to investigate whether and to what extent the adoption of specific outsourced security services outperforms the in-house sourcing of these services, along with how they affect a company's financial performance and shareholder value.

Implications

The results help security providers to apprehend what drives client organisations' security-service adoption. Although security providers consider improved operational efficiency to be a key sales argument for clients' use of professional security services, our results show that it is not reason enough for clients to adopt these services. Adopters of professional security services expect outsourced services to improve their corporate image and create peace of mind for their customers and stakeholders. In addition, they expect these services to enhance their employees' safety and security in the workplace. Security-service adoption has significant non-financial benefits, beyond financial performance. Adopters of services benefit from a better reputation in their market. Further, they gain

operational benefits that include improved knowledge of security requirements, methods, and standards, as well as innovations that result from the co-operation between the service provider and the client. Furthermore, outsourced security services improve their problem-solving capability and enable more efficient use of their in-house resources.

Managers in security companies can use our results pertaining to expected and actual benefits of security-service adoption to promote their current security services. For example, they could stress the importance of organisational benefits, including actual operational efficiency, employee safety, and security, as well as customer and stakeholder welfare and enhanced corporate image. These strategic gains are beyond tackling of everyday security incidents, which is traditionally considered the main benefit of using professional security services. Furthermore, the results can help service providers establish novel security services that meet market needs better. On the other hand, the results indicate that security-service adoption is a multifaceted phenomenon also. Accordingly, instead of focusing only on operational-efficiency outcomes in their service development and marketing communication, providers need to emphasise both internal and external perception of security. The 'winners' among security-service providers help their clients to establish a security-affirmative organisational atmosphere and a security-oriented business culture.

Our findings contribute to the emerging literature on security-service adoption and provide interesting avenues for further consideration. For example, managers and scholars in the security industry could deliberate whether and to what extent the outsourcing of security services affects a client organisation's financial performance. These questions are significant because value-in-use is not only about benefits but also about the difference between the benefits and costs of obtaining a service. As our study was limited to non-financial outcomes, we call for more research into other performance effects of security-service adoption in organisations.

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Paper VII:

Customer value from the service providers' perspective in B2B security services

Murtonen, M. and Martinsuo, M.

Abstract

Customer value has been identified as a central factor in business-to-business services. The purpose of this paper is to explore supplier-perceived customer value in security services and to discuss the challenges created by the value-conscious approach for service-operations management. Considering empirical data from seven security-service firms, we report that the service providers' perceptions of customer value are benefit-oriented while customer costs are underrated. This paper reveals potential gaps among the supplier's value creation, the customer's costs, and the supplier's capabilities.

Introduction

Services have been defined as 'the combination of outcomes and experiences delivered to and received by a customer' (Johnston and Clark, 2008) and as 'a process consisting of a series of activities provided as solutions to customer problems' (Grönroos, 2007). Such definitions emphasise the centrality of outcomes, experiences, and solutions that are relevant to the customer's business, drawing attention to the concept of value. Customer value has recently been among the key topics in service marketing research (Lindgreen and Wynstra, 2005; Ulaga, 2001; Zeithaml, 1988; Grönroos, 2007), in which a key concern is the service providers' own business value (Möller and Törrönen, 2003). Service-marketing research rarely discusses the issue of value in industrial contexts, however (Ulaga and Chacour, 2001).

In service-operations research, the focus has been on applying manufacturing concepts to service environments in business-to-consumer (B2C) services and product-related services. Research has recently been oriented toward strategic and IT-enabled service operations (Heineke and Davis, 2007), and Machuca et al. (2007) confirm the shift toward more strategy-oriented issues. Service-operations management research often centres on the service process, in which customers may be more or less involved (Kellogg and Nie, 1995; Johnston and Clark, 2008),

and it is thus closely related to service-marketing research. Despite the importance of service value for the customer's experience, it has not been discussed sufficiently in service-operations research (Heineke and Davis, 2007).

The topics of perceived value and integrating the service providers' operations with those of the customer are particularly problematic in those professional (business-to-business) services in which the service takes place within the customer's unique and complex processes. So far, the focus has been on customer-perceived value (Ulaga and Chacour, 2001), and few (if any) articles analyse the service providers' viewpoint on value and the links between value and the management and development of service operations.

This paper offers insights into the linkage between service providers' value perceptions and the development and management of services. We analyse value perceptions among service providers and discuss what kinds of challenges and requirements the more value-conscious approach imposes for service-operations management. The focus is on security services as an exemplar of a modern and rapidly growing form of professional service in a business-to-business (B2B) context. The paper is structured as follows. First, existing literature related to value perception and service-operations management is reviewed. Next, the research strategy and methodology are described, after which the empirical findings are presented and discussed. Finally, the limitations of the study are addressed and managerial implications and suggestions for further research are presented.

Literature review

Customer value from the customers' and the supplier's perspective

In line with previous research, we approach the concept of value in terms of benefits and sacrifices. Value is defined as total benefits obtained for total sacrifices incurred (Zeithaml, 1988). In this definition, the benefits and sacrifices include both monetary and non-monetary factors, as well as intangible assets such as time and effort (Woodall, 2003). According to Johnston and Clark (2008), the sources of perceived customer benefit may include concrete outcomes (e.g., reduced loss), experiences (e.g., a guard assisting cashiers in a supermarket), and emotions (e.g., feeling safe and secure). Woodall (2003) classifies the benefits and sacrifices of B2B services into four categories as shown in Table 1.

Table 1: Components of customer value (modified from Woodall, 2003).

Benefits	Attributes	Product and service quality Core product features Added service features Customisation
	Outcomes	Strategic benefits Personal benefits Social benefits Practical benefits Financial benefits
Sacrifices	Monetary	Acquisition costs / price Search costs Learning costs Costs of use and maintenance
	Non-monetary	Relationship costs Psychological costs Time Effort

The dominant discourse in service research takes the customers' perspective when exploring customer value (Lapierre, 2000; Ulaga and Chacour, 2001). Customer-perceived value has previously been discussed in two main areas of research, dealing with the value of goods and services to a customer and the value of the buyer-supplier relationships (Lindgreen and Wynstra, 2005). We take the operations management perspective on value, placing the focus not only on the general theory of value as such but also on how to design service operations that can deliver value to the customer. Möller and Törrönen (2003) propose that value creation is not only about offering value-adding solutions to customers but also about employing profit-generating and efficient processes and having access to indirect value through suppliers and external scouting.

If customer value is usually addressed from the perspective of the customer, the service provider may have a very different view of what value means and how service operations contribute to generation of that value (Lindgreen and Wynstra, 2005). According to Möller and Törrönen (2003), various capabilities are needed from service providers for generation of value, including the ability to view things from customers' perspective and making propositions to enhance the customer's business processes. As research addressing the service provider's views on service value is rather limited, the focus has been on the value received by the provider itself from the customer relationship (Lindgreen and Wynstra, 2005). The service provider's understanding of customer value does have an important role in determination of whether and how such value is created. For example, a service provider's assumption of price-based value may encourage operations directed at price reduction and efficiency, while an assumption of benefit-based value may drive operations promoting quality, collaboration, and enhanced service experience. There is a need to understand the service providers' sense of how they can identify, determine, and increase value through service operations,

particularly in B2B environments (e.g., Lindgreen and Wynstra, 2005), and communicate the value for the customer in an explicit manner.

Creating value through service-operations management

Previous research in operations management has focused on manufacturing operations, whereas service-operations management has had only a marginal role in this debate (Machuca et al., 2007; Heineke and Davis, 2007). Service value is apparent in service-operations management research, particularly through service concepts, service strategy, service development, and service-supply chains. At the level of individual services, both strategic and operations issues are usually covered in the service concept.

A service concept is the joint understanding of the nature of the service provided and received (Johnston and Clark, 2008). In this study, the service concept is not only about the service characteristics; it also includes service processes, interactions between a service provider and a customer, and the solutions provided to customer problems. It mediates between strategic intentions and customer needs (Johnston and Clark, 2008; Goldstein et al., 2002). The service concept is one of the fundamental elements of current service research and service-operations management (see, for example, Roth and Menor, 2003; Goldstein et al., 2002). In analysis of service concepts, both the service provider's and customers' perspectives need to be taken into account. The service concept is a key component in evaluation of how well the service provider's service offerings match the customers' needs and expectations (Edvardsson, 1997). An inherent assumption then is that customer value is built into service concepts at both operative and strategic levels in the service process. According to earlier research, different types of service concepts, offerings, and packages call for different processes, capabilities, and management styles (e.g., Kellogg and Nie, 1995), which implies, among other things, that value creation cannot be standardised in service operations.

In investigation of customer value in connection with service-operations management (and not just service marketing), attention focuses on the blurred interface between customer processes and the service provider's value-generating processes. This blurred interface includes customer expectations that are transformed into service requirements (Parasuraman, 1998); customer-perceived value and its inclusion as part of the service provider's service concept (Lapierre, 2000); supplier-perceived customer value and the related value-creation capability included in the service providers' operations; value co-creation in collaboration between the service provider and customer (Payne et al., 2008); and service operations strategy, including pursuits for deepening the service relationship by integrating the service providers' processes with those of the customers.

Objectives and scope of this paper

The purpose of this paper is to explore service providers' views on private security services and their value to customers. The aim is to increase understanding of the service providers' ability to offer value by recognising aspects of customer value and their connections to service-operations management. The concept of value is approached in terms of customer benefits and sacrifices. This paper addresses the following research questions: 1) How do service providers perceive customer value? 2) How do the service suppliers' perceptions of customer value challenge service operations' management?

We present private security services as an example of a challenging business-to-business service environment. Private security services are a global and rapidly growing business (van Steden and Sarre, 2007) that aims to preserve the security of people, information, and property by using manpower, alarm-based detection, and monitoring technologies (de Waard, 1999). Security services were chosen as a research setting for this study for three reasons: 1) security service is a good example of professional services that are widely used in many industries internationally; 2) previous research in this field is very limited, which offers novelty value also for service research; and, 3) thanks to a joint research project, informants representing various functions (including top executives) in several companies were easily accessed, and other data sources were available to complement the interviews.

Over the last 30 years, private security services have had an interesting development journey from simple in-house guarding services in large industrial plants to outsourced professional services that use various technologies and competencies as a key resource. At the same time, alarm and surveillance systems have developed substantially, creating new opportunities for novel technology-enabled service concepts and more comprehensive security-service offerings to emerge.

Methodology

The study took a qualitative approach and followed a constructivist research paradigm (Morgan and Smircich, 1980). It focused on how security-service providers' key personnel perceive customer value. The meaning given to customer value by service providers' personnel is a key element in how the companies eventually improve the service operations so as to generate more customer value.

We apply abductive reasoning (Dubois and Gadde, 2002) to explore the current practices and the theory of value creation and service-operations management extensively. In abductive reasoning, the empirical observations are in constant dialectics with literature and theory. The theory cannot be understood without analysis and interpretation of empirical observations, and vice versa. The research process used in this study is illustrated in Figure 1.

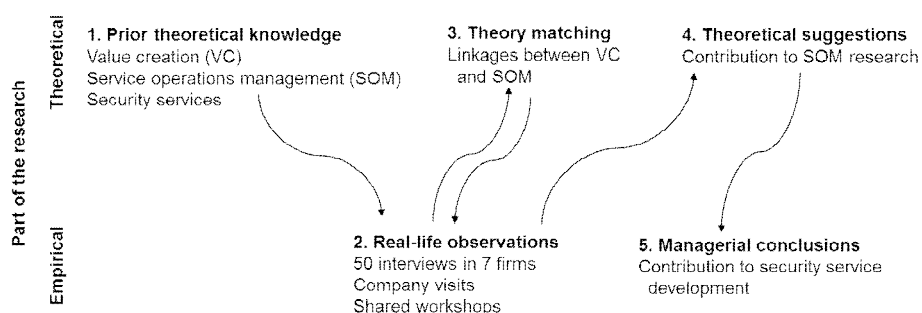


Figure 1. The research process used in this study.

Data were collected from two types of private security-service company: security systems suppliers (four firms) and companies offering guarding services (three

firms). The names of the firms and the more distinctive features of their service offerings have been disguised, to maintain anonymity. At each firm, 4–10 interviews were conducted (for 50 interviews in total, with 47 men and three women). The informants were nominated by the contact person within each company. Our only request was to interview a few key persons with responsibility for security services in each company. The informants were seven managing directors, 17 service-development managers, 15 sales and marketing managers, and 11 service operators. Most of the informants had been involved in the security business for at least 15 years.

All of the interviews followed the same interview schema, and the interviewees were invited to discuss such concepts as the essence of the service provided, service outcomes, strengths and weaknesses, and customers' security needs and expectations. The interviews lasted 45–90 minutes and were digitally recorded and transcribed. In addition to the interviews, informal conversations, several company visits, three joint workshops of the companies, and the documentation of the service processes were used to illustrate the phenomena under study. Also, the preliminary results were discussed with the companies' representatives at the workshops, where the informants also had an opportunity to comment on the results.

Preliminary data analysis was conducted immediately after the interviews. This data analysis consisted of discussions among the interviewers, examination of the documentation, and documenting of the primary notes. In the more comprehensive data analysis, we used qualitative coding (Silverman, 2006) with the software program Atlas.ti. Meetings to analyse and discuss the company-specific results from the interviews were arranged in each company as part of the data analysis.

Findings

Supplier-perceived customer value

The results of this study point to categorisation of supplier-perceived customer benefits of security services into five benefit types: strategic benefits, economic benefits, operational benefits, personal benefits, and social benefits. The perceived customer sacrifices can thereby be categorised into direct and indirect costs related to purchasing and use of security services. The benefits and sacrifices of security services for the customer, as identified in the service providers' interviews, are presented in Table 2.

Table 2: Dimensions of supplier-perceived customer value in security services.

