

REPORT ON ARMENIA'S PRIVATE SECURITY SECTOR

An Outline of the Industry's Activities, Review of Current Oversight Mechanisms and Analysis of International Regulation Good Practices

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List of Acronyms

PSCs: Private Security Companies

PMCs: Private Military Companies

PSPS: Police State Protective Service

SIA: Security Industry Authority

CPOs: Close Protection Operators

Table of Contents

List of Acronyms.....	2
Chapter One	
1. Introduction.....	4
Chapter Two	
2. Methodological Framework.....	7
Chapter Three	
3. Armenia PSC Country Profile.....	9
3.1 Background and PSC Activities.....	9
3.2 Contemporary Security Threats.....	10
3.3 Use of Force, Firearms and Search and Detention Powers.....	11
3.4 Affiliations between PSCs and Other Sector.....	12
3.5 Regulation, Conduct and Oversight	12
3.6 Professionalism and training	13
3.7 Future Outlook on PSC Activities.....	14
Chapter Four	
4. Review of PSC Comments on the Draft Law on Guard Activity.....	15
Chapter Five	
5. Regulation Models based on International Good Practice.....	17
Chapter Six	
6. Conclusion and Recommendations.....	24
Bibliography.....	27

1. Introduction

Private Security Companies (PSCs) have become an established industry throughout the world. In some countries such as Russia, the US, the UK, Germany, Israel, South Africa and the Philippines, the number of domestic PSC employees and the size of PSC budgets exceed that of the state security apparatus.¹ While their activities can make a useful contribution to ensuring security, the work of PSCs is often not subject to sufficient public oversight and control. This is of particular concern as the paid services they provide to private clients have traditionally been within the exclusive domain of the state law enforcement agencies. These include the provision of emergency rapid response, close protection, cargo and static security services to embassies, international organisations, businesses and local governmental institutions.

Economic liberalisation, particularly in Europe and North America, has resulted in the downsizing of the public sector and the transfer of responsibility for public safety to PSCs. The main advantage of this transfer, it has been argued, is a reduction in the workload of public law enforcement agencies which can instead concentrate on their core functions, namely crime prevention and law enforcement.² The disadvantage of this downsizing is, however, that security will increasingly be provided only to those who can afford it as PSCs are first and foremost commercial entities. Adherents of the view that the state must guarantee the safety of all its citizens on an equal basis and regardless of their socio-economic status should therefore be made aware of the inherent unfairness resulting from the downsizing of the public sector.

The roles PSCs have taken on combined with insufficient regulation of their activities in numerous jurisdictions amounts to a failure by the state to exercise its monopoly on the use of force. Therefore, the aim should be to subject the private security sector to democratic civilian control in order to prevent it from abusing its powers and to protect human rights.

In Armenia, some of the risks associated with PSC activity in theory have become reality. Although, compared to the public law enforcement bodies the registered private security sector is small in terms of personnel and budget, **neither** legal regulation **nor** effective oversight of PSC conduct and/or misconduct exists.

Numerous violations of human rights and existing Republic of Armenia (RA) laws have occurred in recent years and are attributable to both PSCs and privately contracted bodyguards.³ The inherent risks associated with this industry have already been recognized by

¹ South Eastern Europe Clearinghouse for the Control of Small Arms and Light Weapons (SEESAC). (August 2005). "SALW and Private Security Companies in South Eastern Europe: A Cause or Effect of Insecurity?" Available online: http://www.saferworld.org.uk/images/pubdocs/SALW_and_PSCs.pdf (last accessed 10/07/2009), p.1

² Ibid, p.2.

³ Although not explicitly stated in the first article, we learned from one PSC that it was their guard who beat the journalist. See:

Smbatyan, Hasmik. (13 March 2009). "Armenian Photojournalist severely beaten in university dispute." RFE/RL. Available online: http://www.rferl.org/content/Armenian_Photojournalist_Severely_Beaten_In_University_Dispute/1509708.html (last accessed 20/05/2009). AND:

Now Public. (24 August 2007). "Bodyguards fight in Yerevan." Available online: <http://www.nowpublic.com/bodyguards-fight-yerevan>. (last accessed 20/05/2009). AND:

Hovannisian, Irina. (22 April 2009). "Bodyguards of Armenian MPs Held over Traffic Offense." Available at: <http://www.armenialiberty.org/content/article/1613921.html>. (last accessed 26/5/2009).

the RA National Assembly which prepared two draft laws on private guard activity in 2007 and 2009.

Therefore, the aim of this report is to produce a comprehensive study on PSCs in Armenia that could be used as an initial guide by the responsible body, the RA Parliamentary Committee on Defence, National Security and Internal Affairs, to carry out more detailed research for an eventual adoption of a law that will regulate PSC activities in this country.

It is important to state from the outset that this study is the first of its kind conducted in Armenia and that its focus is therefore on answering basic research questions, such as:

- What are the roles and tasks of PSCs in practice?
- What oversight mechanisms exist already?
- What are the entrance requirements?
- What weapons can PSCs use legally?
- What level of training do they receive?
- Do they have search and seizure powers?
- Are there links between PSCs, the state security apparatus and/or organised crime?
- Does the current draft law adequately mirror the needs and peculiarities of the entire industry?
- What regulatory frameworks exist internationally?
- Is the extraction and implementation of some/all of their features feasible in the Armenian context?

Before an analysis of the country's private security sector can take place it is necessary to define the term *Private Security Company*. Previous academic research on this subject divides non-state security actors into two categories: *private military* and *private security* companies. There are numerous differing definitions for both terms in the academic literature but for this research the following differentiations will suffice. The former can be described as "businesses that offer specialised services related to war and conflict, including combat operations, strategic planning, intelligence collection, operational and logistic support, training, procurement and maintenance".⁴ The latter, highlighting the policing aspect of such companies can be defined as *commercial entities which provide security services essentially of a policing nature to private and governmental clients with the aim of making a profit*.

No registered private military companies (PMCs) exist in Armenia. Therefore, this report focuses exclusively on registered PSCs. Numerous operate in this country providing either physical, technical protection or both. Manned *static and patrol security, rapid response, close protection services* and *cargo security escort* will be classified as physical protection while technical protection involves the installation of security hard- and software, e.g. cameras and electronic alarm systems. The manned physical component of security is of main interest in this study and will therefore be covered exclusively.

This report is divided into six chapters and organised in the following way. While the next chapter explains the research methodology, chapter three establishes an Armenia PSC country profile. Chapter four and five form the legal part of this study. The former critically reviews the comments on the latest version of the draft Law on Guard Activity submitted by PSCs and the latter analyses the advantages and disadvantages of the main regulatory frameworks that

⁴ Buzatu, Anne-Marie. (30 September 2008). "European Practices of Regulation of PMSCs and Recommendations for Regulation of PMSCs through International Legal Instruments." The Geneva Centre for the Democratic Control of Armed Forces (DCAF). Available Online: http://www.unwg.rapn.ru/en/analytics/Expert_Paper_-_Buzatu_Regulatory_Approaches_to_PMSC2.pdf (last accessed 8/9/2009), p. 10

exist internationally. The report concludes with a list of recommendations to the Parliamentary Committee, PSCs and the OSCE Office in Yerevan which, if implemented, could contribute to an increase in the level of democratic oversight of the private security industry in Armenia.

