

## VPLIV KORPORATIVNE VARNOSTI NA NACIONALNO VARNOST

### THE INFLUENCE OF CORPORATE SECURITY ON NATIONAL SECURITY

**Povzetek** V sodobnem svetu je varnost izpostavljena številnim nadnacionalnim in asimetričnim grožnjam. Take okoliščine zahtevajo sodelovanje in skupna prizadevanja varnostnih zmogljivosti nacionalnih držav, pa tudi njihovo trdnejše povezovanje v kolektivni sistem mednarodne varnosti. V tem okviru korporacije kot najbolj razviti poslovni sistemi, ki presegajo nacionalne meje, vzpostavljajo sistem korporativne varnosti, ki poleg svoje temeljne funkcije, torej zaščite varnosti podjetja, dodatno vpliva na nacionalno varnost.

V času globalne soodvisnosti sta nacionalna varnost in gospodarski razvoj neločljivo povezana. Medtem ko varnostna tveganja ogrožajo pretok ljudi in kapitala, stabilni gospodarski razvoj in uspešno izvajanje javnih služb spodbujata legitimnost in krepitev socialne kohezije v državi, s čimer se zmanjša nevarnost družbene fragmentacije. Po drugi strani pa lahko gospodarska kriza in recesija sprožita varnostne grožnje, od brezposelnosti, revščine in politične nestabilnosti do znotrajdržavnih in mednarodnih konfliktov.

Na stanje korporativne varnosti v državah Zahodnega Balkana in njeno vlogo v sistemu nacionalne varnosti vplivajo predvsem trenutna gospodarska in finančna kriza, nedokončan proces tranzicije, politična nestabilnost, nove oblike varnostnih tveganj in groženj, porast organiziranega kriminala in korupcije ter slaba pravna in normativna ureditev nedržavnega varnostnega sektorja.

**Ključne besede** *Nacionalna varnost, družba, korporativna varnost.*

**Abstract** In the modern world, security is exposed to numerous transnational and asymmetric threats. Such circumstances necessitate the collaboration and joint efforts of the security capacities of national states, as well as their firmer integration into the

collective system of international security. Within that framework, corporations, as the most developed business systems that transcend national boundaries, establish a system of corporate security that, in addition to its basic function as the protection of the security of a business, exerts further influence on national security.

In the era of global interdependence, national security and economic development are intricately connected. While security risks jeopardize the transfer of people and capital, stable economic development and successful provision of public services stimulate legitimacy and strengthen the social cohesion within a state, thus reducing the threat of societal fragmentation. On the other hand, economic crisis and recession can fuel security threats, from unemployment, poverty, and political instability, to intra- and international conflicts.

The state of corporate security in the countries of the Western Balkans and its position in national security systems is influenced primarily by the following factors, the ongoing economic and financial crisis; the unfinished process of transition; political instability; new forms of security risks and threats; the coupling of organized crime and corruption; insufficient legal and normative organization of the non-state security sector.

**Key words** *National security, corporation, corporate security.*

**Introduction** The transition from the XX to the XXI century was marked by the onset of a worldwide shift in security trends, with the focus of security widening from the military-political sphere to many other areas, in particular to economic, energy, social, ecological and information and communications security, including human security and the security of society in general. The end of the bloc confrontation, the processes of democratization, globalization trends, integrative processes and established mechanisms of prevention in the area of international security, as well as growing economic and cultural cooperation and interdependence, have reduced the risks of the escalation of regional conflicts, as well as the escalation of crises on a wider scale and open interstate conflicts.

The traditional understanding of national security, based on the concept of sovereignty, i.e. the model of protection of state and societal values and interests, loses its meaning and significance in actuality. The new concept of national security focuses on human security and the participation of individuals in international and global security. In place of the state, the role of active security subjects has been increasingly overtaken by individuals and non-governmental, sub-national and transnational entities. Apart from traditional security functions – diplomacy, intelligence and defense – contemporary states place emphasis on the importance of economic, energy, cultural, social, information, and other spheres of security.

Having considered these facts, it can be argued that a key precondition for the functioning of a state is the corresponding level of its economic development. All relevant components of the social life of an individual are conditioned by his standard of living, meaning that the survival and development of a state's democratic institutions are dependent on the level of economic development. According to John Dewey, economic history is more human and more democratic, and hence more liberalizing than political history (Dewey, 1966, pp. 232-233). However, this does not necessarily indicate that societies with richer economic histories are politically more progressive, nor that economic development alone is enough to eradicate authoritarianism within a nation; in fact, what is being stated is that only at a certain level of economic prosperity can the level of education and political culture which makes citizens ready for democratic challenges be achieved. (Lipset, 1960, p. 50).

The increased availability of information, as well as that of capital, services, products and people, in a world in which the significance of international boundaries has changed, has created new social, political, economic and cultural relations. Thus, the world as we now know it is almost unrecognizable in comparison to the one which existed until the last decades of the XX century. The underlying premise of such a situation is that the concept of the sovereignty of a national state and economy has been violated, and that new regional and transnational associations and systems are being established throughout the world, acting as regulators of a globalized economy. One of those key associations and systems is the large, transnational corporation.

The conditions of doing business on national and international levels reduce the capability of corporations to predict future occurrences, consequently increasing the uncertainty of all aspects of their function. The increasing number of organizations, groups and individuals – as well as the appearance of new methods and means of compromising available to them – with the potential to jeopardize the survival, growth and development of corporations, is evident, regardless of whether they do it for economic, political, ideological or religious reasons. In an attempt to avoid or diminish the consequences of different forms of threat to their business and property, and in order to achieve their business goals, modern corporations are obliged to pay more attention to threat-identification and assessment, as well as to risk management. Of additional importance is the introduction and implementation of defense mechanisms - the most important being corporate security, as an efficient integral system of protection from inside.