Benefits for the customer	Costs for the customer
Strategic benefits:	Direct costs:
Ensuring business continuity	Acquisition costs
Focusing on core business	Costs of use
Scouting business threats and changes in the security environment	
Economic benefits:	Learning costs:
Ensuring business continuity	System learning time
Reducing costs of damage	
Reducing indirect costs	
Operational benefits:	Operation costs:
Preventing damage	Life-cycle costs
Ensuring operational efficiency	Maintenance and repair costs
Shifting activities to the supplier	Security management process development
Responding well to urgent security needs	
Personal benefits:	
Ensuring occupational safety	
Supporting security managers	
Allowing worry-free leisure time	
Establishing a feeling of being safe	
Social benefits:	
Monitoring external security	
Creating a reliable security partnership	
Fostering interpersonal relationships	

From the suppliers' perspective, customers appreciate the suppliers' know-how and expertise in security systems and on-site security services most. The most apparent benefits for customers stem from prevented disorder and damage and from reduced damage costs, as one informant noted: *'We promise to reduce the pilferage a certain amount for a fixed price.'* In addition, security suppliers are eager to emphasise the strategic benefits for the customer: how security services enable customers to focus on their core business without fear of business interruptions and how the security expertise can be used for foreseeing changes in the security environment, to prevent security threats efficiently. The predominant view among service providers is that the closer they get to the customer's core business, the more benefits the customer perceives from their services and, consequently, the more value is created for the customer. The remarks of one sales manager illustrate this point: *'When we focus on a few services and learn them very well and get to know the customer's business goals and actual needs thoroughly, then our solution for that customer becomes more valuable.'*

All of the security suppliers call for a reform of the whole security business. They argue that their services could be utilised in a more comprehensive manner to support their customers' enterprise-wide risk and security management and business continuity management. One informant said: *'I see a customer as one entity: we deliver security systems and additional services to be integrated into the*

customer's other risk-management practices and processes, and, by doing so, we will serve that customer for the next 20–30 years [...] and we are not there to fix the technical system – rather, we just take care of the customer as a whole.' All of the suppliers agree that their customers do not see organisational security services this way, however – at least not yet. Instead, customers assess security services mainly in terms of price, as remarked by one of the informants: *'For most customers, we are still just an item of expenditure.'*

Table 3 summarises the attributes of value in security services as identified in the interviews and describes how the value is delivered to customers. The value attributes in Table 3 have been prioritised in line with the service suppliers' perceptions of customer value: the items at the top of the table are low-value attributes that deliver value mainly at operational level. As the table proceeds, the more subtle and challenging the items become. At the bottom of the table, more strategy-oriented, high-value attributes can be recognised; i.e., the service providers see that the presence of these attributes with the right customer increases customer value significantly.

Table 3: Attributes of supplier-perceived customer value.

Attributes of customer value	Mechanisms by which value is delivered
Service availability and short response times	Reliable and consistent security systems and services (24/7) Prevention of disorder and damage and reduction of downtime Security on demand
Professional project management and flexible service processes	Unambiguous service levels and specifications Professional installation of security systems Fast establishment of service
Combination of best available technologies and customised services	Appropriate and customised security systems Additional services for guidance and systems learning Online operations that support services Additional services for full utilisation of the available technology
Unique service experiences	Distinguishable features in comparison with competitors' offerings
Top knowledge and expertise	Specialist expertise and a large knowledge base Up-to-date knowledge of new technologies and products
Systems delivery	Integrated security systems with high usability and compatibility
Personal service encounters	Personal commitment to security partnership Quick and easy personal access
Understanding of the customer's business	Support for the customer's core business and goal-reaching Solving of the customer's central problems Increased satisfaction among the customer's customers

Demands for service-operations management

The interviews revealed that the service providers themselves identified an opportunity to offer increasingly high value to customers to achieve the benefits they identified as components of value. The security-service providers' need to transform service offerings into higher-value expert services generates significant pressures for service-operations management. In many cases, the current service processes are designed to provide high-volume, low-value services, whilst notions of customer value increasingly emphasise customised and knowledge-intensive services that are tailored and produced in close co-operation with the customer. This change puts the customers in a new position: the new security-service offerings also require new abilities and competencies from the customers, and some adjustment of the customers' processes may be required. As one of the informants said, *'[f]irst of all, the customer needs to prioritise security issues relatively high to contact us in the first place'*. Not all customers are ready for these new types of security services. The main target group of the new service offerings may consist of customers who already have a mature risk and security management system and who have identified a need to focus their security management efforts on more strategic, long-term security development. Figure 2 illustrates alternative service concepts, categorised according to alternative service types and customer benefit expectations.

		Customer's focus in security management	
		Operative, short-term security threats	Strategic, long-term security development
Service classification	New, more knowledge-intensive security services	<p>No perceived need for specialized services</p> <p>Recognize the service gaps Promote more systematic co-operation and security development</p>	<p>Security partnership</p> <p>Provide specialized knowledge (knowledge management) Develop new service offerings from single cases Foster value co-creation Focus on foresight</p>
	Basic security service offerings	<p>Fulfills customer's urgent needs</p> <p>Low-cost, high-volume services Improve cost-efficiency Focus on reliability and trust Standardize service processes</p>	<p>Supportive security services</p> <p>Cost-efficiency Search for new service opportunities Develop new service concepts Strengthen the customer relationship Grow with the customer</p>

Figure 2. Empirical findings related to demands for service-operations management in different security-service offerings.

The research results indicate that service operations in security companies are under divergent pressures, which depend on the current service offerings, perceived customer needs, and the service supplier's strategic intentions. In delivery of basic security services (e.g., guarding and simple technology-enabled security services), the key issues are related to the efficiency of the service processes, service consistency, and quality (lower left quadrant in Figure 2). If

customer expectations and needs exceed the outcomes of these basic services, however, the focus needs to be put on new service development and on strengthening the customer relationship (lower right) if the potential for new service development with the customer is to be maintained. In such situations, it is crucial to be able to live up to customer expectations. A true security partnership (upper right) is reached only if both the security-service provider and the customer commit to continuous and collaborative security development. Even in a single security company, there may be combinations of service offerings and customer expectations that continually challenge the capacity management in the company.

Discussion

We explored supplier-perceived customer value and the challenges it generates for service-operations management. Private security services were used as an illustrative example of a complex and constantly growing form of B2B services. The results offered a service provider's perspective on customer value, which is an addition to previous customer-centric views (Lapierre, 2000; Ulaga and Chacour, 2001). The findings suggest that service providers' value perceptions are dominated by customer benefits, whereas customer costs and other sacrifices (especially non-monetary costs) are underrepresented, thereby contrasting against prior literature on customer value (e.g., Woodall, 2003). From the analysis, it appears that the service providers' current dialogue with customers about the real costs of security services is inadequate and may distort the service concept and development of offers. A possible explanation is the service providers' sales-orientation: an apparent goal is to promote service sales and convince the customer of the service benefits, not to bring inconveniences to the surface. The benefit-oriented bias of service providers may lead to development of service concepts that customers are not willing to pay for, or to poor alignment between the service process and the customer's own process development. Discrepancies between the service provider's benefit-oriented idea of the value and that expected by customers may drive customers to seek other service options, elsewhere.

The study included rich empirical evidence for examination of the security-service business as an example of B2B services, which brings important input to the previously B2C-dominated service research (Heineke and Davis, 2007) and responds to the need to understand customer value in B2B environments (Lindgreen and Wynstra, 2005). Security is a highly competitive business with fairly homogenous quality demands, service offerings, and technologies across firms. Knowledge-intensive services may offer an opportunity for service providers to add new value to core solutions and develop new offerings for customers' strategic security needs. The results of this study, however, indicate that this may lead to serious knowledge gaps, as different types of service offerings call for different processes, capabilities, and management styles (e.g., Kellogg and Nie, 1995). A shift toward benefit-oriented customer value will, therefore, require changes both in the service provider's capabilities and to the customer's processes. An understanding of the true customer value and the urge for value co-creation with the customers force security companies to readjust their service operations.

Conclusions

This paper contributes to the discussion of B2B services by revealing a structured view of value perceptions among service providers and reporting on how perceptions of value were reflected in service operations and development. From

a theoretical perspective, the study integrated two research streams: value creation and service-operations management. We showed qualitative empirical evidence of the challenges in value-driven service-operations management and revealed a potential gap between the service provider's benefit-centred strategies of value creation, the customer's cost-awareness, and the service provider's capability base.

Managerial implications

As outlined at the beginning of the paper, the service provider's views on customer value are not well understood (Lindgreen and Wynstra, 2005). The observations reported in this paper provide guidelines for service-development managers' use to identify and analyse their perceptions of customer value and relate those perceptions to their current services. This may help them to reinforce service-operations management, especially in situations of service transitions and multiple service offerings. The results also point to the danger of over-estimating the customer's desire for value-adding services if the costs of added value are not understood by the service provider.

Limitations and avenues for further research

We put effort into increasing the validity of the study by employing a rigorous procedure of data collection and analysis. We are aware of the limitations of qualitative research, however. The focus on security services and the choice of informants at the firms imply limits for the interpretation of the results. It is possible that different conclusions will arise in other professional services and different research contexts.

This study showed some indications that security suppliers' perceptions of customer value are benefit-oriented while customer costs are undervalued. Future research could examine this proposition and its implications further. In security services, in particular, customer emotions and feelings may be more important for value than in some other professional services, as the concept of security encompasses both tangible and intangible elements. Future research could explore the value of services in terms of the customer's intangible assets. Furthermore, a better understanding is needed of the linkages between the supplier-perceived customer value and service-operations management. Value creation also deserves more attention in service-operations management research.

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Paper VIII:

Key drivers of customer value in business-to-business security guard services

Jähi, M.

Abstract

The private security industry has witnessed dramatic growth over the past few decades, but, despite the remarkable growth, there is a lack of empirical studies focusing on the customer value of private security services. Much of the existing literature on private security focuses on the causes of its growth and on good governance practices, while very little attention has been paid to the actual process of value creation. The aim of this study is to deepen the understanding of private security services by exploring value creation of security guarding from the customer's perspective – i.e., the actual benefits and sacrifices as well as the customer-relationship aspects perceived by the customer. The study is based on open-ended interviews ($n = 15$) with business-to-business customers of three security-service providers. The study follows the paradigm of social constructionism and an active interview approach. The key drivers of customer value are presented as findings from a qualitative thematic analysis. The findings of the study reveal that customer value centres on two main themes: guarding services as a guarantee for security and guarding services as professional business-to-business services. In total, nine value drivers that influence customer value are identified. For the first theme, they are reactivity, reliability, presence, and personal characteristics. For the second, they are balance between duties, communication, relationship management practices, and time and effort. As a conclusion, the study argues, security-guard services should not only be evaluated in relation to crime prevention and provision of security but take into consideration all of security guards' duties, including customer service, housekeeping, etc. Also, a new term, 'security-service dilemma', is introduced, to describe the difficulties of combining security-related with non-security duties in a single service concept.

Introduction

Private security services have witnessed dramatic growth in recent decades (de Waard [1]; van Steden & Sarre [2]). At the same time, the duties of security guards have expanded and grown more complex [1]. Even though there is some controversy over the exact size of the industry [2], it can be argued that private security services have become an integral part of almost every business and public-sector organisation in Europe and elsewhere. Despite this remarkable growth, there has been only limited research into private security services. Much of the present literature on private security focuses on good governance practices or negative societal consequences (e.g., Zedner [3]; Prenzler & Sarre [4]; van Steden & Sarre [5]). The increase in supply and demand in the industry and the causes of the growth have also been reviewed in detail [1, 2]. There is a lack of studies focusing on private security services, however, from the managerial perspective and the customer's perspective, even though the need for such studies was recognised by Johnson [6] two decades ago.

The study described here was designed to bridge the managerial research gap by exploring private security-guard services from the perspective of customer value. The goal is to uncover how customers of security-guard services perceive the benefits of these services. Why do they buy these services in the first place? What are the practical benefits? How is the performance of the service provider evaluated?

Customer value is evaluated in terms of the perceptions of the customer, in the context of a comprehensive evaluation of the customer-perceived benefits and sacrifices with a certain product or service (Zeithaml [7]). Customer value has been a widely used concept in marketing for at least two decades, and there is a considerable amount of theoretical and empirical literature focusing on the customer value in business markets (Lindgreen & Wynstra [8]). Very little attention has been paid to customer value in the context of private security-guard services, however.

The focus of this paper is on manned guarding services, which represent the largest segment of the private security industry [5]. Technology-based services (alarm systems, CCTV, mechanical security equipment, etc.) are examined only insofar as is necessary for understanding the work of the security guards. In-house security services and personal security services are excluded from study here because they cannot be regarded as business-to-business services. The paper is structured as follows. First, the security-guard service and customer-value literature are reviewed, for forming a basis for the analysis and positioning the study within the private security and marketing literature. Second, the research methodology is introduced. Then, the empirical findings are presented, and, finally, the implications and limitations of the study are discussed.

Background

Security-guard services

Security is not a singular concept, and it is dependent for a definition on an applied context (Brooks [9]). For example, security can be regarded as an objective or subjective condition (Zedner [10]). In the context of security guarding, the concept of security is related to the functions of the security guards. Sarre and Prenzler [11] define security guards as persons employed or sponsored by a commercial enterprise under a contract or on an in-house basis, using public or private funds, to engage in tasks whose principal component is a security or regulatory function.

Traditionally, semi-public places such as shopping centres and industrial sites have been regarded as natural spheres of influence for security guards. Guarding personnel are now present also in the wider public domains of towns and cities, as van Steden and Sarre [5] have noted.

A traditional method of measuring the effectiveness of security-guard services is to consider its consequences for crime prevention. For example, a literature review by Welsh et al. [12] presents some evidence that the use of security guards can be an effective method to prevent crimes in public spaces when implemented in car parks and targeted at vehicle crime. Crime prevention is just one of several duties performed by security guards in their daily work, however. In a shopping-centre environment, for instance, security guards are responsible for housekeeping, customer care, prevention of crime and anti-social behaviour, rule enforcement and the application of sanctions, response to emergencies and offences in progress, and gathering and sharing of information (Wakefield [13]). If one is to understand properly the work and tasks performed by security guards, all of the above-mentioned duties, including crime prevention, have to be taken into consideration. The 'principal component' of the duties of security guards can be a security or regulatory function, as stated by the definition provided by Sarre and Prenzler [11], but it does not suggest that these other, non-security-related functions are of no value to the customer.