2. Methodological Framework

The lack of any regulation for Armenia's private security industry hampers efficient state oversight of this sector. Providing the RA Parliamentary Committee on Defence, National Security and Internal Affairs with relevant data and analysis is therefore a justified and important step forward. To this extent, a PSC country profile has been established, existing legal problems related to the draft Law on Guard Activity have been reviewed and a critical analysis of regulation models has been carried out. Final recommendations are offered to the Committee which could serve as an initial guide for the development of a domestically appropriate regulation system.

Research Methodology

Information for the private security sector country profile was collected through the analysis of responses to questionnaires that were distributed to eight out of ten registered PSCs which provide physical security services and to a senior officer of the RA police State Protective Service. The questionnaires contained general questions on the roles and tasks of PSCs in Armenia, the use of firearms, entrance and training requirements, search and seizure powers, oversight mechanisms and links with other sectors (e.g. state security services, political parties, organized crime).

The Armenian business directory (accessible at www.spyur.am) provided the necessary contact details for all registered PSCs in this field. While developing the research survey, the SEESAC organization's 2005 report, "SALW and Private Security Companies in South Eastern Europe: A Cause or Effect of Insecurity?" was consulted and its questionnaire used with appropriate amendments. Follow-up interviews were conducted and/or requests for further information sent out to individual PSCs where the submitted questionnaire responses needed clarification. Where available, PSC websites were scanned to retrieve additional material.

The critical review of the latest version of the *RA Draft Law on Guard Activity* is based on a comparative analysis of written comments submitted by three PSCs. Copies of the revised draft law were provided to PSCs together with the research questionnaires. All interviewed PSCs are dissatisfied with the content and formulation of at least some parts within the draft law. Therefore, a comparison of their comments with the latest draft version is justified to expose potential weaknesses therein.

Regulation models used internationally such as industry self-regulation, government regulation and hybrid regulation (i.e. shared government-industry regulation) were critically analyzed to identify which mechanism is most successful in ensuring oversight of PSCs. None of these methods on their own work perfectly. Only in unison they can help to coherently regulate the private security sector. Research findings are based on articles from relevant academic journals such as the *European Journal on Criminal Policy and Research*, the *European Journal of Criminology* as well as reports from the *Council of Europe's European Committee on Crime Problems*, the *Geneva Centre for the Democratic Control of Armed Forces (DCAF)*, the *International Institute for Strategic Studies* and NGOs working in security sector reform. Additionally, the websites of the *British Security Industry Authority* was consulted. As less information on the regulation of PSCs exists than on PMCs, ideas for oversight of the latter sector as well as of unrelated industries were considered in this study where appropriate.

Shortcomings of the Study

The limitations of this research design are related to the survey sample. Out of eight PSCs asked to complete the research questionnaire and provide an evaluation of the draft law, eight submitted the questionnaire but only three the evaluation. The quality of questionnaire responses in terms of scope and detail also varied substantially which further reduced the number of useable surveys to three. This can be explained by the reluctance of primarily smaller PSCs to part with information that concerns both their own operations and the industry in general, and occurred despite repeated assurances by the research team that all information submitted would be published without reference to them.

Therefore, the bulk of information provided in the PSC Armenia country profile is based on the responses of three companies. Valuable other details may remain hidden due to the small number of usable replies. Nevertheless, the overall information obtained can still serve as a good indicator of the registered industry's current setup in both Yerevan and the regions. This is because a) the three PSCs in question are the industry's leaders in terms of resources, clients and personnel and b) all eight interviewed companies out of a total of ten providing physical security in Armenia confirmed that they alone provide services to clients in both the capital and the regions. It should be noted here, that all companies interviewed reported about non-registered PSC activity in Armenia. This issue – while important to examine in the future – must remain outside of the scope of this study which exclusively focuses on the regulation of already registered companies.

3. PSC Armenia Country Profile

Private Security Force: ± 1242*

Total Number of Registered PSCs (in 2009): 18**

3.1 Background and PSC activities

The first two PSCs were established in Armenia in 1992 to provide static security to the US Embassy and the US Peace Corps Office. Official registration of PSCs started from 1995 when the local private security sector experienced its first wave of expansion. In the early years, diplomatic missions and international organizations constituted the main clients of local private security providers. However, from 2000, an improved economic situation and a re-animation of business life in Armenia resulted in a further expansion of the PSC sector as a diversified clientele required a broader range of protection. Today, these clients include large national and international enterprises such as the Ararat Gold Recovery, the France Telecom Group – Orange, the Yerevan Brandy Company – Pernod Richard, Armentel – Beeline, Viva Cell, the Pro Credit Bank, the Armenian Molybdenum Production and the Armenia Marriott Hotel, to name but a few. Smaller entities such as supermarkets and nightclubs also hire PSCs. In addition, a number of state institutions ranging from schools and universities to Yerevan City Hall are protected by PSCs on a regular basis or during special events.

In recent years, the industry thus adjusted its service range to the demands of its new customers to include manned static and patrol security, rapid response, close protection services (i.e. body guarding), cargo security escort, debt recovery, detective services and technical protection such as the installation of security hard- and software (e.g. electronic surveillance and alarm systems). Four out of eight interviewed PSCs stated that their client network extends throughout Armenia while the other half focuses on Yerevan exclusively. All companies are nationally owned, however, three stated that they have co-operation agreements for technical and training purposes with PSCs in Bulgaria, Canada, Russia and the UK.

The expansion of the private security sector in Armenia has been attributed to the competitive pricing for services offered by PSCs which often undercut those set by the Police State Protective Service (PSPS). In addition, PSCs stated that private clients prefer to hire them instead of the police in order to protect business secrets and because the quality of protection by PSCs is viewed by clients as higher than that of the police. This statement was strongly denied by the interviewed PSPS representative who in turn criticized the allegedly low quality of PSCs in this country and their failure to have any impact on the crime situation in Armenia. He acknowledged, however, that PSCs have a distinct advantage as they have greater freedom to negotiate prices with clients and therefore more often receive contracts.

* Number established includes employees of only six out of 10 PSCs offering physical protection. The other 4 companies either refused to submit their staff numbers or could not be reached. **NB:** All interviewed PSCs confirmed that there are many unregistered PSCs in the country as well as enterprises that hire in-house security with no connection to the officially registered PSCs. This grey sector needs to be taken into account when trying to establish a clear estimate of private security personnel in Armenia.