Inadequate preparation of corporations with regard to the identification of and reaction to symptoms of latent and strategic crises can significantly endanger their business, something which was observed in the case of many companies following the onset of the international financial and economic crisis in 2008.

Given the significance of corporate security in relation to achieving the strategic goals of a company, an organizational unit assigned to undertake security tasks should be set up in a way that ensures the establishment of clear responsibilities and precise authorization for the execution of its primary purpose. Should a firm or company with a high number of employees, or one doing business in different locations be involved, an organizational unit on the first level of division of labor is necessitated. As regards smaller companies, for tasks within the scope of security management, a corporate security manager should be named and should report directly to top management. In the event that this is not economically viable, a top-level executive must assume the role of a security manager (Trivan, 2012, p. 227).

There is no doubt that in Western Balkan countries, an important part of the current function of corporate security within companies is still related to activities that are, in the broadest sense, related to the physical and technical protection of individuals, property and operations of the company, internal factors that these operations organize and direct, as well as the contracting of external or internal subjects that can implement it in practice. It can be argued that the current “epicenter” of corporate security in the region is self-protection activity in large technical-technological systems, which results in errors in definitions of the concept and content of corporate security. The problem is made more complex by the fact that some companies that are compulsorily-protected (banks, post offices and other institutions) may employ private security for most categories of service, whether protective or self-protective.

The work, as well as an earlier empirical research conducted in Serbia, have required the application of various scientific methods (historical-comparative method, case study, content analysis, examination). Research results suggest a necessity of further adjustment of organizational forms of corporate security in the companies in Serbia and in other countries of the Western Balkans.

Statistical method was used in the research, with certain limitations. Mentioned limitations in application of this method were conditioned by the researches of mostly quality and not quantity contents. In the selected deliberate pattern, which, taking into consideration the research problem was the only one possible, 34 respondents were included (30 corporate security managers in companies and two representatives of each, the Security-Intelligence Agency and the Army-Security Agency).

We have used a questionnaire which was based on the semi-open (semi-guided) questions as an instrument of the empiric research of situation in the corporate and national security area. By the test method (structured expert’s interview) information was collected about the factual situation of functioning of corporate security in companies in the Republic of Serbia, about various segments of scientific foundation of basic theoretical provisions on national and corporate security and about

their mutual influence, as well as a value judgments of leading corporate security managers and representatives of the Republic of Serbia security services about questions that were a subject of the research.

## 1 NATIONAL SECURITY

### 1.1 Conceptual determiners of national security

The precursor to the modern concept of national security is thought to be “The Doctrine of inviolability of sovereignty”, dating from the Peace of Augsburg in 1555, which gave the right to a ruler to decide the religion of his realm (*cuius regio, eius religio* – whose realm, his religion). This right was confirmed and reviewed by the Prague Treaty of 1635, and the Westphalia Treaty of 1648, which marked the end of the Thirty Years’ War between Catholics and Protestants. It is about the last feudal war, which was the first war of the sovereign state. After that, the European rulers were refusing to accept a secular authority of the Roman Catholic Church. They have replaced the Papacy System from the Middle Ages with a geographically and politically separate states, which were not recognizing any type of higher governance. The same legal rights were given to the newly liberated states, the territory under their exclusive control, unlimited control related to the internal policy affairs and the freedom of leading the foreign affairs and conclusion of agreements with other states. A concept of the state sovereignty was established then, that no one is above the state and the political authority is based on the territory and autonomy. Territoriality – internal sovereignty – signifies the right of an exclusive political authority over a certain geographic area, whilst autonomy – external sovereignty – signifies that no outside factor – namely, another country – has authority within the boundaries of a defined state (Holsti, 2006, pp. 17-23).

As for the concept of “national security”, we can understand it to be the objective state of a nation and a country, in which its legitimate organs and institutions undertake legal measures and activities with the aim of achieving basic national interests in the field of foreign and internal policies, economy, defense, education, scientific work, culture, and other areas of social life. Starting from this theoretical definition, national security depends on its military-political and geostrategic position, the character of the state, as well as the characteristics of international relations in both its immediate and wider surrounding. According to the definitions of several international relations experts, national security means “the lack of any fear of attack, endangering of interests or threat of any other country or countries” (Bourquin, 1934, p. 473).

There are numerous definitions of the concept of national security in contemporary literature, the content of which comprises key elements of the concept of security (the object of security, the subject of security and the subject of threat), as well as the activities undertaken by the aforementioned elements. The term “national security” has been in use since 1943 when Walter Lippman used it for the first

time in his seminal work “U.S. Foreign Policy”. After World War II, the concept of national security found widespread use in the political glossary of modern states. In that context, it was used to denote the internal and external security of the state; that is, the security of a state in relation to internal and external sources of threat or hazard. It is the security of a state that enables its survival and normal function, with all elements of independence, territorial unity and constitutional order (Masleša, 2001, p. 37). Some feel that such use of the term “national security” is inadequate, given that it defines the security of a state, and not of a nation, which generally pertains to a broader geographical area. In that sense, the term “state security” is more correct, as it signifies the security of state values and interests, primarily sovereignty, constitutional order and government, thus rendering the everyday security of individuals a secondary priority (Mijalković, 2009, pp. 60-61).

Though the term “national security” is employed extensively, the concept lacks a unified, universal definition. Each proposed definition has relied on other contentious and unclear concepts, particularly when it comes to defining values vulnerable to threat and which require protection (Dimitrijević, 1973, p. 20). Therefore, in the “International Encyclopedia of Social Sciences”, national security was defined as the capability of a state (nation) to protect its inner values from outside threats (Sills, Merton, 1968, p. 40). Amin Hewedy understands national security as a function of national states, through which, in accordance with their own current and future capacities, and with respect to global changes and development in the world, protect their own identity, existence and interests (Hewedy, 1989, p. 16), whilst B. Javorović defined it as a global security of a political community, and as a particular security within the framework of the internal community. In that sense, national security is understood to include both the internal and external security of the state, i.e. the security of the state with regard to internal and external threats, which enables its existence and normal functioning (Javorović, 2001, pp. 23-24). D. Nelson regards national security as a basic frame of any other security and defines it as a relation between state threats and state capacities. Furthermore, he has stated that a balanced relationship between threats and capacities offers potential conditions for peace and prosperity (Nelson, 1997, pp. 348-350). Taking into account the above statements, it is reasoned that “hard power”, i.e. military power, is becoming increasingly offset by so-called “soft power,” to wit, economic-financial, technical-technological, communications and information, political and democratic-social power. (Simić, 2002, pp. 37-38).

