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The Moderating Effect Policies and Regulations on Business Continuity Management in Private Security Firms in Kenya

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Abstract:

With the focus on business continuity management success, there are challenges that recur in the environment and cannot be ignored. Such challenges come in form of risk or threats from the environment; both internal and external. Business disruptions whether natural or human made, can lead to discontinuity and interruptions of normal operations in an organization. This can adversely affect BCM processes if there is lack of effective policy instruments. Delays may impact negatively on realization of business continuity management practices and ultimately the ongoing continuity of the business. Therefore, the objective of this study is to determine the moderating effect of policies and regulations on business continuity management in private security firms in Kenya. The study collected data from 200 respondents using interviews and questionnaires. This data was analyzed and presented in form of averages, percentiles and frequencies. Therefore, the study revealed that effective use of the policies in order to seize opportunities and have the ability to contain possible risks and threats existing in the external business environment.

Keywords: Policy, strategic and continuity

1. Introduction

Drastic changes, global alliances, and a variety of environmental pressures expose organizations to numerous potential risks and disasters irrespective of the sector that may have adverse effects from simple problems and short-term disruption of normal operations to the very destruction of the organization. This calls for a need in finding new ways of dealing with the strategic issues which can have adverse effects on the organization as well as enhancing competitive position (Wallace & Webber, 2004). Small to medium organizations may find it difficult to develop and fuse business continuity management concept into their strategic planning processes regardless of its importance. This demands understanding an organization's unique "threatscape" and ability to ensure continuity not only as a duty of care but also in order to maintain ultimate performance (Reuvid, 2005). In a more perfect world, every company would prioritize the strategic and tactical processes required to resume, sustain and manage operations that may lead to a damaging business interruption.

1.1. Statement of the Problem

There have been very few theoretical studies, as well as empirical research, that focus on the influence of policies on the pragmatic part of BCM including the person or groups who conducts BCM; the duration for which BCM has been practiced (Low et al., 2010); the maturity of BCM (Jafari et al., 2011); the responsibility for BCM (Wessels, 2007); the business areas (i.e. participants) involved in BCM (Zhang and McMurray, 2013); the comprehensiveness of BCM; and, the effectiveness of the BCM approach in relation to organizational characteristics, such as size, age, and sector (Tucci, 2009). Research is needed with a greater focus on the relationship between the practice of strategy, BCM and organizational success. Furthermore, there is limited research that shows that there is potential for policies to moderate the implementation of BCM and SP and provide a closer look at the factors encouraging and discouraging the placing of BCM in the context of strategic planning (Bakar et al., 2015). Therefore, this study aims at determining the moderating effect of policies and regulations on business continuity management in private security firms in Kenya.

1.2. Study Objective

- 1) To determine the moderating effect of policies and regulations on business continuity management in private security firms in Kenya.

1.3. Hypothesis

H1: Policies and regulations have a positive moderating effect on business continuity management of private security firms in Kenya

1.4. Government Policies and Legislation

As currently constituted, private security firms fall under societies act CAP 486 laws of Kenya however without an umbrella body regulating their operations. This has largely affected standards as there is no measure guiding formation and management of private security firms. However, this is bound to change with the introduction of private security regulation bill, 2014. According to The Kenya Gazette Notice 2014, the private security regulation bill 2014, the government has set a number of guidelines on formation and management of private security firms. If passed by parliament the bill will have far reaching implications that will definitely affect strategies employed by PSCs in Kenya.

1.4.1. Business Continuity Management

In any operational environment to a business, there are numerous challenges faced by practitioners when practicing business continuity management integrated within their strategy. For example, obtaining sufficient funding is the most challenging part of business continuity management (Peterson, 2009; Wessels, 2007). According to the aforementioned author, managers posit that organizations find it difficult to motivate expenditures associated with business continuity management. As business continuity management does not always result in a return on investment, business continuity managers find it a challenging task to obtain the funding required to ensure business continuity. According to Cummings (2005:4) business continuity management activities like disaster recovery management, is clearly an expense, but by integrating it with business strategy, more value can be derived from the costs.

Thomas and Porter (2004) elucidate that taking insurance can assist the organization to reduce some of the costs and efforts associated with business continuity management. However, Hiles and Barnes (2001: 357) warn that organizations do not transfer all their risks and responsibilities to the insurer by taking out insurance. There are still certain business continuity management activities that need to be controlled by the organization to ensure a seamless recovery through the interaction with the insurer. Graham and Kaye (2006:247) reiterate that committing to 'off the shelf' insurance can be riskier to the organization (as many opt for) as these packages are not always designed according to the organization's unique requirements. However, insurance payments help the company to transfer some risks to the insurance company.

