Security and Private Surveillance - A Good Business in Mexico

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ABSTRACT

There is a terrible crisis faced by public insecurity at "Laja Bajío" region at the State of Guanajuato, Mexico; leading to shutdowns and investment cancellation. Given this scenario, businessmen are in need to hire security service companies to provide them surveillance at their installations. Receiving businessmen whom are not considered to be satisfied with contractors, have been seen short in training to be operative personnel - caretaker, guardian, etc.- and this is not compatible with standardized organizational quality standards, also this create a bad image to corporate visitors, more over projecting further distrust. A study with business users of private services in this area has been carried out, to know the characteristics of a good supplier. It has contrasted with the study to lenders to propose a business model that allows the establishment of a security execution and surveillance service company that meets the requirements and needs of receivers. It is an alternate business and investment. It is an alternate business and investment

Introduction

The State is responsible for the function of public security and the police is an instrument to preserve and maintain it; this task includes the prevention and care of crime and encompasses all the legal, economic, political, administrative and cultural measures that has promoted and protect the right of individuals to their physical and emotional security, as well as property and possession of their property, safeguarding peace and social order.

The Employer Confederation of the Mexican Republic (Coparmex), indicated that in the first quarter of the year there were 852 robberies in trains and roads, an increase of 581%. The theft of goods has been detonated. From January to March 2018 there were 3,357 such robberies, 108% more than in 2016 and 65% more than in 2017 (1).

Celaya’s Township is located in the metropolitan area known as “region Laja-Bajío”, composed of 9 townships (2), which has been experiencing a high and fast industrial development, but this has been accompanied by growing crime wave, which it has led factories and companies to outsource (act of concluding a sub – contracting for certain services) security and safety in their establishments.

Legally, into organizations security and surveillance correspond to themselves, and it is very common to see the goals of access to companies and different businesses types of private police or uniformed personnel, most of the time belonging to the personnel that is not integrated into the organization’s payroll. The first impression and contact corporate image to customers, suppliers, employees, shareholders and the public visitor has taken, in observing in charge of these activities, so the relevance of this security and surveillance intra walls is provided with the highest standards of quality, both of the people whom performs the activity, as well as the administrative and legal aspects which makes up the business of companies providing these services privately.

Initial question is if it is profitable a private security services company as a proactive business alternative and inversion in a context of social inequality crisis and which the indicators requested would be by users of these services in the process of building opportunities and giving virtue spirals for a business activity of such genre. Violence has raised again in Mexico.

A research of mixed type is carried out - quantitative, conclusive, descriptive through the application of a survey and qualitative exploratory, with the application of interviews to managers-. An instrument was developed to investigate the needs, expectations and experiences of the users of this type of services, as well as the general requirements

Public security and public insecurity

First, and derived from its nature, exposes the Center for Economic Studies of the Private Sector (3), that public security must be provided by the government to protect all the citizens equally and ensuring the rule of the law; its existence can build and develop productive activeness of citizens and businesses, promote a proper functioning of society and ensure greater social welfare, Fernandez says (4) that public security is understood

... as a situation in which one is safe from all risks and dangers, security is an aspiration of the human being that leads himself to agree with his fellows the community life, social coexistence, the creation of the township and the State, which through rules of law will provide the members of its population with translatable security as the individual's certainty that his/her person, property and rights are safe from violent and improper attacks.

This phenomenon and its impact on the business sector already present alarming symptoms: it has created a vicious cycle in which a high crime rate discourages investment, it slows economic growth, deepening unemployment and increasing poverty and economic
inequality (3); thus, more crime and violence is generated. To
cite just a few examples of this extreme situation, official data
reveal that over the last five years, the number of people
murdered by organized crime gangs’ amounts to more than
65,000, and more than 23,000 missing persons (5). Similarly,
they are on 430 thousand people who are described
as displaced, as they left their residence, either by threats or
after suffering a violent event which marked their
lives (6). In addition to this, we should not forget the fact
that among the innocent victims, almost 1,000 killed
children (7); and the funny thing is that they are included in
the inventory identified with the reticent term “collateral
damage” (8). You cannot forget other extreme situation is
impunity: 95% of murders go unpunished (9). In order to
lesen this significant fact - as if they had not been the lives
of human beings, who had parents, siblings, children,
souses, co-workers, neighbors, friends - the government
claims that 90% of these crimes are members of the
mafia (10).