There are a few examples of well-documented cases and field studies addressing the work of security guards. For instance, Wakefield [13] and Button [14] have described in detail the routines, challenges, and expectations related to security guarding in a shopping-centre environment. These studies give valuable insights into the practice of the occupation. Regardless of the definite advantages of the approach used in these studies, however, they represent only one type of security guarding and do not put systematic emphasis on the views of the customers of these services. This lack of customer perspective has been a deficiency of private security research for some time, with the main focus of research having been more on criminology, legal studies, and sociology (see, for example, sources 3, 4, 5, 6, and 15) than on private security services as a business. In this respect, customer value is a promising concept also in studies of private security services for undertaking a comprehensive evaluation of benefits and sacrifices from the perspective of the customer.

Customer value

The concept of value is multifaceted and has different meanings in the fields of economics, philosophy, and business (Woodall [16]). In marketing literature, customer value is traditionally understood as the customer's overall assessment of the utility of a product on the basis of the perceptions of what is received and what is given [7]. In the context of business-to-business markets, Ulaga and Chacour [17] have defined customer value as the trade-off of the multiple benefits and sacrifices of a supplier's offering, as perceived by key decision-makers in the customer's organisation, and taking into consideration the alternative suppliers' offerings that are available in a specific use situation. In practice, value can be added for the customer in several ways, and, as Ravald and Grönroos [18] have pointed out, value can be provided not only by offering more benefits but also by reducing the customer's overall sacrifices.

Benefits and sacrifices of various types can be categorised in many ways. One simple method is to classify benefits as attributes and outcomes, and sacrifices as monetary and non-monetary [16]. Attributes consist of product and service quality

as well as core product and added service features. Outcomes can be categorised as strategic, personal, social, practical, and financial benefits. Price, acquisition, distribution, and learning costs are examples of monetary costs, and relationship costs, time and effort are examples of non-monetary costs. Some authors have argued that more emphasis should be put on the outcome side of the benefits and sacrifices taxonomy – i.e., the value-in-use instead of the more traditional value-in-exchange approach. For example, Woodruff [19] has developed a customer value hierarchy model to emphasise the role of reaching the customer's goals in value creation in use situations. Moreover, the importance of the customer's perspective in value creation has been highlighted by Grönroos [20], who has argued that the customer is the principal value-creator in use situations and that the producer can be no more than a value co-creator with its customers.

In addition to the research stream described above that addresses the value of goods and services, customer value can be examined through a focus on the value of the buyer–seller relationship [8]. This relationship-value approach considers customer value from the standpoint of relationship marketing (Payne & Holt [21]). According to Grönroos [22], relationship marketing can be regarded as a specific perspective on value creation, one that draws attention to co-operation, trust, and commitment between buyer and seller.

The focus of this study is not on the various definitions and interpretations of customer value as such. As a concept, customer value has been thoroughly studied over the last two decades, and only a fraction of this research can be dealt with in this paper. This study uses customer value as a perspective from which to explore security-guard services from the customer's angle. In this regard, customer value is understood in terms of both value-in-exchange and value-in-use approaches as well as relationship-value aspects. In the analysis, however, the actual construction of customer value in security-guard services is left to the respondents.

Methodology

Research philosophy

The choice of method embodies an array of assumptions as to the nature of the knowledge and methods through which that knowledge can be obtained (Morgan & Smircich [23]). This study is based on the philosophical tradition of social constructionism. From the viewpoint of social constructionism, the goal of the research is to show how different constructions and meanings are attached to the experiences of people rather than to gather facts and measure certain patterns that occur (Easterby-Smith & Thorpe [24]). The focus of this study is on the experiences of customers of private security-service providers. As discussed in the literature review, customer value stems from the actual benefits and sacrifices perceived by the customer. These experiences are subjective by nature and are dependent on the situational factors. From the perspective of social constructionism, they can, therefore, be regarded as social constructions.

Data collection

The informants ($n = 15$; five women, 10 men) were customers of three security-service providers and were chosen to represent the full range of customers of security-guard service providers, including light industry, commerce, the public sector, and offices. The interviewees, representing 10, different

organisations, were responsible within their organisations for buying and developing security-guard services and for keeping in contact with the providers of security-guarding service. The interviewees had titles such as 'managing director', 'finance director', 'head of technical services', 'property manager', and 'security manager'. In short, the interviewees were the decision-makers or 'gate-keepers' and had a major influence on the decision-making in their organisations.

The data were collected through active and open-ended interviews. Open-ended interviews are usually preferred because they allow the interviewees to use their own ways of defining the world, do not assume that a fixed sequence of questions is suitable for all respondents, and allow the interviewees to raise questions that are not fully pre-determined (Denzin [25]). The basic stance of active interviewing was adopted throughout the data collection phase. In the active approach to interviewing, the subject behind the respondent is regarded not only as holding facts and details of experiences but also as constructively adding to, taking away from, and converting the fact and details under investigation (Holstein & Gubrium [26]).

The interview guide presented a two-part interview. In the first part, the interviewees were asked to describe one or more examples (narratives) of actual guarding situations in which there have been exceptionally good and bad results on behalf of the security guards. A critical incident technique (Flanagan [27]) was used as a guiding tool for these discussions. The respondents were asked to describe in as much detail as possible what had actually happened and what had made them consider the incident critical [22]. In the second part of the interview, more specific topics were to be discussed with the respondents. The basic reasons for acquiring security-guarding services were discussed, followed by the benefits and sacrifices of security guarding and the practices of the buyer–seller relationship. The interviews lasted from 60 to 90 minutes.

Analysis and interpretation

All interviews were digitally recorded and transcribed, and the transcribed data were then coded by means of the Atlas.ti software. Fieldnotes and memos were produced during and immediately after the interviews, and they were also used as secondary data during the analysis. The data analysis began with researchers listening to the recordings and reading the transcripts, and it continued with coding and re-coding. In the process, several code families were created, with different sub-code categories. After the first interviews, the preliminary results were used to provide guidance for the rest of the interviews.

After the coding, thematic analysis was used to categorise the data by themes that presented the data as a coherent set of topics, questions, and conversations. In the process, two major themes emerged from the data: *guarding services as a guarantee for security* and *guarding services as professional business-to-business services*. The analysis continued with determination of the value drivers separately for each of the themes.

Results

Guarding services as a guarantee of security

The respondents in the study were unanimous and explicit as to the basic motives behind buying of security services. In all cases, the starting point for the purchasing decision was created by security threats. In a typical case, the buying

of security services was a way to handle emergencies as well as to prevent anticipated crimes and material losses, as illustrated by the following quote:

Respondent 3 (R3): 'In my opinion, the most important things are that they [security guards] come quickly when needed and that they are present and in sight. It is the key to everything that they are present.'

According to the respondents in this study, reliability and the ability to react quickly to various emergencies were fundamental requirements for security guards. Rapid reaction and high reliability were expected from the service provider in all conditions. When there was an emergency or another situation in which security guards were needed, the respondents' main concern was to be able to alert the security guards as quickly as possible, make sure that somebody at the service provider's call centre answered the phone, and ensure that security guards would come as soon as agreed in the contract. This is in line with the findings of Wakefield [13], who states that the preventive role has been regarded as the most important role of security guards in semi-public places such as shopping centres or cultural centres. This study also indicates that abilities to prevent crimes and disorder were as important as reacting to emergencies of various types. In a number of cases, it was the most important factor behind the buying decision.

The value of the presence of security guards was also strongly linked to the prevention and minimisation of damage caused by fire, water leaks, and other material accidents, as exemplified in the next quote:

R10: 'For example, in the laboratory the [weekend] route of the patrol was changed so that it would go through the laboratory where all these devices, which are connected to the water system, are. So, if there is water damage, then it would be noticed before Monday morning.'

Ability to react to different emergencies can be regarded as representing an objective side of security. Actual emergencies and concrete actions of security guards can, for example, be reported, quantified, and measured. In addition to being understood on the basis of the objective and measurable features described above, security can be understood as a subjective condition [10]. This subjective side of security was present in the discussions with the respondents throughout the dataset, and it was explicitly expressed by one shopping-centre operator:

R1: 'The atmosphere has to be pleasant, feel relaxed, like coming home. [...] Of course, there are other things that have an effect on it, but these security services, and that we have these security guards here who do their work very well, make people feel that it is nice to come here. [...] It is this feeling. That's what we're buying.'

The respondents also expressed a view that the personal skills and attitudes of the security guards have a huge influence on the assessment of the service quality. This is well illustrated by the following statement of a respondent representing the accommodation business:

R7: 'We can't bring "Rambo" here because we're working with ordinary people, and this is no jail; this is a hotel. I mean, things have to go quite smoothly, and it paints a good picture for our customers too if we have a security guard who knows what to do and who can be friendly.'

Social skills were not the only personal skills required from the individual security guards. In fact, different sets of skills were needed, depending on the customer's characteristics and the type of industry. In addition to social skills, customers were looking for the ability to use force, other security skills, various technical competencies, and language skills. From the value creation point of view, the most important factor, according to the respondents, was not the skills of a particular security guard *per se* but, instead, choosing the most suitable personalities for the right duties.

In summary, guarding services as a guarantee for security can be described in terms of four drivers for customer value: reaction, reliability, presence, and personal characteristics.

Guarding services as professional business-to-business services

The management of security threats, as described in the previous section of the paper, was one basic motive for buying security services. Another theme too, guarding services as professional business-to-business services, was seen throughout the dataset. In the taxonomy of services, professional services are defined as services delivered to organisations by service providers (business-to-business services) (Barry & Terry [28]). In this study, the term 'professional services' is used to describe all discussions with respondents who presented security guarding mainly as a form of business-to-business service and as falling into the same category of services as cleaning contracts, janitorial services, and catering. The main focus of these discussions was not on security but on the service operations performed by the security guards on the whole and on the practices of customer-relationship management.

Discussions with the respondents revealed that the security guards performed a wide range of duties, of which only some can be regarded as security duties. According to the respondents, a central question about service operations was how to combine a set of diverse duties into one meaningful service concept. The work of the security guards featured great variety in duties, for every buyer–seller relationship explored in this study. While the balance between security-related and other duties – namely, customer-service-related duties – varied from one respondent to the next, this element was present to some extent in each interview. For some customers, the non-security-related duties were as important as crime prevention and responding to emergencies:

R4: 'From our point of view, [...] if they don't arrange our seminar rooms and change the light bulbs and other things like that... it's these things that are as important to us as security.'

The respondents in the study reported that what mattered most was the right balance among the duties and tasks of all kinds performed by the security guards. Security guards were expected to do their basic work as well as provide some extra services when needed. What emerged from the discussions was the central problem of combining security with non-security tasks. This problem, described here as a security-service dilemma, is described well by one of the respondents:

R7: 'In security service like that, it can work very well 99 per cent of the time; then there is this one case when the security guard is somewhere fixing a door instead of taking care of this guy who is acting violently.'

Given the views of the respondents, there is no easy solution to this dilemma. If the service provider can present a solution by using a combination of resources (labour, technology, time, etc.) and expertise, however, and that provides reasonably good results for the customer, it forms a good starting point for a buyer–seller relationship. An example might be a team of security personnel that can allocate its work as a self-organising unit ensuring that there is always enough manpower to handle an emergency or surveillance. This could prove very difficult to realise in practice, and in many cases, no extra resources are available.

One problem often seen in defining of the service offering was poor communication and misunderstanding of the services' content. If representatives of the customer and/or security guards were unaware of what exactly was required of the security guards, confusion and misunderstandings resulted, eventually leading to disappointment and a decrease in customer-perceived service quality:

R2: 'Sometimes [...] we have asked a guard- I don't mean cleaning in general but, like, to pick up some rubbish there; some guys do it, but for some others it seems to be very hard to pick up a paper bag and put it into a dustbin.'

Button [14] has noticed that in many cases, security guards have to serve more than one master at the same time (i.e., customers, supervisors, owners, etc.), which can produce unnecessary stress and make the daily work complicated. This study's results are consistent with that finding, and it is argued that security-service providers should pay attention to this problem in order to create good conditions for value creation.

Literature on customer value points to customer-relationship practices as a particularly important aspect of value creation in services [22]. According to the respondents in this study, security-guarding services are no exception. The respondents put great emphasis on, for example, how service providers maintain contact with the customer organisation, the way the service content is developed, and how proactively the service provider operates. Close and personal relationships between key account managers and other contact persons on both sides was a sign of good customer-relationship management and had a positive influence on customer value. One respondent gave an example of a well-functioning relationship between security-service provider and customer:

R6: 'They make us feel like we're number one, and in my opinion that is an enormous achievement. [...] I can call the key account manager whenever I want, and he always has time for me.'

Some authors have argued that security shares some characteristics with public good and that it should not be sold as a private commodity when it has great societal consequences (i.e., externalities) [3]. This study did not actively take this public–private debate into consideration while concentrating on the views of the customers. Discussions with the respondents, however, revealed clearly that the customers of the security-guard services did not see conceivable societal consequences of private security services as a part of their value-creation process. For the respondents in this study, security and security-guarding services were private professional services (i.e., private commodities) and classed in the same category as cleaning and other maintenance services. The only form of societal consequences present in the data was image loss. Some respondents were afraid of negative publicity if the security guards behaved inappropriately – for example, using unnecessary violence:

R13: 'Some of our big customers, for example- I mean, the security-guard provider can really blow it [...] if they use force on the wrong person who happens to be here on our premises.'

Even if this sort of publicity risk was real for some of the respondents, the main concern was one of private risks and losses to the respondent's company, not to society at large.

The price of security-guard services was a major component of customer value throughout the dataset. When respondents were asked to describe the criteria for selection of a security-service provider, price emerged as the principal component. Despite being such a major component, the respondents always presented price in relation to some qualitative criteria. This was well illustrated by one respondent:

R11: 'And the price is like this: If we are very satisfied with our partner, then the price is what it is. [...] What matters is how well they do their duty. If it is done well, then we have a good situation, and we let it [price] be like that.'

Moreover, the respondents evaluated the price of the security-guard services in relation also to the time and effort required if the service provider were to change. Respondents expressed a view that switching service provider requires a large amount of time and energy, especially in the form of training and education of the new service provider and security guards. Because the time and energy required were regarded as a considerable sacrifice, respondents were not willing to change service provider unless the associated reduction in costs is significant:

R9: 'You don't want to do it too often [...] we like to do a longer deal [...] while this is that kind of service that requires quite a lot of development, learning, and things like that. If you change [service provider] every year, at worst, they have just learnt all the premises'

In summary, security-guarding services as professional services can be described in terms of five drivers of customer value: balance of the duties; communication; customer-relationship practices; price; and time and effort.