1.4.1.1. Need for Business Continuity Management

The need for Business Continuity Management (BCM) has gained prominence and that contemporary organizations have embraced themselves with BCM to assure the continuity of their business. Although the need for continuity of business exists for just as long as business itself, BCM is a relatively new concept compared to most other business disciplines such as private security sub-sector. BCM came to fore in the 1960's in the advent of business interruptions due to disasters and the need to recover, gaining momentum in the last two decades or so. Some of the reasons fronted for emergence of BCM concept in organizations include increasing pressure (from competition, higher customer demands and regulatory requirements) on organizations to guarantee for the continuity of their business processes (Leegwater&Ploeg, 2005; Wessels, 2007). This has become more complex for many companies. Other changes that have influenced BCM include increasing threats such as disasters, fraud and commercial espionage, increasing dependency on information systems, advent of process based approaches such as ISO certification, Total Quality Management among others (Wessels, 2007). Therefore, BCM is a continuous management process which should be directed at the organization's critical business processes with an aim to ensure the continuity of the business (Zhang & McMurray, 2013). With the characteristics of prevention, BCM limits the damages resulted from disruptive business events (Tucci, 2009), aids organizations in staying in business under extreme circumstances (Duncan et al., 2010), and documents continuity and recovery procedures during and after an event (Engemann& Henderson, 2011). Wong (2014) further reiterate that organizations that incorporate business continuity management in their strategic management could gain a distinctive competency over their competitors in terms of operational resiliency which includes the speedy recovery of critical business functions at predefined period of time while minimizing the adverse impacts to their value and reputation.

By developing strategies, plans, and actions to protect or provide an alternative mode of operations for business processes if interrupted, then in the event an interruption occurs which may have adverse consequences to the company for example lead to a serious damage or cause fatal losses to an organization then BCM, disaster recovery and crisis management plans come in handy (Mallin, 2007). Other researchers such as Bakar et al., (2015) allude to the importance of effective BCM implementation in ensuring an organization's survivability and competitiveness.

1.4.1.2. Objectives of Business Continuity Management

Key objective of BCM is to assure that businesses will continue to operate in the event there is disruption or disaster situation while efforts are being made to rescue the situation (Glenn, 2002). Levinson (2012) asserts that BCM acts as a safety net to clients therefore are essential part of running any organization that values its clients and business. Wessels (2007) reiterate that BCM intends to minimize both the likelihood and impact of risks, threats and events that can interrupt the optimum level of business operations required. Therefore, it aims to recover the business operations by restoring the necessary business processes, functions and services. Naturally, business continuity management focuses on all resource areas in the organization.

According to Manning (1999:243) BCM aims to stop the cessation of organizational activities as a result of an event that may lead to the failure of critical processes. The main focus is on the critical business processes in an organization (Doughty, 2002). Further, Herbane et al. (2004:435) state that BCM helps establish precautionary and quick to respond plans to completely circumvent or limit the impact that a disruption might have on the organization. Therefore, BCM entails assessment of threats or events and the

management thereof, to restore critical business operations of the organization's environment to its original state prior to the disruption (Hiles& Barnes, 2001:22). The restoration of business processes needs to be at the state that a business can provide the required level of services to customers while limiting the financial impact caused by the disruption.

Continuous operations of a business should be assured for the organization to meet its strategic objectives (Calderon, 2003:20). Therefore, BCM should be coordinated with the real environment of the organization (Sayana, 2005) as it is a holistic managerial activity (Graham & Kaye, 2006:10). As Cummings (2005: 4) asserts, the objective of BCM focus is on business in business continuity.

1.4.1.3. Relationship between business interruption and business continuity management

According to Herbane (2010) a myriad of crises can face organizations, and each of these crises may be addressed within an organization's business continuity plans that are an outcome of business continuity management. Several studies have been done for example, Reuvid (2005) study which identified separate phases in the growth of crisis planning and management within organizations. Such researches have influenced expansion and establishment of new approaches to crisis planning and management including technology, emergent compliance and value. In the advent of increased technology organizations began to focus attention on the vulnerability of their electronic data processing activities (American Bankers Association, 2005).