Common elements in the varying definitions of national security that are relevant to the content of this concept are as follows, the state as an object and subject of national security; defense and control of national (state) territory; public security – personal and property protection; the preservation of national sovereignty; the realization of basic functions of society (social-economic, social-political, cultural, ecological, economic, etc.); the strategy and politics of security; the security of total state potential; the protection of national interests; security from aggression and external pressures; security from internal subversions; security from threats to

proclaimed fundamental societal values; the subjective feeling of safety, security and well-being. Taking all this into account, a broad spectrum of elements and activities contained within the concept of national security can be noted. Distinguishing between concepts of state and society in contemporary theory and practice, it can be concluded that certain elements representing the security of society and individuals also represent the contents of national security. This implies that a state is not the sole object of national security, but that this concept also comprises a societal and individual security.

## 1.2 Components of national security

With the aim of the protection of national security and the realization of national interests - understood as a set of values and goals that are to be achieved or preserved from other nations by the use of capabilities and potential of a state or a nation - every state establishes a system of national security according to its needs. The pillars of the national security system are, the state, which confronts security challenges and threats in an organized manner; society (citizens), which confronts them primarily through unorganized forms and non-governmental sectors which complement the security function of a state and society. To some degree, we can include the international community as a pillar of the security system, primarily with regard to the prism of international law and the different methods of collaboration within the security sphere. The content of the state's national security system is defined in terms of the influence of various threat elements (real or presumed) stemming from both external and internal sources. Modern practice shows that distinguishing between real and presumed sources of threat is often difficult, and sometimes impossible (Tatalović, Bilandžić, 2005, pp. 74-75).

The subjects of the national security system are, the state apparatus, non-state subjects, intergovernmental capacities and citizens, as well as services, organizations, organs, bodies and institutions which, through their regular activity, directly or indirectly realize security function or contribute to its realization. These forces are organized, trained, equipped and authorized organizational units of conventional security subjects, who directly undertake a particular group of security tasks. "Activities" are elements of the national security system that enable the functioning of the system on two levels, at the internal level, with the aim of conceiving, organizing, establishing, functioning and improving the security system, and at the external level, with the aim of neutralizing of threats, and the maintenance and improvement of security. "Duties" are legally defined parts of the function (sub-functions) of national security, by which the goals of the security system are accomplished, and whose realization is in the authorization of particular security subjects and forces. "Security measures" are operations and activities undertaken by the security system in situations unfavorable to the core values of a society, with the aim of moving the security subjects and forces from a regular state to one of increased readiness for the neutralizing of existing or forthcoming threats (Mijalković, Milošević, 2011, pp. 15-16).



### 1.3 Security sector

Notwithstanding important differences between comprehensive and restrictive definitions of the security sector, there is also a significant level of agreement concerning the basic institutions which fall within the scope of that sector, namely the army, the police and the security services. *Differentia specifica* between these and other state institutions is that the first ones are authorized to use force on behalf of the state (Edmunds, 2007, p. 23). Through such a definition, a clear and unambiguous difference is made between security sector institutions and other state organs; however, the differences between the aforementioned institutions have not received much attention. For instance, the notion of “security system reform” is considered in conjunction with the presumption that it is equally attributable to each of the three mentioned institutions, thus neglecting and negating important differences between them. Within the framework of the process of transition of post-authoritarian and post-conflict societies of the former Eastern bloc countries, including the states of the Western Balkan region, there is an ongoing reform of the security sector. By this, we understand a separate theoretical concept which, under the influence of the European Union and North Atlantic Treaty Organization (NATO), has developed into a comprehensive and well-rounded political strategy. This concept is increasingly used in the interpretation of society and security processes in a national state or union of several states, and the achievements of security sector reform are seen as an important indicator of the direction, tempo and reach of the total democratic reform of a whole society.

Given that the term “security sector” encompasses the completeness of a concrete society and its component institutions, its reform comprises and requires, changes in the way of thinking and practicing security; changes in constitutional and institutional arrangements; the establishment and development of democratic, civilian control over armed forces; reform of the armed forces, i.e. redefinition of the purpose and tasks of each of their components, and the resultant change of their structure, training, equipment and number, as well as various forms of international security collaboration and an increased level of security integration (Shaw, 2000, pp. 14-16).

It should be taken into account that defined limits between private and public/state security sector have not yet been established. Though it is possible to classify the forms of the organization and methods of control over non-state and state subjects in these sectors, the tasks themselves are much more difficult to differentiate. This refers in particular to the tasks of the private security sector, which bear many similarities to public sector police work. Consequently, many authors differ in their classification of the tasks or functions of private security, considering them to be, in a way, akin to the tasks and functions of the police. A similar pattern is followed by national lawmakers during the normative regulation of certain issues related to the private security sector (Trivan, 2012, p. 172).



## 2 CORPORATE SECURITY

### 2.1 The functioning of modern corporations

According to the “Oxford Advanced Learner’s Dictionary” the term “corporation” is defined as “a large business company, an organization or a group of organizations that is recognized by law as a single unit, which has similar rights to an individual, and which represents the most common way of business association” (Oxford, 2000, p. 279). Thus, a corporation represents the union of different interest groups (stakeholders) – shareholders, management, employees, deponents, and the local community.

