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Assessing the Core Criteria for Optimal Regulation of the Private SECURITY Industry in Republic of KOREA

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Abstract

International survey of the private security industry has rejuvenated interest in its study, in what has been a period of intensive growth internationally over several decades. Regulatory survey and analyses have been conventionally confined to Australia, Britain and North America, while developments in other world regions remain unassessed. This article is intended to inform and document the the recurring issues and challenges associated with the security industry in Republic of Korea. This article examines growth and diversification; regulation focusing on oversight practices; and offers a critique of the industry, as well as discussions on areas of possible improvement in regulation. The findings suggest that, although sustained intensive growth is evident, such growth has not been representative of a comprehensive scheme, and as such partial coverage of security tasks, minimal underwriting of competency standards, and insufficient attention paid to proactive monitoring and support remain ongoing issues.

In light of the challenges outlined above, this article has discussed the range of strategies that could be pursued to complement a more comprehensive set of reforms, thereby optimizing the overall system. The major recommendation centers around three discussion areas. First, there appears to be a case for the policymakers to spread the legislative umbrella to embrace greater coverage of security tasks beyond the basic categories of static/armed guarding, close protection, cash-in-transit and alarm service, so that entry into the industry is controlled and monitored. Second, training has conventionally given a low priority due to ground that a two-year compulsory military service experience is adequate. Such assumption has resulted in a situation where the competency requirement is being avoided or neglected. Concurrently, there appears to be a case for the regulators and industry associations to engage in developing certified standards aimed at raising the bar of professionalism. Third, regulators should take advantage of cost-effective advances in monitoring programs in order to address the complexity of crime problems and benefit the industry in general.

[Keywords] Republic of Korea, Private Security, Regulation, Training, Industry Management

1. Introduction

Scholarship on crisis prevention and community safety has tended to draw attention to the role of law enforcement[1]. The importance and functions of non-state bodies seem to have taken a rear-seat and long been disregarded, probably the consequence of distrust of private actors' genuine capacity to

root out misconduct and malpractice. Back in the early 1990s, Hertig distinguished the private sector security with the notion of the 'invisible empire of the criminal justice system'; the industry in general was perceived insignificant and vastly unacknowledged in mainstream research and review.

Over the past two decades then, the private security industry, once taken collectively as watchmen, inquiry agents or private guards, has successfully penetrated the public security domains, including at airports, seaports, mass transits, critical infrastructures and national landmarks. While the the industry's expanded presence in day-to-day order maintenance operations was earlier referred to as a 'quiet revolution' by Shearing and Stenning[2], it has now become increasingly difficult to envisage circumstances without the private security presence being engaged in safeguarding arrangements, whether for 'safeguarding of mega sporting events and mass gatherings', 'security screening of aviation sites' or 'border patrolling of drug smugglers and weapon traffickers'[3]. Security personnel in major cities are often first responders in case of security crisis or other emergencies, and the increasing

presence of commercial security providers in communities considered to have made a major contribution to tackling crime through deterrence activities[4].

2. Preceding Researches

As the role of the industry continually expands and diversifies, the solid growth in size of security has been widely documented. While the dynamics of this development have initially stirred interest amongst academia in Australia, Great Britain and North America, available reports indicate that Republic of Korea has experienced dynamic growth since the 1960s, which is similar to that of western counterparts[5]. Despite this, to date, the number of Republic of Korea-specific private security industry regulatory studies published in English-language journals remains relatively few, as outlined in <Table 1> below.

Table 1. Preceding researches.

Researcher	Main content
Lee (1995)	A pioneering work on the growth determinants of for-profit security in Republic of Korea, surveying the main drivers of regulatory reform initiatives and identifying the central challenges associated with the proper management of industry growth; that is, a trend towards monopolistic market structure and the widening revenue gap between the conglomerate companies and the regional security firms[6].
Lee (2004)	Surveyed the key turning point events and the prevailing political climate that was critical for the expansion of compulsory licensing requirements in the parameters of probity, competency and compliance checks, with comparisons drawn with the North American reform experience[7].
Button & Park & Lee (2006)	Priority areas which remain pending are identified since the inception of the Security Industry Act 2001, with a major focus being on licensing of unregulated grey sector of the industry, notably private investigation services, and improving competency assurance requirements that include managers and owners[8].
Button & Park (2009)	Interview of in-service operatives found that an insufficient level of access was provided to attain know-hows in the core subject areas of knowledge of law and legal powers, and that more prompt intervention was of great interest[9].
Lee (2014)	The issue of regulatory challenges was linked to factors including allegation of misconduct and incompetency of security officers, the use of casuals and inexperienced personnel, poor training, and misleading advertising of security services[10].
Kim (2015)	The lagging issues surrounding the licensing regime are surveyed and discussed; that is, the need for a more proactive approach to monitoring and regulating the burgeoning security industry and move away from a reactive approach in a form of ad hoc legislation and patchy amendment regulation that applied to specific provisions[11].