Conclusions

One conclusion from the study is that security-guard services should not be examined only in relation to security provision, with the customers of these services considering security guarding more in terms of professional business services than as a special industry of its own (e.g., the security industry or private policing). The management of security is a very important component of the value-creation process, but it is not the only thing that has particular value for customers. The findings of the study imply that much of the value creation of security guarding is linked to customer-relationship management practices, communication, customer service, and housekeeping services, as well as the price of the service provision. For the most part, the value drivers seen are in line with those described in business-to-business service-management literature, and this supports the argument that security guarding should – or at least can – be regarded as a professional business-to-business service.

The findings of the study also show that, in order to form a comprehensive picture of security guarding, one must take all the duties of the security guards (i.e., crime prevention, reacting to emergencies, customer service, etc.) into

consideration. For this purpose, customer value has proved to be a promising concept, highlighting the actual benefits and sacrifices perceived by the customer. Despite its advantages of highlighting the customer's views on security guarding, the approach used has some limitations. The provision of private security services, especially the rapid growth of the industry, has societal consequences that cannot be understood when one examines only the private benefits and sacrifices. The study showed that private security services are of particular value to customers of these services, however, and it can be argued, therefore, that the private value of security services should be part of the wider societal debate on the role of the private security industry.

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Paper IX:

Challenges of the security services value chain within the public sector

Kangas, A.

Abstract

The public sector is made up of hundreds of separate, independent organisations guided by legislation and regulations. The trend of outsourcing is changing the market rapidly. Buying services is not just about signing contracts or other agreements. This service cannot be stored and is consumed simultaneously with its production. Regulation is not only a limiting factor; it also creates new opportunities for markets and service providers. Organisations – customer and service provider – should focus more on typical characteristics of the public sector. There is no sense in developing services that don't match the legislation or regulations and therefore are not suitable for this market. There are huge challenges within public-sector service management – e.g., how to maintain reasonable quality in services and how to avoid technology dead ends.

Introduction

This paper provides a brief introduction to the influences on security services within the public sector. The research is based on surveys in the ValueSSe project. These surveys involved more than 40 interviews, which covered, in all, over 100 people working in the public sector. The research method utilised semi-structured themed interviews, mostly conducted in small groups of 2–4 persons.

The main question in the surveys was whether the public sector gains enough added value via co-operation with commercial service operators. The first steps focused on finding the problems and challenges in security services or on how security services are experienced or encountered. Further surveys concentrated more on elements and issues that characterise success stories and examples of best practice implemented or seen in better security and safety solutions.

Influences on the value chain of security products and services in the public sector

There are internal and external influences that either create possibilities or set limitations in buying or delivery of services and products – here, especially security services and products. Examples of restricting factors are standards and guidelines that must be followed, such as those for annual audits (for certain levels of security, an audit is needed even every six months). From one point of view, restrictions ensure meeting of a certain threshold for security – for example, by parties who are using the same database or communicate in the same network. From another point of view, restrictions minimise threats to security and a party reaching the required level of security is allowed access to the shared database or data communication network.

There are two levels also in management of buying of, and support for, security services. At the managerial, or administrative, level, guidelines (internal) are created on the basis of legislation (external) and management (internal) proceeds from common standards and methods such as other regulation (external). The other level is the operative or practical level, at which development of technology (external) exerts an influence and actual behaviour and security issues arising in operations (internal), is indicative of the organisation's ability to adopt security.

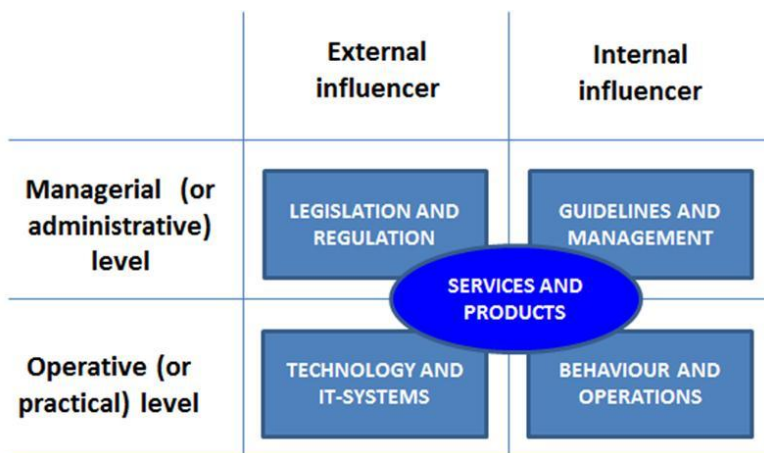


Figure 1. Framework of security services and products describing the influencers (external and internal) and the levels at which they are encountered.

To manage services for addressing security issues and to buy the right services, one should outsource as much as possible in practice. This means that on a normal daily basis, no needs arise for special knowledge of security or the services. Difficulties can arise in unexpected safety- or security-related emergencies. These usually come without any warning or time for immediate preparation, and there is no time to practise, for example, evacuation as the flames rise and smoke fills every corner. During an emergency, someone (who is

already trained and skilled in this) is supposed to assume leadership and lead everyone from threat to safety immediately.

Usually money is an issue, especially in the public sector: how to finance the organisation and equipment needed. If there is regulation or a compulsory standard that sets requirements or delimits what must be available (e.g., people and skills, guidelines, and drills), it is easier to build decisions to buy and spend money.

Managerial level – legislation and regulation, guidelines, and management

Examples of organisations that require their customers and partner organisations to follow regulation-based standards are the State Treasury and its Government IT Shared Service Centre with its various services (e.g., communication solutions, administrative-system services, e-business services for citizens, expert services, and Interoperability services), along with its 'Information Security Levels' audit criteria, and the Ministry of Defence and its audit criteria KATAKRI II.

Both of the above-mentioned sets of audit criteria are legislation- and regulation-based, but they differ in their targets and purposes of use. In certain cases or circumstances, both still present absolute requirements. In addition, they not only cause extra duties but also create possibilities and a basis for decision-making when one is determining what kinds of security services and products are needed.

Measuring and auditing organisations are anticipated to be the solution for ensuring a reasonable level of security and safety within the public sector. That is not enough, however, because the public sector operates within society, in relationship with communities and corporations while also becoming increasingly involved with social networks.

Regulation is expected to be the solution that allows authorities' management to handle security and safety at both state and municipal level. Regulation and legislation are needed, but there should be fuller understanding of security issues at concrete operations levels.

Operation level – technology and IT systems, behaviour, and operations

The public-sector case considered in this survey is children's day care and schools. The public sector faces challenges when designing routine processes to be managed and maintained via the Internet and developing its Internet-related services and solutions. Expectations of cost-efficiency brought about by automation are enormous in the public sector.

Personnel working in children's day care are expected to fill in more and more forms, some of them Web forms (intended to be easy to complete). At the same time, more and more communication is expected to be conducted by e-mail or mobile phone – or even through social networking services. The end result is that employees spend too much time on the computer instead of performing the tasks originally intended – those of taking care of the children.

There are ever greater expectations for personnel in schools (especially teachers) to handle every special need of pupils' parents. In countless situations, a pupil's father or mother sends e-mail to a teacher and expects an answer within hours or even minutes. The themes of these messages vary, from a pupil's health to questioning of the teacher's expertise.

Security and safety threats and risks may vary greatly, depending on internal and external influence factors. The environment may contain elements that cause security and safety risks (traffic, buildings, and yards). Lack of planning – or lack of time for planning – may create the possibility of insufficient information. Also,

security and safety risks may arise from external sources that have not come to wide enough attention. One challenging area for teachers is the recognition of possible signals of violence, which can start with joking in nasty terms and culminate unexpectedly in severe consequences. Health and safety at work may pose further safety and security risks (e.g., when under pressure, people may forget guidelines, making mistakes and the wrong decisions). For better management of operations, there should be more continuity planning. That means recognition of security and safety risks and the various threats beforehand – and also planning for countering these.

The digital revolution and variety of IT solutions and services has not been only a boon. Staff who are expected to take care of small children or teach pupils tackle new areas of knowledge, with skills in application and management of their expertise being tied more and more to Internet-related services. One huge challenge is privacy – how to maintain one's own and respect that of pupils and other children. Another is at the same time to do the traditional work with children and, further, maintain awareness of threats by following social networks so as to notice any signals of these. Also, it is utterly impossible for a teacher to answer each question and correct every inaccuracy in every social network or discussion on the Web. Sometimes teachers feel left on their own when balancing or trying to address such problems.

Conclusions

Legislation and regulation are commonplace in public organisations. Common management and administrative guidelines are developed in line with legislation and regulations. Therefore, via legislation and regulations, privacy and information security issues are quite familiar in the work environment and in daily operations in the workplace. It is quite common also that risks and threats are identified and recognised quite well. On some occasions, there may be much to be developed, but that is not usual.

More development is needed in, for example, security planning. Also, awareness of security and safety risks and of threats to the environment (or other external elements) needs to be developed further. Some actors do the minimum required in practice, and some do the minimal paperwork required, no matter the reasons for this work or how compulsory planning or risk management is.

Typical challenges facing the public sector are health and safety at work and continuity planning. One reason for the difficulties stems from budgeting – there is not unlimited money to spend. Another reason, especially with respect to continuity planning, is the typical approach in the sector (i.e., employees just come to work and are not interested in long-term development). One particularly challenging area is maintenance of buildings and grounds: it is usually outsourced, and any extra work needed must be done upon formal application only.

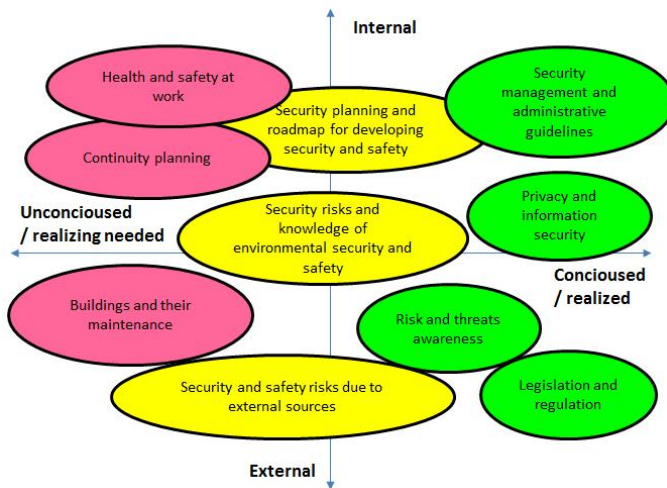


Figure 2. Average viewpoints expressed in the surveys.

The public sector seems to know how bureaucracy must be dealt with but is weaker with questions related to practical issues or future-oriented services and processes of continuity planning. There is rapid change under way in the public sector; along with considerable pressure to be more service-oriented in order to satisfy customers, there is mounting pressure to find benefits through outsourcing and to use automation and self-service as much as possible. There is not only a question of willingness to change here but also a political issue of how to spend public money collected through taxes. Also, a thousand and one advisers are on hand to give their ideas of the 'best' solutions.

A challenge is found also in how to choose solutions that can extend beyond the next budget period or year. Another challenge is how to make the validation of services provided in the public sector cost-effective and also keep the quality of service at a reasonable level. A third challenge is how to maintain skills in buying suitable IT-based services and ability to avoid technology dead ends.

Services are met or experienced by feeling or sense. Security or insecurity too is a matter of feeling or sense. Therefore, security services is a field in which the importance of feelings and senses is multiplied. So great need arises for careful advance planning and for better understanding of customers' value chains and processes, including processes between customers and the customers' customers.

Suggestions for future research

More research is needed in order to reveal the influences of changes in legislation. Also, further research will be needed if we are to create a clearer picture of the challenges and future aims for management of service support within the public sector (including human-resource management and methods within management and the influences of service level agreements). Also it could be useful for the public sector to examine in greater depth how private-sector service providers are developing their ability to meet public-sector organisations' needs.

Paper X:

‘Kibsification’ of private security services: Toward more knowledge-intensive security offerings

Murtonen, M.; Jähi, M.; Palomäki, K.; and Kupi, E.

Abstract

In response to many external pressures, private security companies are shifting toward more customer-specific and integrated security services. This paper discusses their process of transformation in the direction of more knowledge-intensive business services (i.e., ‘kibsification’) and adds a new profession and new area of support services to the debate on KIBS. The aim is to present the key challenges to completion of the kibsification process. The discussion is based on empirical data provided by three research projects and some company-specific development projects. To analyse the KIBS potential of security services, we take the three main characteristics of KIBS as the starting point and discuss how much current security services show these characteristics. From the results, we identify three key challenges facing security providers in the kibsification process. We conclude that KIBS is a useful concept in the security business, though some representatives of the industry show fewer KIBS features than others.

Introduction

The private security business is experiencing an era of change. The growth of the security sector has been widely recognised [1, 2], and several external factors, among them increasing crime rates, the perceived fear of crime, the spread of ‘mass private property’ (such as shopping centres and other communal spaces), and the demands for protection of citizens and organisations, have been identified as the most influential drivers of growth [2]. The continuous growth is attracting new entrepreneurs to the field, and security services are now being merged with other industrial services, such as facility management and IT services [3]. In addition, several global transformation processes specific to the security business have been identified:

- replacement of traditional forms of security service by automated security systems
- security privatisation and private policing (especially in the US and the UK, not in the same form or to the same extent in the Nordic region)
- depoliticisation of security practices and a shift toward technocracy [4]
- increase in citizens' involvement in security development [5]
- increase in regulation of the private security business [1]
- increase in resistance to public securitisation [6]
- security reforms in developing countries [7]
- conveyance of security services to end customers more by 'middlemen' – construction firms, IT operators, facility management, service integrators, etc.
- private security's development toward 'everybody's business' [2].

What is common to many of the changes listed above is that they require new competencies and a new mindset from the security providers. In a situation in which supply competition is increasing and rapidly developing technologies are equally available to all players in the field, services are seen as a key to differentiation and higher margins. In response to these external pressures, security companies are moving toward more comprehensive, customer-specific, and integrated security-service solutions. Now, they need to be able to integrate various disciplines into a total security solution [3] and show special security expertise if they are to differentiate themselves from their competitors. Furthermore, as the clientele of security companies extends to all sectors of society, the security companies also need to adapt to the global megatrends of 'servitization' and more customer-oriented business logic.