The basic principles upon which modern corporations are based are profit efficiency, HSEC (Health, Safety, Environment Management, and Community Relations), and BCCM (Business Crisis and Continuity Management). The HSEC principle comprises of, Health – the promotion and improvement of the health standards of the employees and the local community; Safety – the establishment of safety values and the provision of a safe and secure workplace for the employees; Environment – the promotion of an efficient use of business resources, concurrent with the reduced pollution of environment; Community – adherence to ethical principles, contribution to the economic prosperity and sustainable development of the local community, and respect for the human rights. Implementation of the BCCM principles involves facilitating the functioning of a corporation in normal conditions, during crises, emergencies and accidents, as well as enabling business continuity after the end of crisis and emergency situations, which requires proactive and reactive action and administration by the management.

Characteristics of the business practice of modern companies are simultaneity and interdependence of opportunities, vulnerabilities and dependencies. Although every business operating in an open market has an opportunity to succeed, it is also vulnerable, regardless of whether the threats to which it is exposed are results of market competition or stem from general insecurity. Modern corporations, in order to function successfully in today’s conditions, must anticipate future events and threats. The duty of top management is to define convenient business responses to all challenges. Moreover, the functioning of companies cannot be seen as isolated, but intertwined and dependent on the multitude of circumstances and events caused by worldwide globalization trends and the current international economic and financial crisis. Thus, security management, now more than ever, requires in-depth understanding of the threats with which corporations are faced. In these uncertain times, no business is immune to an unforeseen circumstance. (Mishkin, Eakins, 2005, pp. 380-381).

The causes and forms of endangerment which relate to the security of corporations include, technical and technological accidents; natural disasters; criminal offenses that damage a business subject (diversions, terrorism, sabotage, destruction or damage of the production tools or products); classic criminal offenses;

“white collar crime” committed by employees, most often in collaboration with business partners (abuse, corruption, bribery, embezzlement, robbery, agreement to do business against the company’s interest); criminal offenses of causing general danger and criminal offenses against human health and environment; leaking of confidential data; tort (the breaching of work discipline, deviation from prescribed work organization, transgression or usurpation of authority and competence, in-compliance or insufficient compliance with procedures, negligent operation); social and other disturbances within the corporation.

## 2.2 Concept and basic characteristics of corporate security

According to some definitions, corporate security represents the presence and/or absence of premeditated, negligent or accidentally-caused hazards in the largest business systems in the area of corruption, organized crime, business secrecy, informational security, physical and technical security and safety at work. In this regard, corporate security is a strategic function of a company, with the goal of achieving safety of the business success of the corporation. It comprises the elimination of all risks and hazards that can impact business activities and achievement of business goals; the reduction of threats to a minimum; the maintenance of operation during crisis conditions (crisis management), the overcoming of crises, and the return to normal functioning“ (Ivandić Vidović, Karlović, Ostojić, 2011, p. 34). Within the framework of corporate security, security management refers to the organization and administration of the system of protection of corporate employees and property. Its responsibilities necessitate the setting of goals, planning, organization, the issuing of orders, control, coordination, and the responsibility for safe operational conditions within the company.

It is thought that corporate security is integrated by definition, as it comprises various functions that require synchronization. As such, it represents a function of a corporation that controls and coordinates all security, continuity, and safety activities within a company. The existence of an efficient system of corporate security protects the company from dangerous activities, establishes the base for the management’s decision-making, provides the top management access to the confidential information, and sets into motion processes and procedures that prevent the leaking of classified data (Milošević, 2010, pp. 59-60).

Today, corporate security has become a strategic function of business subjects and, as such, defines the integrated security policies of corporations and their practical implementation. Consequently, the definitions of some authors state that the basic characteristics of corporate security are, the general security of a corporation; the responsibility of experts for corporate security, who nowadays face difficult tasks (simultaneously supporting increasing business needs and preventing increasingly sophisticated attacks on corporations); professional ethics, i.e. the feeling of belonging to the profession and the efforts of all corporate security professionals to aspire to a high level of performance (Murray, McKim, 2000, p. 6).

Pursuant to the doctrine and practice of countries with developed market economies and stable democracies, the functions of corporate security include, Administrative Security – procedures and policies in the area of information security; physical and technical protection (Out-Source/Proprietary) of machinery, equipment and objects; security of property and external partnerships (Personnel Security); Protective Security – protection of individuals and safety at work; Fire Security; Contingency Planning; Information Security; Executive Security; Event Security; security of agreed activities within state structures; investigations/Criminal Protection Program, as well as Security Education Awareness and Training Program (Kovacich, Halibozek, 2002, pp. 161-162).

The organizational structure of the security sector in corporations is a symbiosis of human and material resources which, in the most efficient manner possible, contributes to the successful realization of its tasks. The quality of a structure depends on many factors, with the basic criterion being the success of strategy-realization or the end-goal of corporate security. Therefore, it is necessary to analyze available ways of organizing the security sector or models of the formation of organizational structure (Massie, 1987, pp. 41-42). For small enterprises, and also for medium-size companies, the expenses required for the introduction of a system of corporate security are considerable, and difficult to attain. However, this is not to say that security should be ignored on the part of such enterprises. On the contrary, it is important that executives or owners are educated and well-informed in relation to security management issues, are prepared to utilize their internal resources for that purpose, and choose appropriate external partners in order to undertake security activities that they themselves cannot perform.

### **2.3 Corporate security as a part of the non-state security sector**

Theoretic efforts to define the non-state security sector have not produced universally-accepted results. According to some, that concept would, in a broader sense, include all activities in the security area outside the competencies of the state organs. More specifically, the non-state security sector contains only legally based professional activities organized for providing certain security services in the process of security protection and crime control. This is primarily related to the activities of private specialized security companies (hereinafter, PSC), the operations of organizational units in companies in charge of corporate security tasks, as well as the operations of private military companies, detective agencies and institutions for the implementation of criminal sanctions (Kesić, 2009, pp. 11-12).