This article extends these earlier studies by tying together the documented changes and discussing the subject of regulatory optimization. Overall, this article is constructed around five discussion points: 1) explanations about the growth determinants of the security industry; 2) coverage lapses; 3) recurring conduct problems associated with the industry; 4) gaps in the training scheme; and 5) recommendations for optimal regulation. The following brief overview maps out current demographics of Republic of Korea and growth profile of the industry, which are pertinent to the understanding of the range of regulatory issues to be explored in this article.

3. Developmental Theory of Private Security Service

Republic of Korea (38,691 square miles) is roughly the size of England (77 per cent) or about one fourth the size of Japan. The gross domestic product (GDP) in Republic of Korea, as reported by the World Bank (2016), averaged around US\$1,700 in 1960, and has since increased to \$28,000 range, placing the country 29th (among 175 countries and territories) on this indicator. The private sector security in Republic of Korea has experienced a similar growth curve over the period 1970–2016, advancing from less than 800 personnel to an

industry of more than 150,000 registered personnel and 4,500 firms, compared with about 114,000 police. Two decades earlier, in 2000, police numbers outstripped that of security.

The demand for for-profit security in Republic of Korea is driven by needs similar to that of most commercial states. For example, security staff are a necessity to keep premises safe and provide cash carrying services. Security solutions are also extensively implemented at the manufacturing facilities, where the bulk of valuables are handled through specialist services. Round-the-clock checks, monitoring of CCTV systems and responding to unverified alarms are time consuming, and not always a good strategic use of highly-trained police resources. That being said, explanations about the growth determinants of the commercial security have included the following sets of theories that reveal different reasons for the rise in non-state policing (see <Table 2>).

In sum, the trend towards a two-tier or hybrid forms of policing has been boosted by the comparative cost advantage of private security over the police. That is, a labour cost gap. The added value of mobilizing the private sector capacity also lies in its specialization. The private security industry consists of diverse divisions catering to a wide base of clientele.

Table 2. Developmental theory of private security service.

Researcher	Theory
Shearing, Stenning (1981)	Emergence of mass private property.
Shearing, Stenning (1983)	A paradigm shift away from the dependence on the state police to alternative 'self-help' solution.
Jones, Newburn (1998)	The loss of secondary social controls delivered through a community safety net.
von Hirsch, Shearing (2000)	Resurgence of exclusionary communal spaces, such as gated and walled communities.
Brantingham (2000)	The spread of knowledge about situational or opportunity reduction approaches to crime prevention.
Wilson, Sutton (2003)	Cost-effective innovations in security technology.
Prenzler, Sarre (2008)	The post 9/11 counter-terrorism agenda.
van Dijk (2012)	Responsive securitization.

4. Current State of Private Security Service in Republic of Korea: License Category

As the role of the industry continually expands, on a par with the availability and affordability of new technologies, the diversification of the industry has been widely documented[12]. In many parts of Western Europe, the range of regulated activities is recognized across nine service areas, providing 'nearly complete coverage' of all major license categories, including, for example, security consultant, security seller, electronic equipment specialist, security trainer and master license holder[13].

Nevertheless, such more sophisticated aspect of private security is less apparent in Republic of Korea in that the licensing framework do not extend beyond the five occupational domains. These encompass categories of: static guarding, close protection and bodyguarding, alarm and monitoring, cash-in-transit, and national facilities protection(i.e. armed guarding: exclusively operates around certain infrastructures as determined by the chief executive).

Moreover, in Republic of Korea, the types of activities undertaken by security are predominantly concentrated in the labor-intensive manpower area of static guarding(over 80%), ranging from basic facilities maintenance to other miscellaneous manual tasks without a sharp security focus. That being said, capital-intensive and lucrative technical security systems side of industry are dominated by the 'Big Three' conglomerates, namely S-1, ADT Caps, and KT Telecop, with a combined market share of over 85 percent.

5. Industry Risk Profile in Republic of Korea

While private security sector has grown to become US\$2.7 billion industry in Republic of Korea, there remains cynicism about the management of growth, notably the trends of aggressive 'cut-price' competition and monopolistic market structure that has coin-

ceded with poor service standards and scandalous events associated with security providers.