In current literature, service-dominant logic [8], product-service systems [9], and development of more knowledge-intensive services [10] are among the key expedients of increasing customer-orientation in the service business. In this paper, we take knowledge-intensive business services (KIBS) as our framework [11–13]. This study is situated in a context in which the investments in research and development are lower than average [14] and the education standard is low. The basis for the security offerings has remained almost the same for decades, and the services' development has been rather incremental and technology-oriented [15]. This paper discusses the prerequisites for the process of transformation toward more knowledge-intensive business services (i.e., 'kibsification') in the security business, and the aim of the article is to present the key challenges in accomplishment of this change. Accordingly, the paper is structured as follows. First, we briefly review the current literature on business services in general and, especially, that on knowledge-intensive business services. Next, we describe the methodological foundations of this paper. Then, we present security services in the light of business services and discuss how the security services comply with the principles of KIBS and what the key challenges are in development of 'kibsified' security services. Finally, we discuss the implications for security providers and service researchers alike.

Business services and KIBS

Business markets refer to transactions of material goods and services between enterprises as well as governmental and other organisations in the non-consumer sector. Unlike business-to-consumer markets, the products and services here are produced because they are required for the production or sale of other goods and

services. [16] Therefore, in contrast to the field of consumer services, it is important to distinguish among the ways business services are applied to the customer's own business processes. Business services are typically more tailored and technological or product-related than are consumer services [16, 17], and, in a business context, it is more challenging to align the business strategy with highly complex markets [18].

KIBS is a sub-sector of business-to-business services that refers to companies providing expert services to other companies/organisations [13]. The diversity of knowledge-intensive business services is great, and, accordingly, definitions of 'KIBS' vary. On a general level, KIBS are defined as 'services that provide knowledge-intensive inputs to the business processes of other organisations' [11]. Other researchers [19] suggest that the KIBS sector consists of companies 'whose primary value-added activities consist of the accumulation, creation or dissemination of knowledge for the purpose of developing a customised service or production solution to satisfy the client's needs'. This definition highlights three characteristics specific to KIBS: 1) the knowledge-intensity of the services provided, 2) emphasis on consultancy and problem-solving for the customer, and 3) strong client-orientation of the service offerings [20]. Elsewhere, the knowledge-based origin of firms of this type is emphasised, and the KIBS sector is described as composed of firms that 'have emerged precisely to help other organisations deal with problems with external sources of knowledge' [11]. Additionally, many other features have been associated with KIBS, among them professional knowledge, expertise, non-routine services, joint value creation, intangibility, multidisciplinary work, and innovativeness [12, 13, 20].

Materials and methods

Our discussion is based on empirical findings from three research projects. First, the SecLi research project determined what constitutes the security business in Finland [15, 21]. Ending in March 2010, the project was based on qualitative expert interviews and workshops. Second, in the ongoing ValueSSe research project [22, 23], the focus is on value creation in security services, and novel security-service concepts and a more customer-oriented approach are being developed with eight leading security companies in Finland. The ValueSSe project applies several qualitative methods to collect empirical data from the security companies and their customers and to perform analysis. Third, there is the SecNet research project, which approaches the security business from the perspective of business networks. In addition, VTT has completed some company-specific development projects that support the general findings described in this paper.

Kibsification of security services

Security as a business service

The private security industry includes privately funded business entities and organisations supplying security-related products and services to specific customers for a fee [24]. The security industry's customer base is very wide, and it cuts across all sectors of the market, to include government and commercial and industrial enterprises [25] as well as individual citizens and private households.

In the current literature, security is categorised as facility services [17], and most facility services can be classified as support services. According to the United Nations International Standard Industrial Classification of All Economic Activities [26], security activities, including guarding services and the operation of

electronic security-alarm systems, are classified into administrative and support-service activities. The support-service industry performs routine activities – such as rental and leasing, employment activities, cleaning, facility management, and security and surveillance – that support the general business operations of its customers. The companies in this sector specialise in one or more of these support activities and provide services to customers in various industries and, in some cases, to households. The support services are typically of low strategic importance to the customer. They are fairly simple and standardised services whose purpose is not the transfer of specialist knowledge [26], and, in most cases, there are many alternative providers in the market. Furthermore, no unique expertise or major investments of capital are needed for establishment of a support-service company [27].

Security as KIBS

In previous studies and statistics, security activities have been explicitly excluded from KIBS [11]. However, the security industry is searching for new ways to offer more value to their customers, and new services are being developed. The strengthening of security expertise and delivery of new security-expert services are among the many means by which the security industry aims to provide more value-adding services to its customers. To analyse the KIBS potential of the security industry, we take the three main principles of KIBS [20] and discuss how current security services comply with these principles and what challenges can be identified: 1) knowledge-intensity of the services provided, 2) emphasis on consultancy and problem-solving for the customer, and 3) strong client-orientation of the service offerings. On the basis of these three principles, we ask three specific research questions and discuss kibsification through them:

1. What constitutes the knowledge base of security KIBS?
2. What kinds of service offerings can be built on this security knowledge base?
3. How is client-orientation present in the security markets?

The knowledge base of security KIBS

The most distinct characteristic of KIBS is the use of generic knowledge to solve specific customer problems. If we categorise security services, or at least some of them, as KIBS, we have to determine what knowledge the security KIBS use for the benefit of their customers. Different security services use different knowledge in their service processes, so we have to consider different categories of security services separately. At least four types of security services can be identified that have different knowledge requirements. First, there are private security companies that offer basic security products and services, such as guarding services. The knowledge requirements of these services are low, and price is the fundamental competitive factor. As the core of these basic security services has remained almost the same for the last few decades, there has not been a significant increase in the knowledge requirements either. Based on the traditional guarding services and supporting technologies, novel security services have been developed, however, and there are examples of new kinds of security services that require very different expertise from that in traditional security services.

The second group is systems of security products and services that consist of more complex and specialised offerings and solutions that already have some specific expertise integrated into them to support the customer's business. For

example, alarm and surveillance systems have seen extensive development in the last two decades. This has prompted new demands for ICT and IP expertise and led many security companies to withdraw from the guarding business and to specialise in delivering technical security systems with supporting services instead. The third group is security consulting and training services, which require in-depth knowledge and understanding of the security business, related legislation, best available technologies, and the customer's business context and processes. The last group is services in which security offerings and solutions are being integrated into other businesses. In this group, security is added to several products or services as an integral element, or it might be the most important feature and the selling point of the product or service [21]. This group of services extends the boundaries of security business to new areas, such as health care, education, logistics, and machine-building, and it highlights the importance of security-related knowledge also in areas of business in which security has traditionally not been part of the core offering.

As the security sector expands and many businesses develop toward offering more complex and customer-centric security solutions, the requirements for the knowledge needed to serve the customer in the best possible way are also changing. It could be argued that the knowledge requirements too are increasing – especially if the security companies provide more than one type of services or, more importantly, if they provide new and unprecedented combinations of them. The growth in knowledge-intensity adds to the KIBS potential of the security business and challenges the industry to identify the current knowledge gaps and to profile the specialist knowledge related to each service.

Security offerings that can be built on 'security knowledge'

The second central characteristic of KIBS is the emphasis on consultancy and problem-solving. If we consider security services as KIBS, we have to determine what kinds of service offerings can be built on the security knowledge discussed in the previous section. It is noteworthy that security consultancy is not integrated into the current security-service offerings. In Finland, security consultants are typically entrepreneurs who have previously worked for large security-service providers or have made a career in defence or the insurance industry. The largest security companies currently have only a limited number of consulting services in their offerings. At the same time, most security-service designs and service specifications are not based on security risk analysis or other reporting on the security *status quo*. We argue that, to develop more knowledge-intensive services, security companies could strengthen their security expertise and provide more high-profile security-expert services.

One of the key challenges for security providers is that many customers perceive security problems as secondary to their daily business. Whether as a cause or an effect, most security services aim to solve quite simple problems for customers. Guards are hired to prevent shoplifting, and closed-circuit television (CCTV) systems are used simply to monitor happenings at the plant yard. With more intelligent CCTV systems and more sophisticated data analysis services, threatening situations can be identified at an earlier stage; i.e., unauthorised persons or vehicles can be identified or unwanted behaviours and objects can be recognised even before they cause any harm. As soon as it becomes clear that the security service has a direct positive effect on the core business, the offering is of much more value to the customer. Some security offerings already aim to respond to more far-reaching and strategic customer needs by using traditional

security products and services; for example, a customer's customers' behaviour patterns and attention to specific items in a shop can be recognised and analysed. When speaking to the core security problem, security services can also provide solutions to the customer's business problems. Moreover, security offerings in some cases can be integrated into the customer's existing products or services. Therefore, the security industry has to identify what problems related to the customer's core business they can resolve and, at the same time, how they can demonstrate the benefits of the services to their customers.

Client-orientation in security markets

Our third question is this: How is client-orientation present in the security markets? Strong client-orientation is a central prerequisite for KIBS, and if we are considering security services as KIBS, we must take the issue of client-orientation into account. Our key general finding from the Finnish security-service industry is that the majority of the service providers do not utilise the full potential of customer-relationship management. In the context of security guarding, for example, it has been noticed that good buyer-seller relationship practices are of particular value in security guarding and that business-to-business customers of these services seek not only the actual security outcomes but also service providers that understand the value of service-orientation, fluent communication, and listening to the needs of the customer [22]. We have no reason to assume that the situation would be different with other forms of security services. Too often the focus of the service providers is only on the service operations and security provision – for example, on the technical aspects of the security systems provided or the tasks of the security guards. We do not want to underestimate the role of the clearly defined service operations and security provision, however. These are, of course, the essence of these services, but we would like to highlight the importance of the buyer-seller relationship practices as well.

From the KIBS perspective, the frequency of contact between the buyer and seller can constitute a considerable challenge. The basic stance of any KIBS is that they acquire information from the customer and process it into customer-specific solutions [20]. If there is not continuous dialogue between the security provider and the customer, there are no possibilities for information-gathering and, hence, no possibilities for customer-specific security solutions either. Our finding is that it seems quite typical in security markets for the customer to specify the service content very strictly and often leave very little room for the service provider to take part in this process. This is a major challenge for service providers, because they are not able to utilise their full knowledge potential for the benefit of the customer. It is also a considerable obstacle to the development of new security KIBS, because it means that in these situations, customers tend to buy CCTVs or security guards instead of security expertise or knowledge.

Discussion and conclusions

This paper is the first attempt to study security services as knowledge-intensive business services. We agree with previous studies and statistics that the security industry as a whole does not yet fulfil the criteria for pure knowledge-intensive services. The traditions of security services lie in simple, high-volume, low-value services, although the most pioneering security companies are now trying to get out of this box. They are seeking new value-adding features in their services and new ways of demonstrating this new value. More knowledge-intensive security

services are being developed in parallel with existing standardised services. Therefore, we argue that kibsification is an emergent trend in the security industry.

Security services provide an interesting and topical example of support services. As a research finding, we identified three key challenges in their kibsification process that may parallel those in other support-service industries. To develop more knowledge-intensive services, support-service companies could:

1. strengthen their service-specific expertise and add high-profile knowledge-intensive expert services to their service offerings
2. identify what problems related to the customers' core business they can solve and how they can demonstrate the benefits of the solutions to their customers
3. develop their customer-relationship management practices in order to provide more client-oriented services.

In spite of many challenges, there are some positive signs that eventually unprecedented security KIBS development might arise. The most important factor is, without a doubt, the security industry itself, which has acknowledged the need for change. Most of the companies are now actively seeking new business opportunities and new forms of competitive advantage in services. In this process, KIBS is a prominent concept, although not necessarily the most suitable for all members of the industry. We acknowledge that not all security services have potential for knowledge-intensive service, and even the simplest security services, in their current form, are still needed. We argue that it is important to identify the kibsification potential and to focus on the right development measures. Kibsification will enhance and expand the current security-service offerings and open new possibilities for both security-service providers and their customers to make full use of the security expertise. Consequently, further research is needed into the customers' role in this process: without aware and knowledgeable customers, there will not be significant demand for more knowledge-intensive security services.

As the security business is extending in many directions and also attracting companies from other industries, a new approach is required: security companies need to acquire new knowledge in order to compete with the newcomers, serve their current customers in the best possible way, and attract new customers. With a wider security knowledge base and a deeper understanding of their customers' business, security providers could solve more complex security problems not only *for* the customer but *alongside* the customer.

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Paper XI:

Disruptive behaviour in the store environment – consumer narratives about experiencing disturbing or threatening behaviour and insecure transaction places

Ye, X.

Introduction

It has been stated that Finnish people tend to experience their environment as less safe than in the past. For example, the binge-drinking culture has observable effects; disruptive behaviour of strangers in public areas is very common these days. It can be assumed that intrusive behaviour confronted during everyday activities can increase one's sense of insecurity and thus diminish the scene's attractiveness. Heinonen et al. (2010) discovered that disorder and a restless atmosphere in the transaction area have undesirable effects on consumer shopping behaviour: customers prefer a safe and comfortable environment for shopping. This must be very interesting to store managers, whose business depends on a constant customer flow. Few Finnish studies have discussed the significance of a safe shopping environment from the consumer angle. It is likely that disruptive behaviour has never before gained close academic attention. My research strove to increase knowledge and understanding of this growing unpleasant phenomenon.

Research Design

The objective of the research was to understand how disruptive behaviour observed in the store environment can affect consumers' experience of the transaction place and its safety and thus influence consumer behaviour. The study is qualitative in nature, and it represents the constructive method. Because consumers' subjective voice comes through best via the stories they tell, the narrative theory was chosen as the analytical framework. From the various consumer stories, I created composite narratives, core stories about specific themes created from several sources (Sonenshein 2010). The main research problem was:

How do consumers experience disruptive behaviour in the shopping environment, and how are its meanings connected to the transaction place's insecurity and the consumers' behaviour?

The main problem was examined through the following sub-problems:

What meanings are given to the store environment, its security, and disruptive behaviour?

How do narratives convey consumer experiences and meanings?

How do consumers collectively narrate incidents of disruptive behaviour and the feeling of insecurity in the store environment?