** Out of 18 companies, 10 provide mainly manned security (e.g. static, patrol and close protection services) and 8 provide exclusively technical security. The focus in this study will be on the 10 PSCs providing manned security services.

The fact that PSCs provide security to state institutions such as schools, state universities and Yerevan city hall – which traditionally have been the responsibility of the state police – raises concerns about potential rivalries over contracts between the police and the private security sector. This has been denied by the PSPS representative. Nevertheless, the current, unregulated encroachment of PSCs on the police’s turf undermines co-operation between the two and carries the risk “that PSCs come to be seen as providing policing ‘on the cheap’, with the prospect that public security provision is undermined in the long-term”.⁵

3.2 Contemporary security threats

Table 1: Crime Statistics 2006 – 2009

	Total Recorded Crime Rate	Crimes Against People	Crimes Against Property	Crimes Against People			Crimes Against Property	
				Murder	Intentional Bodily Harm	Rape & Attempted Rape	Theft of State Property	Theft of private Property
2006 Rate	7529	837	3104	54	467	8	258	2654
2007 Rate	6510	711	2805	51	384	5	248	2373
2008 Rate	3998	498	1710	40	247	9	120	1478
2009 Rate	6849	1351	2921	34	612	10	169	2621

Overall recorded crime rates in Armenia in the last four years have fluctuated considerably according to official statistics made public by the RA state police. Crimes against property, in particular theft, are considerably higher than crimes against people. The murder rate as the most serious crime against people has in fact declined in the surveyed period. The high rate of theft of both state and private property can serve as an indicator for why PSCs are increasingly hired by both private and public entities.

⁵ South Eastern Europe Clearinghouse for the Control of Small Arms and Light Weapons (SEESAC). (August 2005). “SALW and Private Security Companies in South Eastern Europe: A Cause or Effect of Insecurity?” Available online: http://www.saferworld.org.uk/images/pubdocs/SALW_and_PSCs.pdf (last accessed 10/07/2009), p. ii

3.3 Use of force, firearms and search and detention powers

According to the interviewed PSPS representative, PSCs are only allowed to own and use civil weapons in Armenia as defined by Article 3 of the RA Law on Weapons. These are limited to weapons such as gas pistols, stun guns, batons and electric shockers. Gas pistols must be registered with the guard carrying the weapon and not the company that employs him/her even when the company owns the weapon. The rule is that no more than one guard can be registered to one gas pistol at a time. This situation is inconvenient for companies as they have to rely on a fixed and limited number of guards allowed to carry gas guns. In addition, even when PSCs are the owners of the guns, they temporarily lose their ownership when the gun is registered to an individual guard. As a result, one PSC stated that should a guard registered to a gas pistol decide to resign, his/her last salary will be withheld until the gas gun has been returned to the company. Such procedures complicate the day-to-day functioning of PSCs.

PSCs reported that shift managers keep account of all weapons provided to guards. They are stored on company premises in a sealed location.

Since lethal weapons are off-limits to PSCs, clients wishing to engage a close protection officer with a license for a lethal gun must rely on a PSPS officer. The interviewed PSPS representative justified this rule arguing that only police officers receive the adequate training (currently three months) to handle such a weapon. One PSC alleged, however, that it is common practice for well-connected individuals requiring personal protection to enrol their close associates with the PSPS in order to obtain for them the necessary registration to carry a lethal weapon. Such practice has been denied by the interviewed PSPS representative. However, in a 2006 article by armenialiberty.org the former deputy chief of the RA national police service, Ararat Mahtesian, was quoted with the following: “If a businessman has men in his entourage whom he very much trusts, the police can consider employing them” and “If they meet our requirements we can admit them into police ranks so that they can perform their duties with police epaulettes”.⁶ Should this process indeed exist it raises concerns as to whether the associate, who will be regarded as a fully qualified police officer upon enrolment with the PSPS, has received adequate technical and ethical training to fully qualify as a regular police officer. It should be remembered that a state police officer is at the service of the general public and therefore enjoys certain legal rights and immunities while on duty that help him/her to enforce the law effectively. A confidante of a business man enrolled with the PSPS will never be at the service of the public but only to one individual. Therefore, a process which accords the same privileges to a confidante as to a regular police officer should be carefully re-examined to establish whether such practice is in accordance with Armenian laws.

Interviewed PSCs stated that their employees are taught to apply force only when all other measures have failed and are required to carry first aid equipment to all duty stations. However, according to one PSC it is not always possible to provide first aid training to the entire staff.

Knowledge about rights to search and detain citizens varies in the industry. PSCs maintain that guards are allowed to search individuals on a client’s premises when the client can provide explicit authorisation for this in writing to the PSC as well as to his/her own employees. With regard to a guard’s detention powers, some PSCs argue that their staff have no right whatsoever to detain anyone while others claim that guards can

⁶ Bedevian, Astghik. (24 February 2006). “Government against legalizing private bodyguards.” Armtown. Available online: <http://www.armtown.com/news/en/rfe/20060224/20060224/>. (last accessed 26/5/2009).

temporarily detain an individual on a client's premises under the condition of first having contacted the PSC's director and the police.

The application of force by employees of PSCs can potentially cause serious physical and/or mental harm to both victims and perpetrators. This situation is made worse by the fact that most of the time PSCs do not insure their staff. Reasons for this are related on one hand to market pressures such as intense competition for clients who demand the best service for the least amount of money and on the other hand to the non-availability of reasonably priced policies in Armenia. PSCs that had previously listed insurance for their staff in bids were told by clients to exclude it in order to reduce the overall costs of the contract.

3.4 Affiliations between PSCs and other sectors

All interviewed PSCs and the PSPS representative categorically deny that any links exist between the private security industry and the state security apparatus. While this may be true on a formal level, informal connections and communication may well exist due to the fact that all PSC employees must have served in the armed forces and numerous current employees, including those on the executive level, have a police or intelligence service background.

3.5 Regulation, conduct and oversight

The private security sector in Armenia is completely unregulated. PSCs must register with the state registry to open their business. However, the registration process is the same which all Limited Liability Companies (LLCs) must undergo and does not take into account the potential risks to public security that PSCs pose. Currently, any individual has the right to legally establish a PSC in Armenia, regardless of whether he/she has the appropriate qualifications to run such a company.

According to the RA police, the RA Ministry of Justice has the right to check whether PSCs are fully registered. However, in case of illegal conduct the Ministry cannot order companies to cease operating since no specific regulatory legislation exists for the private security sector. The laws which currently regulate the work of PSCs were passed for reasons totally unrelated to the work of the private security industry and include:

- The Law of the RA on Licensing (May 2001)
- The RA Labour Code (January 2006)
- The RA Law on Weapons (July 1998)

The only other source of existing regulation is self-regulation by PSCs. All companies interviewed claim to possess an established internal code of conduct which all employees must adhere to. However, since no national private security association or union exists that develops and oversees the implementation of industry standards it is impossible to verify whether PSCs truly follow the rules they set for themselves.