At the functional level there is need for stewardship of senior management since the need and importance of disaster recovery would fail to reach a wider constituency of those who depend upon the information technology systems (Herbane, 2010). The author further posits that lack of visionary leaders is an impediment to the introduction of crises management and or recovery procedures. Studies have supported the notion that organizations could protect and enhance value through the adoption of business continuity planning. Business continuity should be an ongoing embedded management process and should act as an indicator within organizations (Zsidisin et al., 2005).

1.5. Theoretical framework

To accomplish the objective of this study, institutional theory was adopted as discussed by Ongas (2013). In this theory, it is argued that pressure from external environment pushes organization to develop strategies and plans to adapt to in the environment. In this case, government agencies have coercive forces that influence the operations of organizations, such as imposing strict regulations on trade factors (Priem and Butler, 2001). As a result, firms adapt to the needs of the environment by restructuring their strategies, which makes them gain legal validation, as well as enhanced technical efficiency. However, in certain occasion structures of legitimacy, as required by government agencies, may inhibit the efficiency of firms due to complex bureaucracies (Ongas, 2013). While examining the role of external forces, institutional theory focuses on homogeneity where external and internal environment should have similar operations.

1.6. Methodology

With 200 respondents, the study employed descriptive research design. Purposive sampling was used to acquire the target number of respondents. To collect data, interviews and semi-structured questionnaires, which were standardized, were used. The choice of these tools was because they are significant when handling large sizes of sample (Radhakrishna, 2007). v 21 of the Statistical Package for Social Sciences (SPSS) was used to analyze data, which was edited to reduce errors. The data was then serialized, coded and analyzed. Finally, the data was presented using tables and figures.

1.7. Findings

1.7.1. Response Rate

With 200 respondents, 40 interviews were held and 160 questionnaires filled. However, there were 38 and 142 valid interviews and duly filled questionnaires. This means that there was 90% response rate.

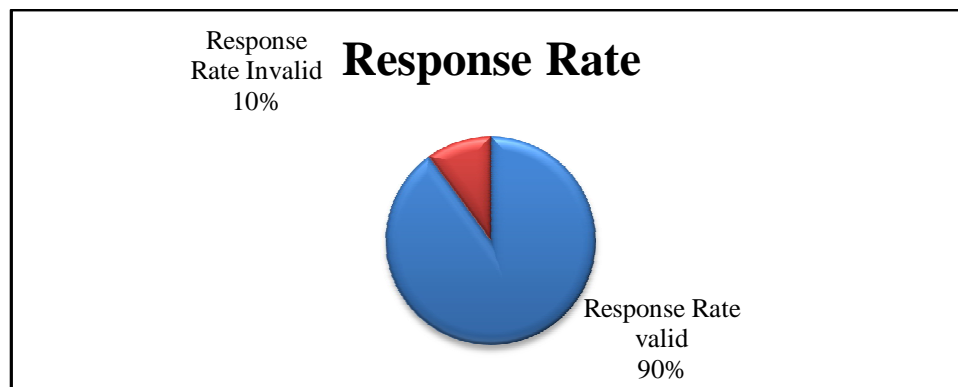


Figure 1: Response Rate

1.7.2. Job Titles

For the purpose of analysis, the respondents were grouped according to their titles and illustrated as follows:

Respondents	Percent	Frequency
Employee	36.6	52
Supervisor	19.7	28
Manager	26.8	38
Administrator	16.9	21
Total	100.0	142

Table 1: Job Titles

According to the above table, majority of the respondents, 36.6% (n=52), are general employee, 26.8% (n=38) are managers, 19.7% (n=28) are supervisors and 16.9% (n=21) are administrators. Thus, all levels of employees were included in the study.

1.7.3. Gender

The following figure illustrates the number of men and women that were involved in the study.

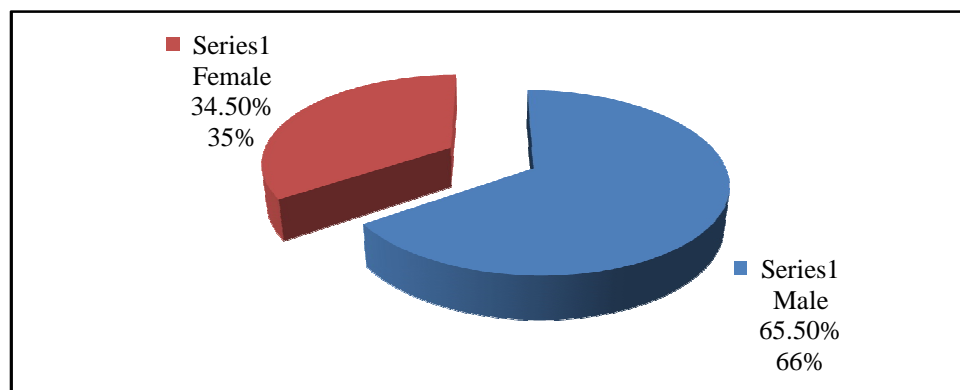


Figure 2: Gender

According to the above figure, 65% were men while 35% were women. Thus, majority of the respondents were men.