The empirical data were collected through six semi-structured group discussion events held in May–June 2011. Each group had three to five participants, and, in all, 24 people took part in the discussions. I attempted to encourage informal storytelling, and I presented to the participants only a few pre-planned questions related to their experiences of disruptive behaviour and safety issues in the context of shopping environments. All discussions were recorded, and the analysis was drawn from the main themes that arose from the consumer narratives. The group discussions represented focus-group methods, whose advantages include ability to collect versatile qualitative materials in a short time and in a flexible way. Although stories told in groups are usually short and don't delve deeply into personal meanings, they provide understanding of collective meanings and group dynamics (Parviainen 2005).

The Store Environment and Its Security Issues

The world outside us is a multidimensional, dynamic, and interpretative phenomenon. Several disciplines (incl. cognitive and phenomenological traditions, identity theories, and sociology) have contributed to the common understanding of it. Depending on our current mindset and objectives, we can experience our environment as, for example, physical space, part of our identity, a group of social networks, or a source of feelings and emotions (Aura et al. 1997). Compared to environment, the concept of place can be viewed as more accurate; in essence, it refers to a limited, historically and culturally meaningful physical area, be it one's home or workplace. My research emphasised the idea that the consumer's image of a particular store environment as a place is based on subjective views and experiences. This image develops as one's experiences and beliefs change.

Convenience stores and shopping centres are important transaction places for consumers dealing with their everyday needs. According to Baker (1994), consumers tend to base their buying decisions on environmental cues when they have little other information on product or service quality. She categorised the elements of store environment into ambient factors (e.g., illumination, noise, and scents), functionality and design factors (e.g., layout, privacy, style, and cleanliness), and social factors (e.g., personnel and other customers). Positive observations and experiences strengthen the store's positive image and customer loyalty, whereas aversive experiences in the store environment have reverse impacts (Kunkel & Berry 1968).

As commercial centres continue growing in size and vividness, public security issues have received more and more attention. In addition, regular media reports about robberies and assaults in stores and other public areas may have increased public concern and insecurity. In their study, Koistinen and Peura-Kapanen (2009) identified several factors that affect consumers' sense of security or insecurity in

store environments, which were put into six categories: 1) store interior, and how it is utilised; 2) store cleanliness and product displays; 3) the safety of the goods (e.g., groceries); 4) the personnel's behaviour and roles; 5) store monitoring; and 6) other customers. My research emphasised the role of other customers, the personnel, and the guards in shaping consumer shopping experience and security, as can be seen in the section below that presents the analysis.

The term 'disruptive behaviour' is subject to interpretation and therefore problematic in terms of accurate definition. In the context of public areas, it can be seen as behaviour that threatens the public order; it offends the citizens' right to spend time in public areas without disturbance or other sorts of unpleasant interference. Disruptive behaviour is often regarded as physically or verbally aggressive behaviour exemplified in pushing, kicking, throwing objects, swearing, or making verbal threats. However, according to the empirical analysis described below, behaviour doesn't need to be distinctly aggressive in order to be disruptive: even impolite or simply exceptional behaviour can draw negative attention and be regarded as disruptive.

Narrative Creation of Meanings

Narratives are stories, explanations, tales, or descriptions of things, events or people. They are the basis of our social and cultural existence, knowledge-sharing, and social interaction; we learn about ourselves, our history, and our culture by listening, watching, or reading stories (Shankar & Goulding 2001). The narrative theory suggests that the stories of our lives convey to the audience the meanings we give to our experiences and actions. Narratives are closely related to our selfhood and identities, and they contribute significantly to how other people perceive us. The ability to build and understand stories develops in the course of human life (Singer 2004). Therefore, narratives are dynamic; our stories and understanding of various phenomena are subject to change as we grow older.

The basic idea is that a narrative has a plot that organises individual events and incidents into a temporally meaningful whole (Neumann & Nünning 2008). The temporal viewpoint provides a useful context for understanding of personal choices and life; individual reactions to the present are dependent not only on the current circumstances but also on one's memories of past experiences and on one's expectations (Pavia & Mason 2004). Besides this, narratives have a causal structure: they tend to express the reasons some things happen, or why people behave in certain ways (Escalas & Bettman 2000).

Narratives can be strategic and intentional. Through persuasive and rhetorical means, stories can be aimed at, for example, enhancing atmosphere, directing actions, or influencing other people (Singer 2004). The narrator has the power to choose, combine, and evaluate events in the way he or she considers most meaningful and relevant. That is why narratives are not considered to reflect reality and instead are regarded as highly interpretive. In addition, as narration always includes evaluation of particular actors and their actions (Hyvärinen 2006), it is important to look at the evaluations against the narrator's own cultural background.

Empirical Analysis: Five Consumer Narratives

In the discussion material, I found five broad thematic entities that differed from each other in meanings and aspirations. They were constructed as composite narratives that have a somewhat temporally and causally oriented plot. My goal

was to create interpretations of the meanings transmitted by the narrators through their narratives. The consumer narratives are described in the following sections.

'Finnish Consumers Value the Ability to Run Errands Calmly and without Distractions'

According to the narrators, disorder is relatively rare in Finnish store environments. In the discussion of security issues and disruptive behaviour, Finland was described as a safe place to be. Finland's safe atmosphere was often justified via comparison to, for example, more populous or culturally diverse countries with which safety risks are more often associated. Place identity can be seen as a component of one's personal identity, and it develops in line with the elements and interactions typical of the surrounding area (Hernández et al. 2007). By describing the peacefulness typical of their environment and culture, the narrators built themselves an identity as Finnish consumers who want to carry out their daily transactions calmly and without distractions, and who trust in their environment's predictability. At the same time, it seems that safety and order are considered to be prerequisites for a pleasant or even acceptable transaction. Accordingly, one can assume that even small and harmless exceptions can be seen as disturbing.

'Disruptive Behaviour Is Behaviour That Detracts from Harmony or Threatens Feelings of Security'

Two discourses could be recognised from the narrators' ways of talking about disruptive behaviour: those of distracting behaviour and threatening behaviour. However, it was generally accepted, that disruptive behaviour makes the atmosphere restless or unattractive. When talking about various aspects of disruptive behaviour, those in our conversations often tended to link certain groups of people to certain behaviour models.

Disruptive behaviour was primarily considered to be loud or otherwise exceptional behaviour that attracts negative attention. Loud behaviour runs, in essence, counter to the consumers' preference for carrying out their duties amidst calm. Typical situations of loud behaviour in store environments included other customers' quarrels, complaining to the customer-service staff, and jeering at bystanders. Noticing other people stealing products was also considered to be intrusive and even frustrating. Teenagers and drunken people, as well as small children, were considered to have a tendency to loud behaviour. In general, a negative attitude was shown toward customers who deliberately neglect good manners and behave indifferently to people around them. Even behaviour of store personnel and security guards can be disruptive, if they act in an intrusive and non-professional way. Disruptive behaviour was experienced as threatening if it was considered exceptionally dubious or aggressive.

'Negative Images Attached to Transaction Places Increase Insecurity'

Place identity consists of cognitions that represent memories, ideas, emotions, attitudes, values, preferences, meanings, and images related to one's surrounding world (Proshansky et al. 1983). According to the discussions, continuous observation of disruptive behaviour in a particular place strengthens the image of the place as insecure. In addition to one's personal experiences, family members', friends', and other familiar people's negative stories about various places have a major effect on one's images of and attitudes toward those places. Media reports

about robberies and other disorder also shape places' images. For example, the Siwa grocery-chain received a great deal of attention in the discussions, because of the numerous heist cases it has faced recently.

In talk about unsafe places in Helsinki, a few areas, including the city centre, the eastern centre, and Kallio, were often mentioned. These particular areas are fairly crowded on Helsinki's scale. The large quantity of pubs, shops and other social centres there attract lots of people, among them aimless loiterers and heavy users of intoxicants. Public places that are often occupied by people who look and behave repulsively might push away 'normal people'. On the contrary, remoteness and quietness in a store, along with a less than clean interior, were occasionally also seen as factors causing insecurity. It can be concluded that the first two factors might be related to the thought that there won't be immediate help around if needed (e.g., in case of being attacked), whereas lack of cleanliness might evoke the image of an uncontrolled environment.

'People Behaving Disruptively and Insecure Transaction Spots are Avoided'

One aspect of the narrative theory is assumption that human action is intentional and part of a considered plan directed at certain goals (Bower & Rinck 1999). With respect to how people tend to react after experiencing disruptive behaviour, the intrinsic need for self-protection can be regarded as the innermost motive that directs one's need for actions. The narratives of the conversationalists provide the idea that the reactive actions chosen are based on one's own evaluation of the situation's severity and the possible reasonable solutions. For example, other customers' exceptionally suspicious appearance or behaviour might make the observer alert and inspire him or her to pay active attention to what might happen next.

It was often expressed that disruptive behaviour is not likely to cause immediate threat to bystanders. However, most people stated that they wouldn't themselves intervene directly in disapproved behaviour, because doing so might put them in an awkward situation. It seems that occasional encounters with people behaving in an exceptional way or other sorts of disorder might not substantially affect either the store's image or consumer behaviour. In contrast, repeated occurrence of disruptive behaviour in the same place or area might result in consumers avoiding that environment in the future, especially if they have other options for transaction locations to visit.

'Control of the Store Environment Reduces Disruptive Behaviour and Consumer Insecurity'

Consumer narratives indicate that competent store personnel and security guards have an important role in precluding disruptive behaviour and thus assuring security of the transaction place. Shop assistants who show self-confidence, social assertiveness, and ingenuity in demanding situations win the customers' trust and make them feel that the situation is under control. On the other hand, an uncertain or panicking shop assistant might increase customers' insecurity, which motivates customers to withdraw from the scene. Security guards are considered to possess force-based authority, and they are seen as having the power to protect customers and the personnel in situations of disorder and to ward off inappropriate behaviour. Consumers expect sufficient guarding especially in stores that are in restless neighbourhoods. Ideally, security guards would look physically strong and determined but would also be service-oriented and easy to approach.

The narrators also suggested that appropriate design of shop layout and successful maintenance of premises would increase convenience of shopping and the sense of security. Here they referred to, for example, cleanliness and adequacy of lighting, as well as to spacious aisles and the presence of appropriate security arrangements.

Consumer Profiles Discovered from the Narratives

I examined the various types of narrative styles consumers tend to use when describing disruptive behaviour and experiences of insecurity. Three consumer profiles or identities distinct from each other in their nature and emphasis were recognised:

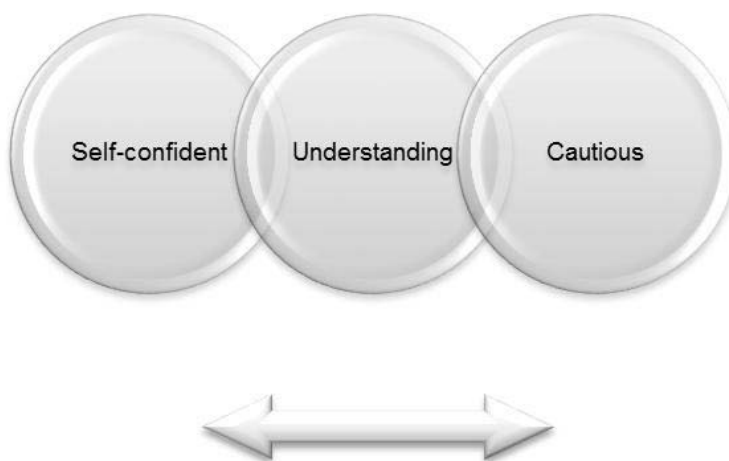


Figure 1. Consumer profiles by narration style.

The categories above were developed to explicate how different meanings can be given to the same phenomena, depending on what kind of consumer identity the narrators are aiming to build by telling their stories. The different identities and attitudes adopted lead naturally to different actions being considered appropriate by the narrator. However, it must be taken into account that human attitudes and discourses are subject to change with the time and situation. Therefore, no consumer can be unambiguously grouped into one static category in real life.

A *self-confident consumer* is courageous and doesn't get frightened easily. Such a person trusts in his or her ability to survive challenging situations. Self-confident consumers are well aware of their right to run errands without distractions, and they insist on this possibility. They end up avoiding misbehaving people and restless places because they get frustrated with these. The image of a self-confident consumer was also built and reinforced by description of situations in which the storyteller has voluntarily intervened in disruptive or threatening behaviour in public places. The identity of a cautious consumer represents the opposite way of thinking. *Cautious consumers'* narratives reflect a relatively high level of uncertainty and anxiety in bizarre or unfamiliar situations. These people tend to consider in advance the risks involved with various places and situations,

which may be reflected in their everyday decisions. In the context of store environments, the cautious consumer type would avoid misbehaving people and uncomfortable situations in order to avoid experiencing any undesired consequences. *The understanding consumer* is between the other two groups on the continuum, because his or her attitudes and behavioural reactions vary more and might display features of both types. Understanding consumers have a socially oriented and flexible approach to everyday experiences: they seek to understand their experiences also from surrounding people's perspective. Their manner of speaking is empathic, and they are interested in the phenomena and in reasons for people behaving in a difficult or disruptive way in particular situations.

Conclusions

It must be emphasised in this research report that both individual and collectively negotiated experiences and meanings have a close relationship to cultural cohesiveness. Safe and untroubled everyday life is an important value to Finnish people. Because consumers are used to and expect no distractions or other harmful interruptions, especially security threats, during their daily transactions, they usually have a very negative attitude toward unpleasant exceptions. However, judgements about disruptiveness or ominousness of other people's behaviour are also partly culturally bound. For example, other customers jumping the queue or vendors foisting goods on one might be rather normal in some cultures, but Finns tend to disapprove of these actions and become nervous about them, especially in their home country.

A few managerial implications can be drawn out from the research analysis. First, keeping disorder and security threats away from store environments apparently results in consumers being more satisfied with their shopping experience. This supports building of long customer relationships and even increasing shopping frequency. Second, consumers brought up three concrete factors in store environments that can increase their feeling of security: store personnel, security guarding, and interior maintenance. It would be useful for the store personnel to receive regular training in safety issues and handling of challenging social situations. Presence of security guards is reasonable, especially in stores situated in restless areas. Furthermore, guards' training programmes should emphasise the importance of customer service in day work. Well-planned interior design and careful maintenance have a considerable impact on how consumers view the environment's attractiveness. Enough space for easier moving about and better visibility of other parts of the store strengthen the feeling of safety in transactions.