Therefore, there is an insufficient distinction between private and corporate security. It should be noted that besides activities related to the private protection of individuals, operations and property (objects, space, and values), the operations of private military enterprises also enter the scope of private security, as well as other security-related operations undertaken on a commercial basis, mercenaries, private detention centers, different forms of “participation of citizens in crime control” and other (Matić, 2006, p. 61). On the other hand, the system

of corporate security organized and implemented within companies contains activities which, for a variety of reasons, are not normally delegated to specialized suppliers of private security (“business intelligence“, protection from industrial/business espionage, information security, security of operations contracted with the state structures). Furthermore, in accordance with the European Union guidelines, corporate security is defined as an integral security which covers security and safety jobs, and what includes information collection duties, security assessments and risk assessments, IT protection, crisis management, fire-protection, explosions and accidents, health and safety at work and other. (Ivandić Vidović, Karlović, Ostojić, 2011, p. 68).

1 Under the concept of Business Intelligence (BI) the most often we understand a legal collection of business information, in fact of the publicly available data, as well as processing of the mentioned information into the business analysis for the sake of providing support to the corporation management in making and realization of the best quality possible business decisions for preservation of its position within the business environment.

Unlike in developed countries, in the former Yugoslavia (with the exception of Slovenia and, to some extent, Croatia) the concept of corporate security has not yet been put into practice, whilst there is a mismatch in the approach to this issue in theory. Among Serbian authors there is no consensus in relation to the notion of corporate security; thus, it is often merged with the concept of private security. In literature from this region, definitions tend toward the following, it is a planned, organized and legally based individual or joint activity and function of organizations aimed at their own protection or protection of others, as well as at the protection of certain individuals, areas, assets, businesses or activities, and which are not covered by the exclusive protection of state organs.

In terms of previous development of the non-state security sector in the Southeastern Europe area, it is evident that there is a significant inequality. As a matter of fact, whilst the corporate security in the most countries of that area is relatively undeveloped, the grown private security sector, which is, by the outsourcing model, often being engaged for performance of security functions in companies, is followed by numerous problems, which are, due to joint legal, political, economic and cultural heritage, typical for these countries. Amongst them, the most important is the absence of appropriate standards and professional ethics in work, inadequate training of staff and insufficient material and technical equipment of companies for private security.

The process of the spreading of corporate security and the non-state security sector in general is global, universal and simultaneous. It is also characterized by uniqueness and diversity, due to the specific relations and processes existing in particular societies. Part of the operations performed by this sector is to relieve police services and enable them to dedicate their efforts to other legally-regulated activities, whilst on the other hand, the material and technical resources, as

well as knowledge and skills possessed by the staff employed in corporate and private security sector can be very useful for the state organs and citizens during a state of emergency. However, aside from the numerous advantages of the privatization of security sector, problems and risks stemming from it should not be forgotten, including its position in the national security system, oversight of the operations of companies that perform this profession, the ownership structure of those companies, staff contracting and training, and the evaluation of services they provide and other (McCarthy, 2006, pp. 30-33).

A major problem in the development of non-state security sector has been observed by a German theorist, V. Merkel. He argued that in so called deficient democracies and weak states, some actors (individuals, groups, institutions) exert direct influence on the direction and content of state decisions in accordance with their own interests. In such cases, the efforts of the state to pursue reform in the non-state security sector are often blocked due to the interests of the opposing structures, particularly if reforms would deprive them of financial, material and/or some other benefits. These opponents can be individuals who possess economic power (tycoons and oligarchs), economic complexes such as military-industry, multinational corporations, organized criminal, paramilitary and guerrilla groups etc. Furthermore, democratic reforms can be blocked by particular state institutions or its organs not subject to democratic control or accountability, such as armed forces, police and security services. The common denominator in relation to all of the aforementioned actors is that they use illegitimate channels in order to block reforms that would jeopardize their partial interest (Merkel, 2004).

The privatization of security functions, in addition to other factors, raises the question of accountability and transparency, particularly if the operations of the specialized agencies are to be undertaken on the territory of other states. With such activity comes the risk of potential abuse of power, the violation of legal norms and the violation of human rights and freedoms, as well as, in extreme cases, the exacerbation of social tensions and political destabilization in a country (Fabien, Dearden, 2006, pp. 13-16).

At first glance, the security privatization process can appear to be an example of the erosion of sovereignty of state power, given the violation of the monopoly over the use of legal violence. However, it is the state that decides when and which security contracts will be offered to the specialized legal entities, with the purpose of selling them to those who can afford to pay for this right. For this reason, it would be more precise to say that, instead of the erosion of state power, the privatization of security leads to the creation of a new web of security subjects in which the power of state and private actors is divided through the new technologies of governance, control, and coercion (Avant, 2004, p. 157).

## 2.4 Regulations in the area of corporate security

Corporate security in the highest number of national legislations is not separately administered by the appropriate regulations. However, the most important issues that are related to its functioning are the subject of various laws, primarily of those that refer to the security area, critical infrastructure, human rights protection....

In terms of the states from the territory of former SFRY, the Republic of Slovenia, while in procedure of admission to the European Union with full membership, regulated the issue of relationship of the state and non-state security sector (corporate and private security) by passing the Law on personal security and the Law on detective activity. In accordance with these regulations, the Ministry of the Interior and the Assembly (professional association of companies of the non-state security sector) are responsible for issuance of licenses and for supervision of work of this sector. Procedure for obtaining of the license differentiates personal and technical conditions which candidates are to fulfill when submit their application. Personal conditions include the following, citizenship of the Republic of Slovenia; adequate qualifications; psycho-physical capability and no criminal record for candidates for crime offences that are punishable *ex officio* and for the offences with elements of violence. Technical conditions are determined by the Minister of the Interior with a special regulation. Commission for issuance of the license consists of two representatives of MoI and three representatives of the Assembly.