None of the interviewed PSCs ever had a routine inspection by the authorities and one company claimed that co-operation between the security industry and the police is avoided if possible as the two view each other as opponents rather than partners in fighting crime. This claim was not supported by the other companies but there is general agreement that distrust between the two security providers is common and that co-operation exists only when PSCs have no other choice.

3.6 Professionalism and training

Overall, self-evaluations by Armenian PSCs on their industry's level of professionalism range from "very low" to "satisfactory".

No unified standards exist regarding the educational and professional background of PSC employees apart from an unwritten provision followed by all companies that employees must have completed their national military service. Having served in the armed forces is seen as a reliable indicator for satisfactory physical and mental health. Other requirements for recruitment vary greatly among PSCs with some stating that candidates should possess a certificate in first aid while others prefer applicants with a minimum of secondary education who also have experience in various force structures such as the police, intelligence services or the defence sector. One PSC mentioned that it does not employ persons under investigation for a crime or with a criminal record. However, according to the same PSC, the conduct of employee background checks – which is common practice in numerous other countries and usually administered by a government agency for a nominal fee – is not available in Armenia. Therefore, the only option that is available to PSCs is to request from employees an Apostille or official letter from the police stating that they have no criminal record. As a result of this complicated process PSCs currently only check personnel posted to high security sites such as diplomatic missions.

No common standards for the training of security sector personnel exist either which has resulted in a widely differing array of methods and curricula companies teach their staff before they are deemed ready to serve as guards or close protection officers. It should be noted that throughout the industry lack of confidence in each others' teaching methods is highly prevalent. Out of eight PSCs interviewed for this study only one possesses the internationally recognised ISO 9001 standard for quality management from the International Organization for Standardization.

Investment into staff training varies greatly between companies. Some uphold technical co-operation with PSCs is Bulgaria, Canada, Russia and the UK and provide courses on negotiation, managing bomb threats, incident investigation, evacuation planning, physical hazard identification, report writing and safety inspections to name but a few. Other companies set less rigorous standards and require their staff to possess a courteous communication manner for the use of telephone and 2-way radio as well as the willingness to undergo regular drug testing.

As with professional and training standards, the salary scales between companies vary greatly as well and depend on the position, the object guarded and influences of the market. The average monthly salary in the industry is 50,000 or 60,000 AMD depending on the shift schedules. Some companies are known to pay junior staff between 35,000 to 40,000 AMD while others can afford to pay between 90,000 to 100,000 AMD. Senior officers or supervisors can earn between 120,000 and 200,000 AMD per month

depending on the amount of hours worked or the nature of duties carried out. In comparison, a police officer employed with the State Protective Service earns between 80,000 and 85,000 AMD depending on rank. It should be noted that the figures stated above for PSC employees are only indicators and have the potential to be much lower in reality depending on the contract concluded with a client.

3.7 Future outlook on PSC activities

According to self-evaluations, PSCs have a mixed outlook for the future of the private security sector in Armenia. On one hand, an ever increasing demand for security is seen as an indicator for a gradual expansion of the industry. This view is shared by the biggest PSCs in the country. Others predict that the current number of registered PSCs will remain the same in the foreseeable future or even decline due to improper internal financial management, a negative outlook for Armenia's economy or mergers with former competitors in order to survive. At the time of writing this report, two companies were already in the process of merging. All interviewed PSCs agree, however, that the introduction of detailed legal regulation for the private security sector would serve as protection against potential professional misconduct on their behalf and added security for the industry on the whole. Due to the great level of interest shown by PSCs in the drafting process of the Law on Guard Activity, a working meeting will be set up between the Parliamentary Committee and the security industry, in order to allow companies to voice their ideas and concerns.

4. Review of PSC comments on the draft Law on Guard Activity

In their comments on the latest version of the RA draft Law on Guard Activity (hereafter the draft law), PSCs identified ambiguities and the need for revision related to:

- a) the definition of guard services;
- b) the prohibition of involvement of foreign persons in the operation of PSCs;
- c) the training of PSC staff;
- d) the use of firearms;
- e) the adequate storage of firearms;
- f) and the lawful behaviour of PSCs when responding to emergencies.

It is claimed that Article 3 of the current draft law lacks a coherent definition of what services PSCs are entitled to provide to their clients. In particular it was alleged that the draft does not differentiate between physical and technical security. While the former commonly includes manned static and patrol security, rapid response, close protection services and cargo security escort, the latter refers to the installation of security hard- and software, e.g. cameras and electronic alarm systems. It should be noted, however, that Article 9 does provide a more thorough definition of what services PSCs are allowed to provide.

Article 2 of the draft law which stipulates a ban on foreign involvement in Armenia's private security industry is also criticized by PSCs. Clarification is sought especially in relation to whether foreigners may own and/or hold shares in Armenian PSCs. It is seen as a necessity that this Article will be reviewed in order to avoid ambiguous interpretations in the future.

Current training standards of PSC personnel are described as inadequate by the majority of companies interviewed for this study. A list of specific provisions in the draft law has been called for to ameliorate this situation. In detail, minimal standards should include completed secondary education, the completion of military service, good physical and mental health, as well as no previous convictions for deliberately committed crimes. Article 11 of the current draft law already includes these minimal standards. However, additional training requirements exist only for bodyguards (see Articles 17 (2) and 22) and not for guards employed in other areas. Furthermore, the draft law does not mention which educational body will be responsible for the training of security guards and bodyguards. This is of special concern to PSCs that additionally function as training academies for bodyguards. Article 22 (1) only mentions training "institutions holding appropriate licences" which does not specify whether these are privately or state owned.⁷

The use of firearms is a contentious issue. Article 2 of the RA Law on Weapons defines three categories of arms, including: civil, service and combat weapons.⁸ According to interviews held with the RA Police, PSCs are currently only allowed to own civil weapons which include inter alia gas guns and electro shockers. PSCs are especially critical of the licensing process as gas pistols that are owned by a company must be individually re-registered to the guard who will carry the weapon. According to Article 13 of the RA Law on Weapons, an individual, e.g. an owner of a PSC may receive a

⁷ "Draft Law on Guard Activity". (2009). *RA Parliamentary Committee on Defence, National Security and Internal Affairs*.

⁸ "RA Law on Weapons" (July 1998). *RA Parliamentary Committee on Defence, National Security and Internal Affairs*.

licence for up to five civil weapons.⁹ However, this process does not take into account the re-registration process of weapons to individual guards. Changes in the current law are advocated because these restrictive measures cause delays and financial losses to law-abiding PSCs which must wait until the needed licence has been granted before being able to enter into new contracts with clients.