Aguilar et al (11), ensure that the criminal activity is
creating a serious distortion in the allocation of resources,
both public and private. The government channels enormous
amounts of money, goods and services to combat crime;
resources that could be allocated to other areas of welfare and
social improvement. In the private sector there is a transfer of
a part of their income and property to those who engage in
illegal activities. This situation forces companies to reduce
their profit margins, which results in having fewer resources
to channel them to productive projects, savings, consumption
of goods and services, reinvestment or job creation.

Along these lines, you can ensure that insecurity has a
negative reflection on corporations and businesses, which
have to spend on the purchase of instruments and devices of
protection and prevention, as well as hiring private security
services and surveillance. But, in addition, companies also
lose economic resources: they make payments for
kidnappings; they suffer theft of goods of all kinds - electrical
appliances, clothes, groceries, machinery, grains.
Underground extortion payment price becomes another “tax”
on the company additional -There is a very high number of
entrepreneurs who has preferred to pay criminals than to the
government, and that itself is very delicate (3). These
damages undoubtedly impact on the finances and the
competitiveness of companies. The economic and social costs
are very high, and, in the end, all Mexicans pay for it.

Do not forget that the economic resources that the
government has to combat crime and violence, together with
the costs incurred by individuals to protect themselves from
the same, represent huge numbers. These quantities, however,
differs according to the source consulted: official sources
claim that 4% of Growth Domestic Products (GDP). In
contrast, dimensionally opposite until 27.7% of GDP,
consider other views as the Institute for Economics and Peace
(IEP), an international organization specializing on security
and economy as a Peace Index Mexico 2013, in which the
impact of violence on the economy is subject to more than 60
indicators, among which are poverty, spending on private
security, policies, corruption, investment in technology and
decline in business due to poor social environment, among
others (12). The Center for Economic Studies of the Private
Sector (CEESP) argued that the cost of insecurity in Mexico
exceeds 15 percent of growth domestic product
(GDP) (13). This equates to 10 thousand and 20 thousand
pesos per year for each Mexican.

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indicators requested would be by users of these services in the
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a business activity of such genre. Violence has gain in
Mexico (14).

In 2014, the national average of crimes amounted to
46,010. The State of Guanajuato registered 94,104 criminal
actions; rambunctious data such incidents and that it puts in
fourth place of violent entities at the national level (15)
Another type of figures, says that by its rate of 20.22 of
crimes per one hundred thousand inhabitants, it places in site
10 of the 32 states (16). Now, from the information contained
by township, it concludes the fact that Celaya is considered as
the most dangerous city in the center of the country (17). Due
to the high crime rate, Celaya could, as a predictable scenario,
lose its privileged position as a commercial center for
excellence of the Laja Bajío region, as an affluent of foreign
investment and as a prominent township in economic and
business development.

**Provision of security service by private law people**

It is well known that in an environment of insecurity it is
difficult to reach quality levels of life of the inhabitants, as
they generate significant public costs that have an impact on
private wealth and the reduction of attention to social needs.

The Inter-American Development Bank (BID) comments
in its document Building Security with Citizenship (18) that
of the main costs of the lack of a Rule of Law result of the
crime and the violence, they emphasize:

The deterioration of the physical capital stock in many
ways, including the destruction of infrastructure such as
roads, bridges, public facilities and electricity generation
plants, usually through vandalism. The negative impact on the
business environment that, by generating uncertainty,
discourages investment and job creation. One particularly
exposed sector is the tourist industry. In addition, to the
extent that private sectors have to target resources for the
protection of their people, investments and assets, productive
resources are lost for investment and additional operating
costs are generated that undermine the country's productive
capacity. The loss of human capital, since crime induces
people to engage in criminal acts rather than socially
productive activities, apart from the loss of human lives for
the crime of homicide. The destruction of social capital made
up of the laws, norms and institutions that make social
organization possible, a necessary factor to improve
efficiency through coordinated actions that contribute to
economic growth, and the generation of a vicious circle in
which a high crime rate discourages investment, slows
economic growth, deepens unemployment and increases
poverty and economic inequality, which in turn leads to more
crime and violence (18).

In the case of proper public services, in some cases their
benefit to individuals is transferred through different
mechanisms among which excels the award, thanks to which
the public service is not outside the scope of the powers
of government, therefore, it does not lose its ownership, so
that the service indirectly through the concessionaire, which
may be a natural or moral person, who will be in charge of
the economic risks of their provision. The concession has
been defined.