Regulations in the Republic of Slovenia forbid for the subjects of non-state security sector making of business deals for which the police and judicial authorities are authorized, as well as performing of jobs for domestic and foreign intelligence or counter-intelligence services. Members of the respective sector cannot use special operational methods and means during their work, for which the Ministry of the Interior and Slovene Intelligence-Security Agency are authorized. If, during their work, they come across information about the committed crime offence that is punishable *ex officio*, they are obliged to inform a competent state authority about it.

Relation between the national security system and non-state security sector in the Republic of Croatia is regulated by the Law on protection of persons and property and detective activity and by the Law on private protection. Inspectorate of the Ministry of Interior is responsible for registration of enterprises, issuance of work licenses and for supervision of work of this sector.

In order to register a legal entity as enterprise for providing security services the following must be done, to get registered with the Commercial Court; register the person responsible for the enterprise; form organizational structure of the enterprise; register the armory and determine design of uniforms of employees, which must be different than uniforms of the state bodies. In order to have a particular person working in a non-state security sector, he/she must fulfill the following conditions, to have place of residence in the Republic of Croatia; to have appropriate



educational degree; to possess psycho-physical working capability; to have no criminal record, no investigation pending against him/her, and no convictions for offences with elements of violence during last three years; to have security checks successfully passed with the competent security agency; and that he/she speaks Croatian and is able to write Latin scripts.

The Law requires that the members of non-state security sector must pass the training and the examination with the authorized institution. Candidates who already have secondary school education (for private detectives higher or high education is required) attend mandatory training courses in duration of 40 hours for guards, and 80 hours for security officers, whilst for the detective's jobs additional training is not anticipated, but only passing the exam. However, former police officers, military police officers, state security services, former court and prison guards and bailiffs are exempt of the examination if they have three years of work experience in security jobs.

In Montenegro, conditions and way of performing of work and of performing jobs of protection of persons, property and assets which are out of the state competency, were administered by passing the Law on protection of persons and property in 2005, as well as of the authorization of persons who perform protection duties, of mandatory organization of the protection service, organization of internal protection service and of supervision over the protection work performance. In accordance with the provisions of this Law, companies and entrepreneurs may deal with jobs of physical and technical protection in Montenegro. These jobs may be performed only upon a written contract concluded between the purchaser and the entrepreneur who performs internal physical protection work of the protected object.

In Bosnia and Herzegovina functioning of the non-state security sector is administered on the entity level, in the Federation of BiH by the Law on agencies for protection of persons and property, and in the Republic of Srpska, by the Law on agencies for protection of persons and property and private detective work. Both Laws forbid to the agencies performing of jobs for the needs of the Army and Internal Affairs bodies, performing jobs of protection of managers of the executive power bodies, state administration bodies, canton, city and municipality bodies, as well as jobs of protection of representatives of political parties. Furthermore, employees of agencies cannot dispose with police authorization nor with the authorizations that possess prosecutors and judges, and they also cannot apply the operational methods and means which, on grounds of special regulations, are being applied by the Ministries and other competent state administration bodies.

In the Republic of Macedonia relation between the state and non-state security sector (in this country it includes providing services of physical and technical security and fire protection) is regulated by the Law on activities of personal and property security and the Law on weapons. The Ministry of the Interior of the



Republic of Macedonia and the Security Chamber, which are normally competent also for registration of enterprises and for issuance of the work licenses, control the implementation and following of legal provisions in this area. To obtain the work license in the non-state security sector, a candidate must have Macedonian citizenship and the place of residence in this country, cannot have a pending court decision on a ban of employment and must pass the state exam before the Security Chamber.

The Republic of Serbia is the only state in Southeastern Europe which has not yet legally administered the non-state security sector, in spite of the fact that a high number of companies which provide security services deals in the region and in Serbia during the last several years submitted a number of proposals how to legally regulate this sector. Despite the fact that this area is not legally regulated in Serbia such as in other countries, there is a high number of companies that perform jobs related to the sector of private security. Smaller number of agencies have joined up as legal bodies to the Serbian Chamber of Commerce, whilst other, smaller, informal “companies” which provide “ad hoc” services in that area, are not registered with the Chamber.

The arguments in favor of legal regulation of corporate security and non-state security sector are numerous, and through analysis it is possible to determine why, in some cases, this has not yet been done. Some authors have classified the reasons for the regulation of that area as follows, a determination of constitutional and other legal competencies and restrictions of work of private providers of security services; the protection of inviolability and privacy of individuals who come into contact with the non-state security sector; the prevention of use of private protection agencies for political purposes, for suppression of strikes, demonstrations and similar; the definition of space and objects in which private security enterprise is allowed to perform its operations; a definition of the role, area of cooperation and division of labor between the organs of state power (police) and the non-state security sector; enabling the public to clearly and visibly distinguish police staff from the staff of private protection agencies; the overseeing of delegated competencies by the members of the non-state security sector; the provision of additional legal protection of the employees of those agencies in performing their activities; the exclusion of criminals and ex-convicts from that sector; the securing of equal standards in the operations of security agencies; the control of arms possession within companies that provide security services; the overseeing of operations of multinational security companies; the provision of uniform training in those agencies; the elimination of unregistered companies in this area; the improvement of status and reputation of subjects of non-state security sector; the establishment of acceptable working conditions and the remuneration of employees in this sector; the increase of state income through licensing fees (Hakala, p. 2008).

Harmonization of regulations that refer to the non-state security sector has still not been conducted at the level of the European Union. In this area two organizations

are operating, the Confederation of European Security Services (CoESS) and UNI Europa. The two organizations, which promote minimum conditions for operation of private security companies, have so far adopted several joint documents related to some aspects of functioning of the private and corporate security sector in the EU member states, aiming to establish standards and an adequate level of professional ethics. And besides that, national legislatures of the European Union member states exhibit a significant diversities, that also reflect various traditions, social and cultural environment.