As recently as January 2013, over 500 security firms found to be non-compliant to licensing conditions. The adverse publicity surrounding the industry scandal concerned the recurrent nature of misconducts, outstandingly 'assaults', 'manipulation of compulsory pre-entry, on-the-job and follow-up training requirements', 'the use of casuals, non-licensed and inexperienced security personnel', 'carrying out security tasks whilst out-of-uniform', 'illegal third-party subcontracting practices', 'fraudulent misrepresentation of managers, owners and partners of security organizations' and 'breach of disqualification order(i.e. continued operation in the industry after having its trade license revoked)'[14].

A year later, in 2014, a major scam was further uncovered within S-1 and ADT Caps, the top two leading security service providers in Republic of Korea. It was revealed that, to boost margins, these companies participated in anticompetitive business practices, via price-fixing and market division schemes that lasted for a decade[15]. The exposé – described as the 'tip of the iceberg' – aroused much negative scrutiny over the recurrent nature of malpractice and adequacy of regulatory system in place. Given the significance of the functions in which the industry is involved, further regulatory refinements are warranted to ensure a proper level of professional integrity and competency in the industry.

6. Issues in Competency Requirements

Conventionally, in Republic of Korea, there had been little in the way of government-sponsored initiative other than prescribing minimum standards of training. Currently, new entrants obtaining a guarding permit are trained in law, public relations, crime prevention, workplace safety procedures, self-defense, emergency preparedness, fire safety, crowd conflict resolution techniques and first aid. In contrast, the standards set in some European countries are such that training in alarm and CCTV monitoring alone carry up to

70 hours of rigorous training. Concurrently, there appears to be a case for the Republic of Korean policymakers to engage in promoting common core standards across the industry, with the centralized licensing authority guiding learning hours, curriculum contents, and assessment procedures.

In the UK, the stand-alone regulator for the private security industry – the Security Industry Authority(SIA) – initially oversee the entry-level vocational education and training programs that are designed to address core content areas. Thereafter, specialist training and managerial-level officer training programs are managed by accredited awarding organizations, alongside the higher education institutions(e.g. college). The main rationale is to ensure sufficient level of knowledge in the core subject areas of ‘knowledge of law, legal powers and responsibilities, and specific requirements of regulation’. This model, a multi-layered approach to training, appears to be optimal, in terms of the extent to which the competency pathways are consistently covered.

The UK training regime can serve as the appropriate model template for the Republic of Korean policymakers in establishing a competency framework. Nonetheless, administration of the UK regime was accused of alleged shortcomings, notably lapse in the examination system with the SIA permitting training organizations to run their own assessment program. Such shortcoming can be taken into account during future consideration in developing add-on arrangements best suited to the Republic of Korean setting.

7. Conclusion

7.1. Comprehensive licensing

Internationally, the modern security industry has grown to become more sophisticated and multi-task capable industry, to the point that private sector operators are assuming roles conventionally assigned to the state. Nevertheless, there is limited evidence of such an active engagement in Republic of Korea due to the inadequacies in existing li-

ensing arrangements. To date, private investigation services remain prohibited, rather than professionalized and fly-by-night operators dictates the sector with little thought given to the best interests of the community. Ideally, licensing should be comprehensive, covering all relevant occupational and operational aspects of security work across the industry.

7.2. Compulsory training

A Comprehensive training of security tasks is of a strategic imperative. Security providers serve the majority of shopping complexes, business precincts, key installations, tourist attractions, and mass gatherings and events - all known to be terrorist targets. This also means that security providers may be the first to detect and respond to adverse events. That said, in major cities security personnel should be promoted to the role of first responders with longer training periods with a wider curriculum, in the aspects of legal rights, statutory obligations and ethics, as well as competency in paramedics which is essential for the safety of public and security providers themselves.

7.3. Continuous monitoring

The benefit of intervention to the industry should be sufficient to raise standards to a level of attaining the primary goal, which is, developing the industry as appropriate partners for the police. From a reading of the available sources, it appears that in many countries the preferred approach to monitoring this burgeoning industry has been wider application of real-time crime/incident log checking, backed up by the Automated Fingerprint Identification System and a central vetting repository where the real-time records of license holders and applicants are centrally stored and disseminated. These initiatives are linked to consolidating the variety of vetting tasks that are carried out by often short-handed regional agencies. Simultaneously, the monitoring approach in Republic of Korea should be ‘information-driven’ and emphasizes on developing ‘measurable outcomes’.

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