The concession is an operation whereby an individual is
responsible for the costs, risks and dangers of the operation of
a public service and, in the case, the execution of public works, thanks to the temporary transfer of rights of the public authority, regulatory way, and thanks to a remuneration that provided for contractually, derived from fees is allowed to go percib service users (19).

Public security is difference of private security, in which the public is a role which belongs to the State, and which is financed by the revenue that makes up the public treasury, composed mainly of the taxes paid by the inhabitants; the private is contracted individually by each person who wishes to be protected and paid with their own property. The private security is the set of goods and services provided by private entities, to protect their customer’s crimes, damages and risks (20).

In a broader definition, it is understood as private security to all goods and services offered by private individuals and legal people, to protect their clients - and their assets and assets - of damages and risks, to assist them in the event of crimes, casualties or disasters, and to collaborate in the investigation of crimes that involve them. Clients can be physical or moral people, public or private. Private Security usually works in an auxiliary and complementary way to the Public Security, and requires previous authorization, license or permission issued by the competent authorities.

A service delivery is known as an industry of private security and is understood as a set of individual effectors and organizational providing security services, monitoring, protection, investigations, cash transportation, electronics and many other related individuals, companies, institutions, government departments and other applicants. Industry Private Security has earned a place of both economic importance, because of its size and growth rate, as having become one of the main creators of formal employment, and its substantial contribution to improving the overall situation of Community security (20).

The Private security is that provided by security services companies in order to protect the set of goods and rights for which they have been contracted. These protected interests are usually private in nature: buildings, warehouses, homes, land, etc. The services usually carried out in private security are: the protection of goods and real estate, as well as of its occupants and the control of access to them - they perform their Security guards:; research related to the private interests of individuals or companies - which are carried out by the private detectives; the protection of people -bodyguards:; or the installation and operation of systems that protects such interests as alarm systems or surveillance systems. For the provision of these services it is usually necessary that the local authorities grant the corresponding licenses to the companies which provides them and their workers. It is also possible for the State to pay for the services of these companies as a complement to the activities carried out by public agencies and officials to safeguard the citizen security (20).

**Legal Framework of Private Security**

Private security has existed in the world for a long time; however, since the 1980s, it has experienced exponential growth, filling the gaps that traditional police forces cannot cover in an environment increasingly complex in which the life, integrity and property of citizens are exposed to an increasing number of threats (21)

This situation has been favorable in the country for the multiplication of surveillance and private security companies that provides their services in residential divisions, clinics, office buildings and offices, private schools, party halls, bars and restaurants, malls, shops department stores, distribution centers, parking lots, and even small businesses with the possibility of paying for them.

This requires an adequate regulation of the State in order to have a control of companies that offers private security services in order to give certainty to those who contract them, and to society in general that they operate within a framework of legality.

In Mexico, every month an average security companies in the country often appear and disappear, because they do not meet quality standards, or they are outside the law. The private security market from 2006 to 2010 represents 28 million a year with profits of 1% of growth domestic product is 8,000 million pesos (22).

The annual direct cost of businesses and individuals estimated in security increased from 13 billion to 18 billion pesos in the last three years, and that cost represents 38.5% more, not including expenses associated with the impact of insecurity, such as insurance or property damage suffered by persons or companies and loss of goods (22).

Balthazar (23), wrote an article for Expansion Magazine, entitled "Lawless Cure", which indicates that private security is growing 20% annually since 2008. There are more than 8,000 companies, but 75% operate erratically and in Mexico, the market value of private security grew 120% from 2007 to 2012.

In the federal sphere there is a law and a regulation that regulate the formation and operation of the companies providing the private security services. The highlights of the Federal Law on Private Security (24) they are enunciated

**Article 2-** For the purposes of this law, the following definitions shall apply:

I. Private Security. - activity by individuals authorized by the competent authority in order to carry out actions related to security protection, surveillance, custody of people, information, real estate, furniture or securities, including his transfer; installation, operation of security systems and equipment; provide data for the investigation of crimes and support in case of casualties or disasters, in their capacity as auxiliaries to the Public Security function.