Despite the absence of harmonized legislature in the European Union, some aspects of the non-state security sector activity have been regulated by numerous conventions and recommendations adopted by the Council of Europe. These documents primarily refer to the human rights protection and preservation of the rule of law at national level, having in mind that these values may be jeopardized by the private security sector (right to privacy, freedom and security, non-discrimination, ethics, responsibility and protection of consumers and other).

It should also be mentioned that the shortcomings in the European legislature which refer to the non-state security sector do not also mean an absence of the appropriate legal regulations at the European level. In that regard, the European Commission reviews the legal regulation of PSC in certain member states in accordance with the principle of freedom of movement of people, freedom to provide services and freedom of law establishment. Having in mind that the industry of private security represents a significant economic sector in the European Union, we must apply the market laws when providing services of private security, whose implementation is within competence of the European Court of Justice.

## **2.5 Corporate security in Southeastern European states**

When we analyze the development of corporate security in the Southeastern European states, we should bear in mind that the type of activity, as well as the membership of the company to the certain economical branch or industry, determine the nature of security jobs in it and the specifics of corporate security organization. In this respect, the most important industrial branches in this area are related to the exploitation of oil, gas, mines and other natural resources, including water. Business activity of corporation in these areas requires large investments and generates high revenues which are to be shared with the local authorities, which often becomes a source of disputes and frictions inside the state or between the states. (Trivan, 2012, p. 25). In these circumstances, a respectable level of communication with the surroundings is expected from security managers. Corporation practice indicates the high influence which these companies may have on the local surroundings and its existing characteristics (ecological, demographic, technical and technological) with regard to the level of protection of natural resources and reduction of various types of pollution. Corporate security in such corporations has got a high importance in situations connected with building and functioning of big infrastructure projects, especially of those which require displacement and relocation of the local population,

in order to obtain access to natural resources which are the subject of exploitation. Mining, oil wells and similar activities which degrade natural resources may often aggravate the local security situation, especially if they are not followed by provision of information to the population about potential health vulnerability. (Daničić, Stajić, 2008, p. 90).

According to the annual analysis, created by the SEENews and by the consultancy agencies A. T. Kearney and Euromonitor International, on the list of 100 biggest corporations in Southeastern Europe in 2011, the first ten posts were taken by, OMV Petrom (Romania – 4.1 billion € revenue), INA (Croatia – 3.6 billion € revenue), Lukoil Neftochim Burgas (Bulgaria – 3.4 billion € revenue), OMV Petrom Marketing SRL (Romania – 3.2 billion € revenue), Automobile – Dacia SA (Romania – 3.1 billion € revenue), Aurubis Bulgaria (Bulgaria – 2.9 billion € revenue), Petrol (Slovenia – 2.8 € revenue), Rompetrol Rafinare SA (Romania – 2.7 € revenue), Naftna industrija Srbije AD (Serbia – 1.9 billion € revenue) and Lukoil – Bulgaria EOOD (Bulgaria – 1.8 billion € revenue).

A certain number, of mostly large corporations in Southeastern Europe (SEE) has in the last decade expressed a readiness to invest a part of the profit in their own sectors of corporate security, as they have recognized them as an important support to the business process, competitiveness at the market and a successful functioning of the company. These investments have been leading to professionalization, as well as to a necessity for employment of a new category of professions – security managers, as competent experts responsible for management of processes related to security in corporation. Therefore, a demand for services of specialized companies for security consulting, business intelligence, information security, physical and technical security and other, has been growing. Awareness about the corporate security has progressed with the top management of a certain number of business subjects from this region during the past years, especially in comparison with the situation when a need for development of security system in companies has exclusively been looked upon through the services of physical and technical protection.

Under the influence of the global economic crisis, but also of various internal factors, corporation management in the countries of SEE has got more and more tighter maneuvering space in terms of anticipation possibility and realization of influence on the happenings important for the stable running of business. In an effort to remain at the market and to mitigate numerous negative consequences of crisis, more successful corporations from this area (mainly bigger ones, and often the multinational ones) focus even more on the timely identification and assessment of business-related threats, risk management as well as on the more efficient and wider implementation of the defense mechanisms, of which corporate security has got the biggest importance. In comparison to the situation in the developed economies, implementation of corporate security system is in the majority of Southeastern Europe countries in backlog, which is also typical for the Republic of Serbia.

Under the circumstances of the current crisis, in most Serbian companies (similar situation is in Bosnia and Herzegovina, Montenegro, Macedonia and Albania as well), only some functions of corporate security are being realized. Their security management realizes it either by engaging internal resources or by concluding contracts with special agencies (outsourcing). In almost all companies various jobs related to physical and technical security, fire protection, and health and safety protection at work are performed, and in most of them also the jobs of risk assessment and business security, as well as prevention and taking action in extraordinary situations. Information and administrative security are significantly lower on the list of priorities of business entities, the same as education programs and development of security culture of employees, and security of the top management. The domain of criminal protection of companies and conducting of internal investigations in companies, in the absence of sufficient normative provisions, is being reduced to internal controls and reviews, and to more or less successful cooperation of corporate security managers (or members of the agencies engaged for providing services of private security) with representatives of competent state bodies and services in the area where a business entity is located.

In the Republic of Serbia, like in other countries of the Western Balkans, a small number of companies protect themselves from the industrial and business espionage in an organized way. Such situation is caused by the habits kept from the time of socialism, when the state-owned enterprises were not only protecting their own information and projects, but they were even giving them free of charge. Available data indicate that the “business intelligence” activity has been carried out in a certain number of corporations which operate in this region. In practice, the content of these activities is most often related to searches on the Internet, conversations with individuals from competitive companies, transition of people from these enterprises to the work in the company, obtaining of data and exchange of data at the fairs, symposiums and similar events. However, there is no information that any business entity in Serbia has got a separate internal “business intelligence” organizational unit, which has, for years already, become a practice of modern corporations in the world (Trivan, 2012, p. 371).