Related to the storage of firearms, one PSC highlighted that existing requirements outlined in Article 22 of the RA Law on Weapons are too vague and more specific reference concerning this issue should be made directly in the draft Law on Guard Activity. In particular, PSCs should possess a safe, an arms cleanup, loading and unloading corner and an arms acceptance log to keep track of all weapons in use.

PSCs that provide rapid response services to their clients stated that special privileges should be accorded to them in emergency situations to fulfil their mission. These should be incorporated in the draft law and include the right to equip their vehicles with flashing lights and sirens.

⁹ Ibid. Article 13.

5. Regulation models based on international good practice

Internationally, the three most common regulation models are *industry self-regulation*, *government regulation* and *hybrid regulation* (i.e. shared industry-government regulation). The motivations and objectives for increased oversight differ considerably. In the European Union (EU), it is argued, the interests for regulation of the private security industry should be seen from the perspective of three stakeholder groups which include: “citizens (concerned about the service quality), the security providers (concerned about competition), and the state (concerned about public order)”.¹⁰

The types of institutions which exercise oversight of PSCs in the EU vary and include: the (local) police (e.g. in Greece, Denmark, Slovakia and Hungary), local civil authorities (e.g. Germany, Italy and Sweden), the ministry of interior (e.g. Slovenia, Italy, Poland, the Netherlands) and the ministry of justice (e.g. Luxembourg). Only in the UK and Ireland special security authorities were established which are run in co-operation between the state and the private security industry (i.e. hybrid regulation).¹¹

Self-regulation

Self-regulation exists in numerous forms and therefore has no homogenous definition. It is necessary to distinguish between individual self-regulation – where an entity (e.g. a firm) regulates itself without input from others – and self regulation by groups. The latter form is associated with the self-regulation of an entire industry, e.g. the private security industry and is often administered by industry trade associations.¹² Pure or voluntary self-regulation which entails an entirely private rule making and enforcement mechanism independent of direct government involvement is less common internationally. Alternatively, mandated partial self-regulation which limits privatization to either rule making or enforcement is more widespread internationally.¹³ So far self-regulation in Armenia is based on a firm level and not on an industry level. For industry self-regulation to take place firms must co-operate with each other. During our interviews we realised that the majority of PSCs are interested in setting up an association. Therefore the focus in this chapter will be on industry-self regulation.

The industry has an interest in self-regulation for three reasons: first, the creation of high quality regulation by governments is often a slow process and the industry can fill this gap temporarily. Second, adopting self-regulatory mechanisms may allow the industry to influence new government regulation of their sector by convincing law-makers to codify the already established rules with minor or no additions. Last but not least, self-regulation increases an industry’s legitimacy as it demonstrates to government and clients a commitment to professional standards.¹⁴

¹⁰ Cukier, Wendy, and Tim Quiqley and Justyana Susla. (September 2003). “Canadian regulation of private security in an international perspective.” *International Journal of the Sociology of Law*, 31 (3), p. 246.

¹¹ Born, Hans, and Marina Caparini, Eden Cole. (2006). “Regulating Private Security Companies in Europe: Status and Prospects, European Committee on Crime Problems.” Council of Europe – European Committee on Crime Problems. Available online: [http://www.coe.int/t/e/legal_affairs/legal_co-operation/steering_committees/cdpc/Documents/pc-pm%20\(2006\)%2001%20%20e%20\(regulating%20private%20security%20companies\).pdf](http://www.coe.int/t/e/legal_affairs/legal_co-operation/steering_committees/cdpc/Documents/pc-pm%20(2006)%2001%20%20e%20(regulating%20private%20security%20companies).pdf). (last accessed 15/09/2009), p.22.

¹² Gunningham, Neil, and Joseph Rees. (October 1997). “Industry self-regulation: an institutional perspective”. *Law & Policy*, 19 (4), p.364.

¹³ *Ibid*, p.365.

¹⁴ Percy, Sarah. (2006). “Informal Regulation.” *Adelphi Series*, 46 (384), p. 58.

Industry trade associations are usually responsible for developing self-regulation mechanisms which often take the form of a code of conduct. This is a voluntary tool which lists a number of standards and rules related to ethical performance and/or respect for human rights a firm or industry commits itself to uphold in its daily operations. Prominent industry-level codes of conducts are those of the European Confederation of Security Services (CoESS) and Uni Europa, as well as that SEESAC's "Sarajevo Code of Conduct for Private Security Companies".¹⁵

In Armenia, the majority of PSCs that were interviewed stated that they follow their own codes of conduct which differ in scope and detail from each other. The reason for this is that no industry association exists yet which could establish a single code that is adopted by all its members. An association could reduce the current plenitude of codes available by choosing the best elements of all codes and create a unified version. This option is often not available to state authorities which potentially lack the necessary capacities to create and monitor the implementation of a code.¹⁶

An effective code of conduct, according to de Nevers, must include comprehensive strategies on a) how an association will communicate to government and the public, b) how its members will be monitored and reported, c) what sanctions will be issued to members in case of non-compliance with the code and d) what benefits are available to companies that participate in self-regulation. Says de Nevers: "Regular communication with the government and the public about a sector's activities is of great importance in order to fulfil the duty of accountability. The same is true for monitoring and reporting. Without transparency a company's level of compliance with the code can neither be evaluated nor verified. The application of sanctions is essential for ensuring the effectiveness of self-regulation. An association that solely encourages companies to accept a code of conduct without the threat of punishment in case of non-compliance creates an environment where companies with a negative track record can join the association as a way of improving their reputation without having modified their behaviour. The benefits of adopting a code of conduct must also be made clear to a company. Particularly in very competitive industries companies realise the benefits of such codes as they want to be seen as both responsible and professional by their clients."¹⁷

Industry self-regulation with the help of an industry association that oversees the process has numerous advantages. First, unlike the state, associations possess a greater level of expertise and technical knowledge about the industry they represent and are able to make realistic assessments about possibilities for innovation.¹⁸ Another advantage inherent in self-regulation is its simplicity. No new legislation or lengthy discussions on a governmental level are required as associations set standards and enforce them

¹⁵ CoESS & Uni Europa. (July 2003). "Code of conduct and ethics for the private security sector". Available online: www.coess.org/documents/code_of_conduct.pdf. (last accessed 28/9/2009) AND South Eastern Europe Clearinghouse for the Control of Small Arms and Light Weapons (SEESAC). (July 2006). "The Sarajevo Code of Conduct for Private Security Companies". Available online: <http://www.saferworld.org.uk/images/pubdocs/Code%2520of%2520conduct.pdf> (last accessed 28/9/2009).

¹⁶ Pearson, Ruth, and Gill Seyfang. (2001). "New Hope or False Dawn? Voluntary Codes of Conduct, Labour Regulation and Social Policy in a Globalizing World." *Global Social Policy*, 1 (1), p. 68.