Article 3- The application, interpretation and effects, in the administrative area of the present Law, corresponds to the Federal Executive, through the Secretariat and has the following aims:

I. The regulation and registration of service providers in order to prevent the commission of crimes;

II. The regulation and registration of the operational personnel, in order to prevent people who are not legally apt to provide private security services;

Article 5 - The Secretariat, through the General Directorate, shall have the following powers in matters of private security:

I. To issue the authorization to provide private security services in two or more states and, where appropriate, revalidate, revoke, modify or suspend such authorization under the terms provided in this Law and its Regulations;

**Business Perception in Celaya**

A quantitative investigation was carried out with the local entrepreneurs on the perception of public security in general and of private security. It has a 95% confidence level and an estimation error of 5%. An infinite population formula was used as described in figure 1.
In which
S = Sigma level
n = Minimum sample size
p = Probability in favor
q = Probability against
e = Estimation error

According to the calculation of the minimum sample size, 385 surveys were carried out.

Universe: arose in the metropolitan Celaya’s area, it’s considering its township with more industrial development of Laja-Bajío region. Fieldwork: the surveys arose for 3 months, November and December 2015 and January 2016; the information was obtained in a random manner supported by a business database, as well as the support of students of the university social service.

The research has the following distribution in the size of the enterprise: 40.05% of companies represent the microenterprise, 38.24% of the small business, the median 14.73% and 6.98% business to the large enterprise; percent’s very consistent with the national distribution of company size.

**Results**

Crime and insecurity, with 40.51% and 34.36% respectively, are the elements that the entrepreneurs perceive as the most harmful in the development of their companies. 65.63% of the companies have suffered some kind of crime. The crime that most businessmen suffers is the robbery and / or assault of goods or money with 54.23%, followed by extortion with 24.62%, third the total or partial theft of vehicles with 8.85%. As a result of insecurity 51.59% of entrepreneurs have had to make investments or expenses in the security of their companies, 36.75% of entrepreneurs whom invests in security spend between 6 and 10% of their income, 26.81% spend between 1 and 5%.

In the public area security, the army has 38.25% of the confidence of the entrepreneurs to perform this function, followed by the Federal Police 20.18%, the municipal police account for 13.55%. 62.80% reports the crimes they have been subjected to, 36.29% expect punishment of those responsible, 18.95% expects to recover what was lost and 14.11% denounces for the collection of information to facilitate decision making, as well as a specific guide to efficiently channel available resources.

As it can be seen in the results, the security conditions are not at all flattering, but they are very worrying; also highlighted the need for a change in government strategy. For entrepreneurs it is essential to redouble their efforts in their own security, making more pertinent the contracting of some private security and surveillance service.

**Company providing Professional Services Security and surveillance. Model proposed**

An instrument was developed to interview 6 providers entrepreneurs private security service and meet your ideal company. The Municipal Register of providers of private security services recorded a total of 14 companies. The interviewees agreed on the need to have a business plan as a tool which allows the entrepreneur to carry out a planning process that contributes to selecting the right path for the achievement of goals and objectives. The business plan is a way to come true to those ideas; it is a way of putting ideas in writing, in black and white, in a formal and structured way, so it becomes a guide to the daily activity of the entrepreneur (25). Entrepreneurs recommend that the business plan addresses the movements for the conception and development of the project, specific goals, an organized collection of information to facilitate decision making, as well as a specific guide to efficiently channel available resources.

With these ideas, here is a proposal for a model for the start-up of a company providing private security and surveillance services, with the pretension that the company providing professional services of surveillance and security is not only seen as a need for users, it has to be seen as a strategy peer and as a contribution to development and growth.

The model -in space- obvious outlines the legal aspects of its constitution, the administrative aspects for operations, but mainly the characteristics of customer satisfaction needs to be taken into account to provide a quality service that meets or exceeds customer requirements.

The entrepreneur interviewed agreed that they do not have an efficient administrative structure, they emphasize that their services are contracted due to society requires it; they know that clients seem them as moderately professional or not at all professional, that contracted services and staff give poor image to users, they do not inspire confidence and above all do not adapt to the quality conditions in the services that the clients intend to receive.