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Paper XII:

Customer-perceived service quality in guarding encounters: colliding service experiences and security experiences

Murtonen, M.

Introduction

Service quality has been widely discussed in recent literature, in which it is defined as the difference between the customer's expectations and actual service performance (Zeithaml et al. 1988). The extent of this difference depends on several other gaps of understanding – for example, the difference between the service provider's perception of customer expectations and the actual customer expectations. Customers perceive service quality both at the level of brief episodes and at that of longer relationships (Liljander & Strandvik, 1995), but long-term customer relationships and relationship quality dominate the current literature, being emphasised over service encounters and episodes (see, for example, Ravald & Grönroos, 1996). Therefore, further understanding and empirical studies of service encounters and episodes' service quality in specific business-to-business services are needed.

Previous studies have acknowledged short service episodes as one of the critical determinants of customer satisfaction and loyalty in service business (Czepiel, 1985; Jayawardhena et al., 2007). Service episodes consist of series of encounters between provider and customer (Storbacka et al., 1994), and service encounters, in turn, consist of a number of actions that are the smallest analysable unit of relationship and thus the most detailed type of interaction (Holmlund, 2004). Over time, several interconnected and overlapping episodes constitute a long-term relationship between a provider and a customer.

Previous empirical research into service encounters, and narrative research especially, has focused on customer encounters in business-to-consumer services (see, for example, Pugh, 2001; Gyimóthy, 2000; and Bitner, 1995). In contrast, this paper is positioned in the business-to-business services, and in the context of security guarding especially. Taking security service encounters and details of the actions of both security guards and their customers as its unit of analysis this paper reveals in-depth insights into the daily contacts and interactions between

service provider and customer in a business-to-business context, and increases our understanding of how perceptions of service quality are formed at the lowest level of relationships.

Several constructs for service quality can already be found in the literature. The most referenced and tested of these, and perhaps the most criticised one as well, is the SERVQUAL model (Parasuraman et al., 1998). It measures service quality through 22 items addressing five factors: reliability, responsiveness, assurance, empathy and tangibles. SERVQUAL largely ignores the core content of the service, while the model presented by Sureshchandar et al (2001) takes a wider approach to service quality. They list five factors that are critical for service quality from the customer's viewpoint. These are: 1) the core service or service product, i.e. the content; 2) the human element or service delivery, e.g. reliability, responsiveness and empathy; 3) systematisation of service delivery (a. non-human element, processes, procedures and technologies); 4) tangible elements of services, i.e. 'servicescapes', equipments, employee appearance; and 5) social responsibility, i.e. ethics, goodwill, and image.

This paper focuses on the security guarding and discusses how customers perceive service quality on the basis of security guards' actions in service encounters. It is argued that the essence of service quality is not captured by analysis of separate, yet sequential, service encounters if the time intervals between the encounters remain unnoticed. Instead, service quality should be approached as a continuous and interactive process between provider and customer, in which all points of interaction – formal and informal, planned and unplanned – affect the customer-perceived service quality. In addition, the content of the service provided should be taken into account in the models for service quality.

Materials and methods

Customer perceptions of security guarding encounters were collected in the form of oral oral narratives (Figure 1). A narrative is an oral or written account of personal experiences or experiences of others told to other people, where 'account' refers to story-like constructions including description, interpretation, emotion, expectations, and related material (Smith, 2000).

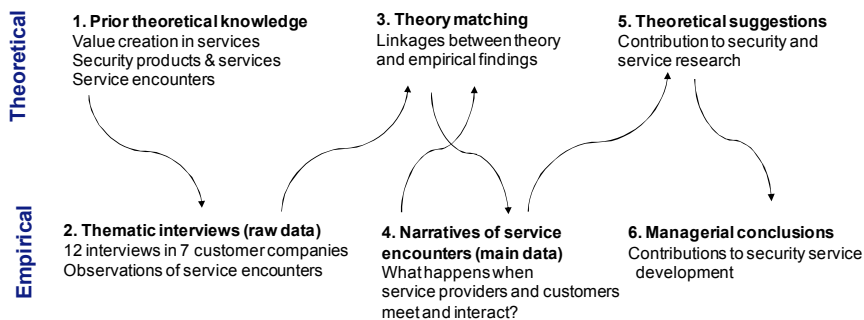


Figure 1. The research process.

In this study, the narratives of guarding-service encounters emerged over the course of interviews with seven organisations, all of which had had a relationship with a guarding-service provider for more than two years. The organisations represented in the interviews were public and private offices, actors in light industry, retailers and hotel businesses. In total, 12 people were interviewed. The interviewees were actively involved in defining, negotiating, and monitoring the guarding services; i.e., they were the ones who knew the most about the security services in their organisations.

In the interviews, narratives were obtained by means of a 'grand tour' question: 'Can you recall any specific situation in which you were exceptionally satisfied or disappointed with the current guarding services?' To flesh out the informant's story, the discussion was continued with several complementary questions that responded to the informant's reflections, such as 'What did the guard do in that situation?', 'How was the incident resolved?' or asking the informant to explain the course of events in a more detailed manner. Each informant told 1–3 stories, and each story described one incident.

In total, 25 narratives describing guarding-service encounters were reconstructed. The full interview transcripts were used in data analysis to provide full understanding of the background for the narratives. Since each story was fragmented in the text, which was composed of several questions and answers, the original transcripts were rearranged to construct a chronological description of the events – i.e., the bare minimum of a narrative (Pentland, 1999). The narratives describe service encounters that occurred on customer premises, and they include both satisfactory encounters and unsatisfactory customer experiences.

The key challenge in narrative analysis is that the researcher is limited to surface observations, while the explanations require the identification of underlying structures that drive the processes observed (*ibid.*). I used thematic analysis to analyse and categorise the informants' stories (Riessman, 2005; Mello, 2002). In the thematic analysis, the focus is on the content of the text, and the aim is to find common thematic elements and underlying patterns across all informants and their narratives. Two central themes emerged: One centred on customers' perceptions of the actions and behaviours of the guards during the incident, and on what kind of solution these actions provided for the customer's immediate problem. Customer's service experiences and security experiences of these incidents were identified and analysed. The other focal theme is related to customers' thoughts regarding an uninterrupted interaction between customer and provider and how the security and service experiences are present at different points in interaction. The discussion based on these findings addresses how customer perceives the quality of the core service and guards actions, and on what happens between formal service encounters.

Sample narratives

Private security consists of three main entities: a security customer, a security company, and a security officer, with each having different interests in steering the provision of security services. Security companies have a multilevel relationship with their customers (Figure 2). On the contractual level, the security customer specifies the nature and functions of the security service alongside the security company. End-users are not necessarily involved at the contractual level at all. On the operations level, the end-users and security officers interact in recurring service encounters. The service encounters also occur externally between security officers and the customer's customers, with other visitors, and even with outsiders

– who may try to enter customer premises invited or non-invited and may become a threat to the customer or the visitors.

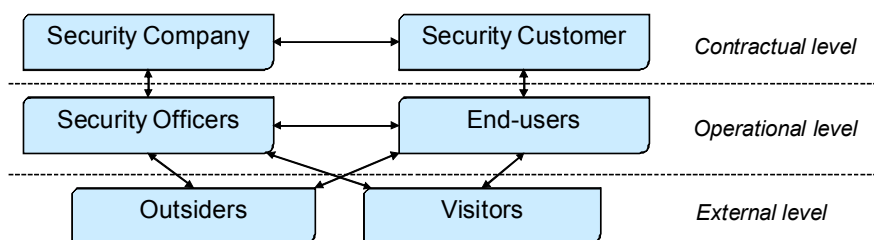


Figure 2. Interactions in security services.

In this study, the security-service encounters both on the operational level (between guards and end-users) and at the external level (between guards and welcomed visitors especially) consisted of similar actions and behaviours. A more useful feature for categorisation of service encounters was whether a security threat was involved in the situation or not. Two types of service encounters emerged: situations wherein the security guard was needed to guarantee the safety and security of the customer in a threatening situation and situations in which there was no security threat but the guards were asked to help the customer in some other way. In the former, the customer-perceived **security experience** is a dominant element in service quality evaluations. In latter, customer-perceived **service experience** becomes a dominant factor. A representative narrative of each was selected.

In the first sample narrative, a female narrator, who is a security customer's representative and an end-user of security services, describes a surprising and threatening situation that she had faced in her office with a customer:

“One of our officers was ill, and one customer’s appointment had to be cancelled. We had tried to reach the customer, but could not provide him with the information that the officer was ill. When the customer came, he was pretty badly drunk, and not satisfied with the fact that he couldn’t meet the officer. The guard calmly explained the situation to him and told him that he would be given a new appointment time, when preferably he would be sober. The customer got really angry about the situation, and started directing aggression toward the guard, intentionally irritating him and shouting: “Call the police! Call the police!” The guard repeatedly asked him to leave. But all the customer did was continue shouting and provoking the guard. Then the guard grabbed him and held him still. Finally, the guard was sitting astride him and had hold of his arms. And then the guard told me to call the police, which I did. The police came really quickly; it was probably five minutes. The situation could have escalated into a serious fight, so I don’t think the guard had a lot of options at that point. The guard was very calm; he behaved calmly and explained the facts to the customer, trying to clarify the situation verbally. But when that didn’t succeed, it ended like this. All in all, I think what he did was the right thing to do.”

In this sample, the narrator is satisfied with the solution the guard provides for her. The guard is present at the scene from the first minute and supports her in dealing

with an aggressive customer, leading to a positive security experience. The guard takes the leading role in resolving the situation. In the narrator's opinion, the guard draws the right conclusion about the situation and calms the aggressive customer in a controlled but assertive manner.

In the second sample narrative, another female narrator describes an incident that occurred in her office. In this case, the guard is present in the office, and the narrator asks him for help in a non-threatening situation, but help is refused:

"We had a young guy here [as a guard]. I asked whether he could help us move a table. He replied that it was not part of his job description. And when I asked what was, he said he would rather be doing this job sitting on the couch at home. He sat there all day long looking like he was just waiting for the shift to end. Some people totally lack motivation. If his job was just to sit there, what would he do if some trouble occurred? I don't know how he would react to it. He was a young and educated guy, but he still showed a complete lack of flexibility. We have a lot of women in this building, and when two of us with sore backs try to move a table and ask a young guy "Could you grab a corner?", the answer is "It's not in my job description." [laughs]"

In the second sample, the narrator asks a security guard to assist her in moving a table. The guard declines to help her, which leads to a negative service experience. The customer becomes irritated and frustrated, since, at least in her opinion, a young male guard would have a lot of time and enough physical strength to help a woman move a table. In this sample, the customer is dissatisfied with the resolution, since it does not meet her immediate needs.

In order to analyse the importance of service experience and security experience in service encounters, both of the sample narratives are analysed according to the framework of Sureshchandar et al (2001). The five factors of the framework are: 1) Core service or service product, 2) Human element or service delivery, 3) Systematization of service delivery, 4) Tangibles of services, 5) Social responsibility. Next, I take a closer look at the security experiences and service experiences of guarding proceeding from these five factors of the framework.

Security experiences

Security is the core content of guarding services. The main goal of guarding is to guarantee the security of the customer's personnel, information and property, and guards are expected to possess security skills and knowledge that customers do not possess, as illustrated in the first sample narrative. Security competence refers to security expertise, knowledge of the rules and legislation pertaining to guarding, and effective security operations. Security competence in service encounters is demonstrated by the actions and behaviour of the guards together with the adequate use of technical security systems. The way the guard behaves and acts in guarding service encounters is not only the smallest unit in the provider-customer relationship, but also the most visible form that the guarding service takes for the customer.

In the narratives of the guarding-service encounters, the behaviours and actions of the security guards are seen to generate or destroy the customer's feeling of being secure. In addition, the guard's actions affect how well and at what point the security threat is identified, what proactive measures are taken, whether the threatening situation is escalated or defused, and its resolution. This is not only a matter of security as a feeling, but a question also of security in terms of an

actual physical threat. Proactivity refers to the guard's situational awareness at the scene and the ability to inform the customer beforehand about suspicious people or malicious damage on the customer's premises and in the vicinity. Guards are expected to prevent fault situations also. In addition, proactive security involves active use of security technology and especially CCTV systems in early identification of potentially harmful actions or suspicious persons. Guards are also expected to scan and profile incoming people continuously and, if necessary, to prevent them from entering.

It is typical of security services that the service encounters occur under distracting, stressful, and even dangerous circumstances. Distractions are typically caused by exceptional situations and unwanted visitors or intruders, who may be drunk or otherwise intoxicated and behave aggressively or impertinently. Typically, the situation is resolved when the guard is asked to guide the unwanted person(s) from the customer's premises. In the narratives, many informants emphasised how the guard had been active in resolving the situation and had taken a leading role, as this quote from one narrative illustrates: *"When the fire alarm went off, the guard acted immediately. He guided people out and kept people from using the lift. The evacuation took a while, but he monitored the situation carefully and didn't let anyone in until it was safe."* When the guard is acting in a decisive and goal-oriented manner, the customer is able to withdraw from the situation. The narrators appreciate not only the short response time but also the guard's willingness and ability to help and his or her close presence on the customer's premises. The customers are surprised and delighted when the conflict is resolved without fighting and arguing, as illustrated by the following quote: *"So, they just took the guy between them and guided him out quite calmly. I got help very quickly, and they handled the situation really well. I felt I was lucky to be alive after this..."* Physical closeness and daily informal connections strengthen interpersonal relationships and the feeling of belonging to the same team, which is an important asset in resolution of critical incidents. One informant provided the following example, wherein the guards rapidly interpreted the situation without even asking for further instructions: *"Soon two guards arrived. They saw from my face that, mmm... I couldn't name the guy [who was behaving aggressively] or point him out, but they read the situation immediately."* In this case, the informant emphasises her close relationship with the security guards and how important it is that they know each other personally and also share some informal interactions. Clear communication between guard and customer before, during, and after the threatening situation is highly appreciated by customers. Non-verbal communication may also be crucial in critical incidents, as illustrated by the above quote.