1.7.4. Policies that Address the Issue of BCM in Organization

The researcher wanted to find out what the available policies were addressing. The findings were documented as follows;

	Frequency	Percent
Manage day to day running of the company	11	7.7
Safety	17	12.0
Potential risks	21	14.7
Problem solving	6	4.2
Services rendered	4	2.8
Man-power management	4	2.8
Development plans	11	7.7
Total	142	100.0

Table 2: Application of the policies
Source: Field Data by Researcher, 2016

From the table above, the respondents said that their organizations have well-structured policies on how to manage day to day running of the company. They also have also safety management procedures within the organization. A number of the other respondents said that they have procedures and policies on risk identification and techniques of solving problems. Additionally, some organizations have policies on the quality of services rendered to the customers and they have internal structures of ensuring that their manpower is managed appropriately. All the above have been documented in a developmental plan as was documented from the research.

1.7.5. Effectiveness of Current Policies in Addressing the Importance of SP and BCM for Development and Risk Mitigation Purposes

The main aim of this question was to find out if the companies had effective policies of addressing strategic planning, business continuity management and risk mitigation strategies. The findings revealed the following;

	Frequency	Percent
Yes	48	33.8
No	84	59.2
Total	142	100.0

Table 3: Effectiveness of current policies in addressing the importance of SP and BCM for development and risk mitigation purposes
Source: Field Data by Researcher, 2016

Most of the respondents (59.2%) said that the companies did not have effective policies of addressing strategic planning; business continuity management and risk mitigation strategies. 33.8% said that their companies have current and effective policies. The study tried to establish if BCM form part of the SP or sit it a separate plan together, the respondents said;

The BCM form part of the SP. The SP and BCM are together that's BCM incorporate SP not separated (SN MO 04)

We have a detailed written script on the mission and vision, purpose of the company, strategies for the realization of our vision and the foreseeable risks. (SN MO 05)

On where the company's SP is kept and who has access to this document the respondents said;

It is kept by the managerial staff. It cannot be accessed by the non-managerial staff. (SN MO 06)

It's kept by the CEO who is the owner of the firm. The director has the SP in the office and any employee can access it through the secretary. (SN MO 07)

It is kept across the enterprise and every employee has access to it. In case of disaster, employees need to know their roles and how to minimize the risks. (SN MO 08)

It is available all employees through a simplified booklet containing the vision, mission, purpose, goals, long term and short term objectives and rules and regulations guiding the company. (SN MO 09)

It is kept in the company data base. It is available to all employees through computer client server technology. (SN MO 11)

Responses	Frequency	Percent
Minimizes theft	10	7.0
Customer satisfaction	2	1.4
Minimization of costs	4	2.8
Boosting the confidence of customers	3	2.1
Ensures proper planning	6	4.1
For compensation claims and company profiling	4	2.8
Assessing disasters	7	4.9

Table 4: Effect of the policies
Source: Field Data by Researcher, 2016

The respondents said that the policies are effective in minimizing theft while others said that the available policies assist in curbing high turnover of employees. A group of the other respondents said the laid down policies are effective in promoting customer satisfaction. Some of the respondents said that the policies are helpful in cost minimization which boosts the confidence of customers for compensation claims and company profiling. Finally the respondents said that effective policies help in ensuring proper planning and assessing disasters.

2. Conclusion

According to the findings, successful businesses survive only when employees have and effectively use the policies in order to seize opportunities and have the ability to contain possible risks and threats existing in the external business environment. Establishing policies for joint interconnected networks or relationships for smooth resource mobilization is helpful for a business to get required resources such as physical, budgetary, financial, intellectual and technical in order to keeping the business running and continuously functional for its success.

2.1. Recommendations

The below recommendations are based on the findings of this study:

- i. Firms should develop policies to guide the interaction between customers and the company. This is essential in enhancing customer satisfaction and increased sales.
- ii. Firms should adopt risk reduction policies to guide them in their strategic planning, which helps in reducing the potential effects of risks.

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