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**Table 1. Calculation of sample size.**

| Confidence 95.0% |  
|------------------|------------------|
| **σ** | 1.96 |
| **p** | 0.50 |
| **q** | 0.50 |
| **e** | 5.0% |

If you don’t know the universe of N
\[ n = \frac{N \cdot e^2}{p(1-p)} \]

n = 384.15

Where:
- **N** is the universe
- **e** is the estimation error
- **p** is the probability in favor
- **q** is the probability against

For

\[ \sigma = \sqrt{\frac{p(1-p)}{N}} \]

\[ \sigma = \sqrt{\frac{0.50(1-0.50)}{384.15}} \]

\[ \sigma = 0.029 \]

The idea of this model is that who pretends to establish a company that provides security services and surveillance do so with the firm intention to act with high standards of performance, expressing its intention to contribute to the productive development of its customers, who sees himself as
a strategic partner for its customers, to be able to offer a competitive advantage for its customers. The model includes a total of seven steps shown in Figure 2.

Figure 2. Model company that provides private security services.
Source: Prepared with research data

Generally, who undertake a business often thinks that legal aspects are secondary and that it is better to leave it for later, when the business is established; at a wrong posture, because is not addressed these issues since the beginning and it can compromise the viability and future of the company (26). There are many activities that require government approvals, such as financial, labor intermediation, health, telecommunications and transportation. You had better to be sure about this before you start and have to make adjustments along the way, which can be expensive or causes to the company is not viable and even lead to mortality, lack of legal provision, and even more so qualified the security and surveillance services.

The administrative structure is a formal scheme which actually represents relations, communications, decision processes and procedures that lead to a set of individuals, units, material factors and functions aimed at achieving certain objectives (27). Briefly, the administrative structure of the organization reflects a dual purpose: a division of labor, I mean, different activities that must be carried out in order to achieve the goals proposed by the organization. For purposes of the proposed model administrative structure must be very efficient and therefore very small, as they say in the business jargon "a flat organization"; as to serve other staff should be the minimum necessary, as shown in the flowchart (Figure 3).

Figure 3. Flowchart business model proposed.
Source: Prepared with research data

The basic services offered will be the security monitoring site, but according to the needs of customers this service can be mobile, for example: providing security in transport, handling documentation, or any other that the client needs. They should create indexes of skill to be established by the relevant areas in order to measure performance internally. Indices relate to own skill at all times with skill indices customers because another offer is the compatibility of the service with quality management systems of customers (Figure 3).

In the area of competitiveness, in order to improve and perfect the service compared to others, it requires the establishment of a constant monitoring of competitors and suppliers to identify and even anticipate the new market conditions. Establish strategies to become a leader and role model Company by the offered market is what is called competitive advantage.

Imperative that facilities are suitable especially for a company that provides security services and surveillance. It must have well defined areas: administration, training, training, communication, dining room, showers, sports areas, recreation areas, warehouse, and operations command center. Each of the different areas must meet all security requirements and optimal hygiene, for use, in order to ensure proper integration of staff.

Limitations
Throughout the uprising it was available to respondents or interviewed entrepreneurs, complicating a little getting results. In the quantitative survey, given the number of companies surveyed obstacles such as transport pollsters’ schedules of the instrument, the acceptance of entrepreneurs to respond mainly found. In the qualitative part was detected in service providers entrepreneurs security and surveillance, refusal to answer the interview, they felt it was for the establishment of a company to compete with them. Only a 6 of 14 companies providing private security and surveillance. They were able to interview their managers.

Conclusions
Celaya’s situation in public insecurity is delicate and requires immediate attention and integral. It is imperative to implement innovative plans, policies, programs and public, private and social preventive actions to reverse the criminal phenomenon.

While it is true that Celaya and Laja-Bajio region are reaching large companies and investments, it should not be ignored the high crime rates, because some people are not affected; usually settle in the area by cheap labor, abundant natural resources, tax liens, as well as the support in the pre-operational management, infrastructure, subsidies, government stimuli they receive-and that entrepreneurs and investors are not provided national.-

For the native entrepreneur, it is vital to have a conducive business environment. The criminal phenomenon does influence the process of making business decisions spending and investment, and that employers must allocate resources to protect their assets and interests, which require companies to spend more and more on security services and surveillance.

The companies are providing private security and surveillance services ensure your success when it meets the recommendations proposed by the model indicated here.

Recall that the company providing security services and surveillance should become a strategic partner that contributes to the employer in their organizational goals that the image that this is not that of the service company, but of the contracting company should be a kind of mimicry for the service company security and surveillance is not seen as an external company, which is identified as one company.

World-class companies are not only larger national or global presence; world-class companies are operating with high standards of service with the attitude of serving and constantly improve. Mentality to be permeated society in general.