Service experiences

Customers are not seeking high-quality security at any cost; security should not be over-emphasised, lest it become a value-destroyer for the customer. Customers expect high-quality service, but it seems to be somewhat unclear what that means in the context of security services. For instance, guaranteeing the security of the customer company may require that some incoming visitors be denied entry or asked to leave, which is not good service from their point of view. Friendliness toward arriving visitors, therefore, generally considered a characteristic of quality in all services (Jayawardhena et al., 2007), does not necessarily deliver value for the security customer and may even jeopardise security.

The guarding service is an exceptional form of B-to-B service, given that the service provider spends long periods of time with the customer, on the customer's premises, and has continuous and frequent interactions with various people in the customer's organisation. Following the house rules of the customer organisation is, therefore, particularly important. A theme that permeates all of the narratives is that guards are expected to act and behave in accordance with both the service description and the specific house rules of each customer. Predefined service concepts are expected to adapt to each customer's habits and traditions. These traditions may be communicated clearly in a tangible form or as tacit knowledge. For example, one informant described how a guard had taken an overly aggressive approach to a visitor who had been asked to leave the office. The informant said that *"we usually use a soft tone of voice when asking people to leave, and we are willing to believe that everyone will leave sooner or later if we just wait a while."* In this case, when the visitor fails to leave immediately after the guard asks him to do so, the guard had ends up wrestling with him. The guard's behaviour is, therefore, far from expected and is contrary to the tacit house rules. In this case, it was clear what the guard was expected to do but not how to do it.

In the narratives, flexibility of service procedures appears to be a critical factor, with potential to increase or decrease customer satisfaction. This is illustrated in the second example narrative, wherein the guard refuses to help the customer with a task that falls outside his job description. This was a very typical setting in the study: customers ask guards for help in various tasks, while fully aware that the task in question is not in the service description. The customers either get the guards to help them, which brings contentment and satisfaction, or are refused and end up feeling disappointed and dissatisfied. In situations such as these, the customer sees the guard as in the role of a service-worker, not that of a security officer. It is easy to understand the customer's request for help when we look at guards through the eyes of the customer: If the customer does not fully understand the security approach, passive monitoring and access control may appear ineffective; the customer feels that the guard is merely waiting for something to happen, and if nothing happens, the guard simply continues waiting, which seems not to produce any concrete outcomes for the customer. As the informant in the second sample put it, *"he sat there all day long looking like he was just waiting for the shift to end."* This puts security companies in a difficult position: they can either accept customers' requests and perform tasks beyond the core security service or stick to their core business and refuse requests that fall outside the security domain. Security may be jeopardised with the former, and customer satisfaction with the latter.

From service encounters to service episodes

Customers do not want either high-quality security or high-quality service to be provided at the expense of the other. Customers expect guarding services to include both, without fully understanding what that means and how to achieve both. Brief service encounters represent only a part of the time customers and guards spend together. Three distinctive points of interaction in security-service episodes can be identified:

1. Situations related to anticipating, preventing, dealing with and recovering from security threats (as in the first sample narrative)
2. Situations wherein no threat occurs but other extra services are requested or delivered (as in the second sample narrative)

3. Moments between the two above-mentioned service encounters, when no service is delivered and no threat is involved.

In situations of threat, security is a core outcome of the service. Nevertheless, customer value is created not only in the form of service outcomes (what is delivered) but also in the form of service experiences (how it is delivered). Customer-perceived service experiences also need to be taken into account, therefore, in the development of the security procedures and security encounters. This is a difficult task, because guarding services is a strictly regulated professional service, wherein many traditional good-quality attributes of service (like flexibility, empathy and friendliness) are invalidated and overruled by attributes of security, and vice versa. For example, elements of security, such as proactivity and availability, require that a guard be able to concentrate fully on monitoring and maintaining security at the scene. Any additional service tasks may disrupt these critical tasks.

In situations wherein there is no threat involved but the customer is requesting additional supportive services, the status of guards and their security-related duties are put to the side and the guard may take the role of a service-worker, performing various tasks on behalf of the customer. Customers sometimes ask for this type of additional service to fill the time between security-related tasks, "*as the guards are present anyway*". In these situations, the service experiences of the customers become dominant, and the official status of a guard is not necessary for these services. However, the guard's security competencies, trustworthiness and reliability aid in some tasks that are not strictly in the realm of security and that add extra value for the customer although no threat is involved.

Between actual service encounters, invisible as well as informal and individualistic features of both security and services surface. During these intervals no formal security-related or service-related interactions occur between guards and customers. The guards continue to perform back-office tasks and carry on monitoring the security situation and surroundings while the customer continues his or her own tasks and activities. These intervals present an opportunity for interactions between customer and guard, but the interactions are more informal and personal and are not necessarily work-related. Both service and security elements are present, but only on a non-visual level and beyond the interaction level.

Conclusions

As requested by Wakefield (2003), this study takes account of the customer perspective in the security business. By analysing service encounters, which are the smallest unit in a service relationship (Holmlund, 2004) we are able to evaluate the corresponding actions and processes between provider and customer during service delivery (Payne et al., 2008). In addition, narrative analysis provides not only description of the actions but also the explanation of the underlying patterns that generate these actions (Pentland, 1999).

In security services, the service encounters are exceptionally challenging. In most cases, security guards work in customer's premises, and they are in contact with the customer representatives on a daily basis. Work is independent, and supervisors are not in the close proximity. The situations are characterised by urgency, conflict and even danger, and the focus of work may change from passive monitoring to dangerous action in seconds. Thus, service experiences and security experiences dominate customer-perceived quality in different service encounters and in the intervals between them. This is in line with previous works,

which state that sequential service quality in service encounter chains is dependent on time, context, and performance threshold. Still, it is worth noting that the performance of service quality in one encounter can affect customer-perceived quality in other encounters (Svensson, 2004). A positive service experience in one encounter may increase customer's trust in a guard in other security-related encounters. Furthermore, the present study supports Svensson's conclusion (ibid) that current models of service quality do not adequately capture the essence of service quality in service encounters. In parallel to general determinants of service quality, security as a core outcome of the service became a key determinant of service quality in this study. More context-specific approaches are needed for full capturing of the essence of the service quality in different services.

Methodologically, the framework for service quality, developed in banking sector by Sureshchandar et al (2001) worked well in analysing security guarding encounters. Several points in the both narratives indicate that the factor of human element is especially important in security guarding, but different behaviours are expected in different situations. Other factors, especially service processes (i.e. systematization factor) and used technology (i.e. servicescape factor) became important distinguishing factors between security and service elements: Efficient use of security technology is a prerequisite for high-quality security services, but too much emphasis on technology and equipment may impede the human element and the service experiences. This leads to an argument that oversimplified models can not capture all the aspects of service quality, but the content of the service in question must be acknowledged.

This paper takes the sequential approach of service encounter quality even further in suggesting that the customer receives not only a snapshot (Bitner, 1995) of the guarding service provider's offerings in encounters, but also observes and interacts continuously with the guards in the meanwhile in a more informal manner. It is argued that service episodes do not just consist of consecutive service encounters, but are continuous processes including more active and more passive periods of time. Previous studies have shown, that all the points of consumer-company interaction are critical for sustaining good service quality and customer satisfaction (Pralhad & Ramaswamy, 2004), and customer satisfaction, especially, reflects customer's feelings about several service encounters (Liljander and Strandvik, 1995). Svensson (2004, p. 473 and 474) acknowledges the "multiple interactions of sequential service quality" and "indirect service encounters", but builds his model on consecutive encounters instead of a continuous interactive process.

The study presented here has a number of implications for managers and researchers alike. What this paper adds to the literature is the notion that the time between actual service encounters, the 'free time', also has significance for customer-perceived service quality. In these more passive intervals, the understanding of roles and behaviours, and also the courses of events, are not as collective as during formal and frequent service encounters (Bitner, 1994). In this sense, the intervals deviate from the scripted service behaviour, potentially leading to both positive and negative consequences (Solomon et al., 1985). At best, there is a building of mutual trust and commitment, which are important assets under threatening circumstances. In the end, "the issue is not what kind of an offering the company provides – rather it is what kind of relationship the company is capable of maintaining" (Ravald & Grönroos, 1996, p. 23).

The perspective of uninterrupted provider-customer interaction is a particularly important notion for business-to-business services that are delivered on customer premises daily. As are many other business-to-business services, security

guarding is visible only on an operational level and only to those representatives of customers who have daily contact with a service provider (Holmlund, 2004). With a practice-based approach, this paper has demonstrated what actually happens in and between the service encounters, and how customers perceive the service quality in these situations.

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Title	More value from security Redefining value creation and service provision in security services
Author(s)	Mervi Murtonen, Markus Jähi & Arto Rajala (Eds.)
Abstract	<p>This report is a collection of research papers written in a three-year research project addressing customer value in security services. It consists of 12 individual papers and a summative introduction. In theoretical terms, the aim of the report is to present, analyse, and discuss value creation in business-to-business security services. From a managerial angle, the report aims at understanding of how security-service providers could better meet customers' needs and requirements. The research project behind these papers was designed to explore how customer value is present in current security-service provision. The purposefully selected sample was composed of 10 companies, all of which participated in the research project. Eight of the companies represented security-service providers, while the other two were customer companies, one a large private company and the other a public organisation. In addition to these two customer organisations taking part in the project, 60 other customer companies and dozens of individual end users were interviewed, for a fuller and more coherent picture of customer-perceived value in security services. The primary data collection method was in-depth interviews. Among the other methods used were online surveys, observation of service encounters, and various workshops with the participating companies. All the papers share the same purpose – to present, analyse, and discuss value creation in business-to-business security services – but they differ in the data on which the analysis is based or in the viewpoint, research method, central theme, or research question. As a result, this report proposes a specific frame of reference for understanding the prerequisites for value creation in one particular area of business-to-business services. The summative analysis and interpretation of the papers' key findings were organised in line with that framework, following the structure of a content–process–context model. The conclusions of this report are presented after the main findings of the papers and address the following themes: 1) service-orientation of security companies, 2) value perceptions of customers and security-service providers, and 3) meeting of customers' various security needs. As an outcome of this report, a revised framework is presented, and its implications both for security services and for other business-to-business services are discussed.</p>
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Nimeke	Enemmän arvoa turvallisuuspalveluista Yhteisen arvonnun ja palvelutarjoaman uudelleenmäärittely turvallisuuspalveluissa
Tekijä(t)	Mervi Murtonen, Markus Jähi & Arto Rajala (toim.)
Tiivistelmä	<p>Tähän julkaisuun on koottu ValueSSe-hankkeessa kirjoitetut konferenssiartikkelit ja niiden lisäksi muutama aiemmin julkaisematon hankkeessa tuotettu artikkeli. Julkaisussa tarkastellaan turvallisuuspalveluita asiakasarvon näkökulmasta, mikä erottaa sen selkeästi aiemmista suomalaisista turvallisuuspalveluita käsittelevistä tutkimuksista. Tämä julkaisu on lisäksi asemoitu palvelututkimuksen kenttään, koska siinä keskitytään riskien ja uhkien sijasta turvallisuuteen yritysten hankkimana ulkoistettuna palveluna. Pelkän turvallisuuteen liittyvän arvon sijaan julkaisussa nostetaan esiin erityisesti palveluun liitetyt arvokäsitykset ja yhteisen arvonnun muodostuksen edellytykset asiakkaan ja palveluntuottajan kesken. Julkaisu vastaa muun muassa seuraaviin kysymyksiin: Minkälainen palvelu turvallisuus on? Mitä vaikutuksia turvallisuuspalveluilla on? Mitä hyötyä turvallisuuspalveluista on asiakkaalle? Miten palveluntuottajat ja asiakkaat kokevat turvallisuuspalvelun arvon? ValueSSe-hankkeeseen osallistui kymmenen yritystä, joista kahdeksan edustivat turvallisuuspalvelujen tuottajia ja kaksi asiakkaita. Lisäksi hankkeen aikana haastateltiin 60 muiden asiakasyritysten edustajaa mahdollisimman kattavan kuvan saamiseksi turvallisuuspalvelujen arvonnun muodostuksesta. Hankkeen pääasiallisina tutkimus- ja aineistonkeruumenetelminä käytettiin laadullisia analyysimenetelmiä ja haastatteluja. Lisäksi hankkeessa toteutettiin web-pohjainen kysely ja kerättiin aineistoa havainnoimalla vartijoiden työtä sekä järjestettiin lukuisia työpajoja hankkeeseen osallistuneiden yritysten kanssa. Julkaisun yhteiset tulokset on jäsennetty sisältö-prosessi-konteksti -mallin (content-process-context) mukaan, missä palvelu edustaa sisältöä, arvo prosessia ja turvallisuus kontekstia. Yksittäisten artikkeleiden ja niiden keskinäisen vertailun keskeinen tulos on jäsennetty malli yhteisen arvontuoton edellytyksistä turvallisuuspalveluissa. Mallin avulla havainnollistetaan, miten palvelulähtöisyyttä, yhteistä arvonnun luontia asiakkaan kanssa ja turvallisuuspalvelujen erityispiirteitä korostamalla voidaan uudistaa turvallisuuspalveluita. Julkaisussa pohditaan myös mallin kolmen keskeisen tekijän – turvallisuuden, palvelun ja arvon – rajapintoja ja yhteisvaikutuksia: esimerkiksi sitä, miten korkealaatuista palvelua ja korkealaatuista turvallisuutta voitaisiin tuottaa samanaikaisesti ja miten asiakkaan kokemus palvelusta ja turvallisuudesta voi vaihdella eri palvelutapahtumien välillä.</p>
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More value from security

Redefining value creation and service provision in security services

All business-to-business services have their own, unique characteristics, shaping and shaped by the service content, processes, and context of particular industries. This report highlights the characteristics of private security services in Finland. Theoretically, the aim of the report is to present, analyse, and discuss models of value creation in business-to-business security services. Managerially, the report aims at understanding of how security-service providers could better meet customers' needs and requirements. This report consists of 12 individual papers and a summative introduction. The papers originate in a 3-year research and development project on security services, called ValueSSe, and they were originally published in various conference proceedings and other forums. As a result, this report proposes a framework, which helps security service providers to identify customers' value drivers with greater precision, understand the expected benefits, co-produce the real value, and be able to capture a legitimate share of the value.

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