¹⁷ de Nevers, Renee. (August 2008). "Trust but verify? The effectiveness of self-regulation for the private security industry." Available online: http://www.allacademic.com/meta/p_mla_apa_research_citation/2/7/9/0/5/p279054_index.html. (last accessed 10/9/2009), pp. 6-7.

¹⁸ Ogus, Anthony. (1995). "Rethinking self-regulation". *Oxford Journal of Legal Studies*, 15 (1), 97-98.

throughout the industry.¹⁹ From a financial perspective, self-regulation also has its advantages as the administrative costs connected with it are borne entirely by the industry. In case of state regulation, all costs incurred would be paid for from the taxpayer's pocket.²⁰ With their inside knowledge, industry associations can help to distinguish between those companies that wish to operate in a legitimate environment and those that do not. By offering the legitimate companies membership in the association and the prospect of additional contracts from clients who prefer to hire companies that are trustworthy, an association can have a reforming influence on rogue companies that have not been offered membership but are considering to accept the rules set by the association in order not to lose out on business opportunities.²¹ Non-compliance with regulatory rules can additionally be punished through informal coercion such as shaming and public exposure of company poor practices by an association which can choose to expose non-complying companies either within the industry or to the public in general. This, it is argued, can convince singled-out companies to change their behaviour and align with the standards set by the association.²²

Nevertheless, regulation enforcement capabilities of associations vary and need to be carefully analysed before allowing these organizations to oversee the conduct of an entire industry. The most widespread criticism of industry self-regulation by an industry association is that it equates to "foxes minding the chicken coop".²³ Because of the sensitive nature of services provided by the private security industry, an association that has been established by the industry itself may not be its best monitor. One must not forget that an association's primary task is to represent and defend the interests of its members towards the government and other actors. Therefore, it is argued, that an association may not be willing to strictly enforce and/or punish companies that have failed to abide by the rules and that external regulation might therefore be stricter.²⁴ This argument is supported by numerous studies which come to the conclusion that associations as the only regulator have a poor record of enforcing standards against unruly members.²⁵

Even when an association promises to strictly enforce its own rules as well as to act objectively, it can only succeed if all companies belonging to the industry are members of the association. However, since membership is voluntary there is no guarantee that an association can be an effective regulator as it cannot punish companies that are out of its reach by choosing not to be members.²⁶ Since the limited sanctions available to associations (e.g. expulsion) are applied to companies rather than individuals, they also have no possibility to prevent or punish crimes committed by individual employees.²⁷

¹⁹ Percy, S. op.cit., p. 58.

²⁰ Ogus, A. op.cit. p.98.

²¹ Percy, S. op.cit., p.58.

²² de Nevers, Renee. (August 2008). "Trust but verify? The effectiveness of self-regulation for the private security industry." Available online: http://www.allacademic.com/meta/p_mla_apa_research_citation/2/7/9/0/5/p279054_index.html. (last accessed 10/9/2009), p. 5.

²³ Percy, S. op.cit., p.59.

²⁴ Percy, S. op.cit., p.59.

²⁵ Ogus, A. op.cit. p. 108 AND King, Andrew A., and Michael J. Lenox. (August 2000). "Industry Self-Regulation without Sanctions: The Chemical Industry's Responsible Care Program." *The Academy of Management Journal*, 43(4), p. 713.

²⁶ Percy, S. op.cit. p. 59.

²⁷ Percy, S. op. cit. p, 59.

Last but not least, the exclusion of unruly members is also no reliable method of punishment as low quality performers can continue to do business and even become successful by acting outside the public interest. This is especially true in the security industry, which has been described as a growth industry, where operating illegally can be encouraged, especially by clients who themselves have a dubious background.²⁸

Government regulation

State regulation, as opposed to industry self-regulation, can lead to increased public safety as the state body responsible for oversight of the sector will be more inclined to strictly enforce regulations and/or punish companies in breach of rules than an industry association. It must not be forgotten that an association primarily represents and defends the interests of the industry vis-à-vis the government and that it may therefore be unwilling to enforce rules which harm its members. State regulators do not face this dilemma as they are accountable to the general public.

However in practice, regulation of PSCs by state authorities alone (e.g. Ministry of Interior or Ministry of Justice) is often problematic and does not guarantee effective oversight of the industry either. The weaknesses that have been identified when reviewing state controlled regulation of PSCs internationally are related to the non-availability of sufficient resources for regulation, the setting of low qualification standards for PSC personnel by the responsible authorities, long delays in issuing licenses due to inefficient bureaucratic procedures and conflicts of interest between law enforcement agencies and PSCs.

In most countries, PSCs are regulated through a licensing system. With the help of this system the regulating body can grant permission (i.e. a license) to a PSC and/or its employees if a list of specific requirements (e.g. professional training of employees, authorization to obtain and store firearms) have been fulfilled by the licensee.

However, problems with such a model arise when there is a danger that it can lead to anticompetitive behaviour. According to Unijat et al. this can occur when the police force is entitled to provide the same security services as PSCs in order to make a profit. Taking the example of Serbia, where the Ministry of Interior (MoI) is responsible for the issuing of work licenses to PSCs, the authors claim that there is a great risk for the police – which is under the direction of the MoI – to use its ‘connections’ with that body in order to “eliminate the competition [posed by PSCs] and possibly put itself in a monopolistic position on the market”.²⁹ The problem in such a case is that citizens’ tax money allocated to the police for the maintenance of public security will not be used for this purpose. Instead, by providing its services like any other PSC, the police will divert its human, material and financial resources to commercial clients which constitutes a breach of its duties to the general public. The only way to change this situation would be to either ban the police from providing its services to paying, private clients or to considerably limit the range of those services.³⁰

In addition, in countries where there are close informal relations between the police and PSC owners who themselves have a police or military background, there exists a risk of

²⁸ O’Connor, Daniel, and Randy Lippert, Kelly Greenfield & Phil Boyle. (June 2004). “After the ‘Quiet Revolution’: The self-regulation of Ontario contract security agencies.” *Policing & Society*, 14(2), p. 151.

²⁹ Unijat, Jelena, and Marko Milosevic, Predrag Petrovic, Sonja Stojanovic. (2008). “Private Security Companies in Serbia – A Friend or a Foe?” Centre for Civil – Military Relations. Available online: http://www.ccmr-bg.org/upload/document/0810211610_private_security_co.pdf. (last accessed 26/9/2009), p. 77.

³⁰ Unijat et al. op.cit. p78.

corruption. Using the situation in Bulgaria as an example, Gounev states, that corruption regularly occurs where tenders for lucrative public procurement contracts exist. PSCs then pay bribes to their 'contacts' in order to obtain these contracts. At the highest level, corruption can take the form of "influence-peddling" when politicians own PSCs.³¹ In jurisdictions where this is the case and existing legislation fails to impose measures against such practices a politician can use his/her influence to ensure that certain PSCs are more strictly regulated than others, depending on his/her business interests. Further options include receiving public procurement contracts by exerting influence over other government agencies, including through the payment of bribes. Last but not least, a business seeking security could be asked or forced by a politician to award a contract to his/her PSC and in return expect certain favours.³²

Another problem with the exclusive issuing of licenses to PSCs by the state is that frequently no additional financial and/or human resources are made available to the regulating body in order to carry out its work effectively. As a result, the procedure for obtaining a license is often lengthy and can economically harm PSCs that rely on the market and not the state budget. The resulting danger is that PSCs may be inclined to hire personnel without having obtained a license in order not to lose out on contracts from clients.³³ Naturally, when companies hire employees that have not been vetted by the authorities, deploy them on sensitive posts and/or equip them with firearms, there is a real risk that the security of citizens could be compromised. Case studies from different countries around the world show that where a state authority has exclusive responsibility for the regulation of PSCs but insufficient resources to carry out the job, effective oversight cannot be guaranteed.³⁴

Hybrid regulation

Exclusive regulatory powers in the hands of either the government or the private security industry have the potential for lacking effectiveness in terms of oversight and enforcement as well as conflicts of interest between PSCs and law enforcement agencies. An alternative is a hybrid model of regulation currently in operation in the UK. The Security Industry Authority (SIA), operational since 2003, is an independent body that was formed to regulate the private security industry while at the same time enhancing co-operation between public and private providers of security. Its main responsibilities are the licensing of all individuals working for PSCs and the management of a voluntary approved companies' scheme which PSCs can join to enhance their own profile within the industry in return for adherence to a list of standards established by the SIA. A license will be granted under the condition that a full criminal background check has been issued from the Criminal Records Bureau and when a candidate has passed suitable training. The SIA employs a number of inspectors who have the right to check the premises of

³¹ Gounev, Philip. (2006). "Bulgaria's Private Security Industry" in Alan Bryden and Marina Caparini (eds.) "Private Actors and Security Governance". *LIT & DCAF*. Available online: se2.dcaf.ch/serviceengine/Files/DCAF/.../bm_yb_2006.pdf. (last accessed 15/9/2009), p.120.

³² Gounev, P. op.cit. p.120.

³³ Unijat et al. op.cit. ,ps. 75-76.

³⁴ Unijat et al. op.cit., ps. 75-76 AND Davis, Robert C., and Christopher W. Ortiz, Sarah Dadush, Jenny Irish, Arturo Alvarado, Diane Davis. (2003). "The Public accountability of private police: Lessons from New York, Johannesburg, and Mexico City." *Policing and Society*, 13 (2), p.202 AND Stenning, Philip C. (September 2000). "Powers and accountability of private police." *European Journal on Criminal Policy and Research*, 8 (3), p.340 AND Gounev, P.op.cit. p.117.

PSCs that are members of the voluntary approved companies' scheme to ensure that personnel carry valid licenses.³⁵

With the help of the SIA the state "collaborates with the security industry in order to effect change from within" or to "transform the way the industry regards itself".³⁶ The set-up of the Authority's senior management and board demonstrates this as both are composed of individuals with long professional experience in government, public law enforcement agencies and/or business including in the private security industry.³⁷ This mix of professional backgrounds is conducive to both the state and the industry as it ensures that the interests of both are represented fairly and adequately.

The 2001 Private Security Industry Act (hereafter 'the Act'), through which the SIA was established, gives the Home Secretary (i.e. the Interior Minister) the power to extend the Authority's regulatory coverage to other sectors of the private security industry using secondary legislation.³⁸ This arrangement allows the Home Secretary to exert considerable state influence on the regulation of the industry if it is needed. The Act is designed to be flexible as it was realised in Parliament that the work of the SIA progresses and existing rules may have to be changed and/or new ones added. This arrangement also avoids a potential situation where Parliament has to pass additional primary legislation at a later date. For example, the Home Secretary has the right to convert the current voluntary inspection and approval of PSCs into a compulsory system if he/she considers this to be appropriate in the future. However, the SIA is independent from the government in proposing modifications of provisions in the Act to the Home Secretary and to undertake or support research into the provision of security services.³⁹

All members of the Authority are appointed by the Home Secretary for a maximum term of five years. The SIA is financed exclusively by the Home Secretary out of money provided by Parliament and it must produce a statement of accounts and an annual report to Parliament.⁴⁰ The rights and powers accorded to both the Home Secretary and the SIA make the Private Security Act a model which respects the interests of the private security industry while at the same time allowing the state to exercise a degree of control over the industry through its control over the SIA. However, a number of problems inherent in this model have been identified by researchers since the Authority's inception six years ago.

The Approved Contractor scheme, an initiative developed by the SIA which PSCs can join to enhance their own profile within the industry in return for adherence to a list of standards established by the SIA, is seen as weak and ineffective because it is voluntary. It is argued that due to the high level of competition in the private security industry some

³⁵ Crawford, Adam. (2003). "The Pattern of Policing in the UK: policing beyond the police" in Tim Newburn ed. *Handbook of Policing*. Uffculme Cullompton: Willan Publishing, p.151.

³⁶ Zedner, Lucia. (2006) "Liquid Security: Managing the market for crime control." *Criminology & Criminal Justice*. 6(3), p. 279.

³⁷ Security Industry Authority. (2009). "Senior Management". Available online: http://www.the-sia.org.uk/home/about_sia/sia_management/. (last accessed 10/9/2009) AND Security Industry Authority. (2009). "Board Members." Available online: http://www.the-sia.org.uk/home/about_sia/sia_board/. (last accessed 10/9/2009).

³⁸ Button, Mark. (2007). "Assessing the regulation of European private security across Europe." *European Journal of Criminology*, 4, p.115.

³⁹ Jason-Lloyd, Leonard. (2003). *Quasi Policing*. London: Cavendish Publishing, ps. 81-82

⁴⁰ Jason-Lloyd, L. (2003). *op.cit.*, p. 82.

firms will undercut others by avoiding the costly standards that approved contractors must meet.⁴¹

Furthermore, the SIA's regulatory powers only extend to individuals employed by PSCs and not to in-house security guards who are not required to have a licence. This is seen as a "significant omission" as it undermines the aim of coherently regulating the entire private security industry. With the high cost of licences and training which combined amounts to over €1000 some clients may be tempted to employ cheaper in-house officers without a licence and thereby avoid regulation.⁴²

As with state and self-regulation, a hybrid regulatory system can also lack effectiveness when set standards are not properly enforced. This is the case with the SIA which stands accused of not doing enough to investigate and prosecute illegal Close Protection Operators (CPOs). According to Payton's exploratory survey findings in London (UK), the SIA concentrates on monitoring PSCs that offer guard and door supervisory services as they are easier to locate than CPOs which as a result stay in safety of detection or prosecution. 94 percent of survey respondents reported that they had never been approached by the SIA whilst working as bodyguards.⁴³ These findings are plausible. In 2008, the Authority employed a total of 54 compliance and enforcement officers for "about 200,000 licensable positions in the United Kingdom at an unknown number of sites".⁴⁴

While the SIA is authorized to sanction licensees it prefers not to prosecute offenders to avoid high expenses.⁴⁵ For minor non-compliance the SIA sends written warnings to individuals. More serious offences can lead to the suspension of a license or to imprisonment of up to six months and/or a £5000 fine (€500). As at May 2008, four cases against individuals resulted in three cases in fines and in one case in a fine and a conditional discharge. The problem is that suspending the license of an individual is not an effective sanction as he/she can continue working as an in-house security officer for which no license is currently required. PSCs that supply or use unlicensed staff can be investigated by the Authority which prosecutes in its own name and can impose sentences of up to five years imprisonment and unlimited fines. As at May 2008, a total of seven prosecutions were concluded or under way.⁴⁶ However, as with licensed individual offenders, only PSCs that are SIA Approved Contractors can be prosecuted for failing to meet set standards. This, of course, considerably weakens the effectiveness of the SIA as a regulatory body and should be revised to increase the oversight role of the Authority.

⁴¹ Button, 2007, p.115

⁴² Button, op. cit., p. 115-116

⁴³ Payton, Glenn Fraser. (April 2007). "An evaluation of the impact of the Security Industry Authority on the operational effectiveness of close protection operatives." *Journal of Crowd Safety and Security Management*, 1(1), p.6.

⁴⁴ National Audit Office. (17 October 2008). "Regulating the security industry." Available online: http://www.nao.org.uk/publications/0708/regulating_security_industry.aspx. (last accessed 11/9/2009), p. 19.

⁴⁵ Payton, G.F., op.cit., p.4

⁴⁶ National Audit Office, op.cit., p. 21.

6. Conclusion and Recommendations

Armenia's private security sector is not coherently regulated. PSC activities are neither controlled by a specific law nor scrutinized as there is no institution responsible for the industry's oversight.

An evaluation of the research questionnaires has revealed that PSCs lack professionalism in the areas of staff training, recruitment and knowledge about the legality of some of their actions. No unified standards for the training of security sector personnel exist which has resulted in a widely differing array of methods and curricula taught to PSC staff before they are deemed ready to serve as guards or close protection officers. Since there is no monitoring body which could set minimum education standards, there is no guarantee that the current training methods adequately prepare PSC employees for their duties and/or instil in them a sense of responsibility in terms of respect for human rights. Difficulties in obtaining a criminal background check from Armenian authorities further aggravate the situation. The non-existence of legal standards clearly defining PSC rights and responsibilities has created uncertainty in the industry and in some cases may have contributed to violations of the law (e.g. with regard to search and detention powers).

This also concerns the existing legal practice which regulates the possession and use of civil weapons (especially the use of gas pistols) by PSCs. The re-registration process of gas pistols from the owner of the weapon to the user causes delays and unnecessarily complicates the functioning of PSCs. Since none of the interviewed PSCs ever had a formal inspection it is difficult to prove whether those owning gas pistols have always followed the required legal steps.

The majority of interviewed PSCs are dissatisfied with their current legal status due to the fact that no clearly defined rules exist which regulate their operations. They perceive the latest version of the draft Law on Guard Activity as incomplete and ambiguous. However, all interviewed PSCs are eager to directly communicate their concerns and suggestions for an improvement of the current draft Law on Guard Activity to the Parliamentary Committee on Defence, National Security and Internal Affairs. Both sides have already agreed to hold a consultation meeting which is scheduled to take place in October 2009.

Taking into account the information on PSC activity revealed through the evaluation of the research questionnaires as well as the industry's comments on the draft Law on Guard Activity, it can be concluded that calls for regulation of the private security sector in Armenia are justified.

The regulation mechanisms reviewed in this report (i.e. industry self-regulation, government regulation and hybrid regulation) are based on international good practices. Together they should provide the Parliamentary Committee with a pool of ideas from which an appropriate regulation model for Armenia could be designed. Simultaneous regulation on a state and industry-level can ensure coherent oversight of the private security sector if sufficient human and financial resources are available.

Recommendations

To the Parliamentary Committee:

- A regulation authority based on the British Security Industry Authority could be established in Armenia which would be responsible for the compulsory licensing of all companies and individuals in the private security industry.
- The authority's senior management and board could include representatives with extensive professional experience in government, public law enforcement agencies and the private security sector to ensure that the interests of both industry and state are fairly and adequately represented.
- A binding code of conduct could be created by the authority which would outline minimum standards for training, the responsible (state or private) institution(s) for education of all PSC personnel, how oversight would be ensured and what sanctions would be available.
- A short and affordable licensing process could reduce the risk of PSCs operating illegally due to market pressures.
- The allocation of adequate human and material resources to the Authority would be desirable to ensure that set standards are properly enforced.
- The establishment of a Criminal Records Bureau which would conduct employee background checks for PSCs in return for a nominal fee could substantially increase the quality of staff working in the private security industry.
- The licensing and re-registration process for civil weapons (e.g. gas pistols) could be simplified to reduce the potential risk that PSCs assign weapons to employees without a valid license.
- Establishing clear guidelines for the PSPS and the private security industry concerning services that each may provide to private clients could reduce the risk that the two view each other as competitors. It could also be conducive to fostering trust and co-operation.
- An investigation could be launched to check the accuracy of allegations made by one PSC that well-connected individuals requiring personal protection can enrol their associates with the PSPS in order to obtain a service weapon. The enquiry could focus on the legality and respect for ethical standards related to this process.
- The Parliamentary Committee could examine whether an adequate minimum wage for private security employees is needed to ensure that PSCs do not sign contracts with clients at the expense of their own staff.
- Insurance could be made compulsory for all PSC employees while on duty. PSC staff who apply physical force to diffuse a dangerous situation can cause serious physical and/or mental harm to both victims and themselves.

To PSCs:

- An industry trade association could be established in Armenia that represents the interests and concerns of all PSCs to the government.
- A single and binding code of conduct could be created by the trade association which outlines how its members would be monitored and reported, what sanctions would be applied to non-complying members and how companies could benefit from self-regulation.
- Firm adherence to self-regulation may allow the private security industry to convince law-makers that the already established rules should be codified with minor or no additions, thereby avoiding stricter state regulation.

To the OSCE Office in Yerevan:

- If required, the OSCE Office could identify an international expert who can assist the Parliamentary Committee in the development of an appropriate regulation mechanism for Armenia's private security sector.
- In the framework of its community policing project in the Arabkir district, the OSCE Office could organize workshops involving the police and PSCs active in the area to foster trust, raise respect and highlight the necessity of co-operation between the two security providers.
- An international conference could be organized where regulators and industry representatives from states in democratic transition and established democracies identify solutions on how to combat corruption in the private security sector, avoid police-PSC competition and increase oversight.

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