The basic problems in the security management area in the Republic of Serbia, but also in most Southeastern Europe countries that are currently in the accession procedure to the European Union, besides the immediate consequences of the current economic crisis, are related to a lack of adequate legal documents in this area, unawareness in numerous companies of the necessity of functioning of the efficient system of corporate security (and often non-understanding of corporate security role), bad organization and bad staff composition of the corporation security protection services (significant presence and influence of former members of army, security and police agencies), lack or obsolescence of the existing rules and procedures, insufficient and non-regulated cooperation with competent state bodies (Kešetović, Simonović. 2009, p. 155).

### 3 THE INFLUENCE OF CORPORATE SECURITY ON NATIONAL SECURITY

Corporate security represents one of the basic criteria for the achievement of economic goals and the adoption of the economic measures for crisis situations, and also represents an important segment of the economic politics of a state. In addition, corporate security contributes to the energy security of a state, which includes diversified routes of supply, stability of delivery and production of fuels, creation of necessary autonomy and strengthening of regional position in supply of fuels and products. One of the goals of corporate security is that corporations, in line with their capabilities, support defense and security preparations on a national level, and in the event of a threat to the state, assist in providing the basic needs of citizens and logistic support to key structures in the system of national security. In order for these measures to be undertaken in a timely manner, harmonization of the existing and the adoption of new regulations that may improve the reaction of the state in different situations is of prime importance.

The increased risk of asymmetric security threats, especially in the aftermath of terrorist attacks in the USA in 2001, has played a part in developing the idea that protection of *critical infrastructure* should become one of the priorities of national security in almost all states (Čaleta, Rolih, 2011, pp. 41-42). Although in theory there is still no consensus regarding the content of the concept of critical infrastructure, we normally understand by that term natural and material assets, property, technical systems, communications, business operations and services that are of particular interest for a state and whose destruction or termination of functioning would jeopardize national security, the economic system, vital social functions, the health of the population, the public order and the protection of national interests. Technical systems, technological processes and operations in different parts of critical infrastructure at a national level have the potential to be the targets of various harmful activities, including terrorism.

Critical infrastructure must be specially protected and it is necessary to ensure its normal work, since one of the most difficult disorders that may happen is so called a chain reaction, which transmits the disorder also on other systems, multiplying the consequences. Result of a variety of disorders within the mentioned systems in theory is described as a cascade effect or a domino effect. Due to these reasons the main task of critical infrastructure management is prevention or reduction of probability of the occurrence of natural or man-induced effects which may lead to catastrophic disorders in the protected systems.

The process of European integrations, among other things, also requires establishment of interoperability between the regional infrastructures and infrastructure of the European Union as a whole. In that regard, a special accent is on the critical infrastructure as a bearer of stability of economic development and social relations, and due to that reason, recommendations and legal frames for protection of these resources have become a necessity in the national development programs.

In accordance with the Statute of the Council of Ministers of the European Union no. 114/2008 dated 08 December 2008, the definition of the “European Critical Infrastructure” (ECI) includes a critical infrastructure which is situated in the member states and whose disorder or destruction has got a significant influence on at least two member states. Which serious circumstances are in question, is assessed in accordance with the inter-sector criteria. This includes impacts on other types of infrastructure, which is expressed through cross-sector dependence.

In accordance with the Decision of Government of the Republic of Slovenia dated 19 April 2010, “critical infrastructure of national importance in RS covers those areas and services which are of a vital importance for the country and whose outage or destruction would have a significant influence and serious consequences to the national security, economy, key state functions, health, security and protection, as well as social protection”.

Having in mind the seriousness of consequences of jeopardizing the “key infrastructure”, in literature striving was noted that in their protection an integrated model of corporate security is applied, leaving some less sensitive functions (physical and technical security) of that system to the external specialized service provider from that area (outsourcing). That integrated model in the Critical Infrastructure Systems would be, when the functions of corporate security which may be an outsourcing subject are expected, according to M. Vršec, able to include, head security manager and his subordinates – operational security managers; organizational unit for security and protection (protection from natural, industrial, transport and other disasters, protection of persons, secret information and business secrets, protection of information and archives, protection of electronic communications, protection of patents, seals and corporation reputation, fire protection, protection from hazardous substances and protection at work), organizational unit for safety of documents; organizational unit for information technology protection; organizational unit for operational work; security control centre (Vršec, 2011, pp. 59-60).

*Corruption and organized crime*, traditionally deep-rooted in Southeastern Europe, endanger fundamental values of a society and lead to a decrease of trust in the national state institutions, hamper the implementation of essential reforms, slow the process of transition, economic development, and integration, discourage foreign investment, and can even threaten national security. With that in mind, corruption and criminality are often the key tests corporate security in a company can fail. Thanks to their resources, corporate security managers in both, the public and private sector can contribute significantly to the establishment of business procedures and control mechanisms, primarily through cooperation with other segments of business practice within the corporations. The establishment of a security system in financial and accountancy operations, adequate support for internal auditing and control activities, the functioning of the system of information security using “business intelligence” method, as well as the establishment of an adequate system of procurement, resistant to corruption, are of the utmost



importance. Another important aspect is collaboration with state and other institutions in suppressing criminal and corruptive practice inside a company.

Strategic advantages of corporations are not any longer founded on exclusively physical resources or on good management, but first of all on the knowledge that exists in the company and information received from the market. Information received must be filtered, processed and correlated in order to enable the company management to make particular conclusions and decisions on its basis. The problem which arises in this regard is that there is a huge amount of information which is available from the market, from the competition or from the corporation itself, and it is necessary to select the pieces which are really relevant for the certain purpose. As pointed out by some authors, gathering of timely, punctual and accurate information is not sufficient by itself, since it is necessary to correlate these pieces of information, to put them in an adequate context and to draw conclusions on their basis, which will enable the action, and finally, realization of profit for the corporation. In conditions of being overcrowded with information that characterise today's market, individuals and enterprises need a radar (Business Intelligence) which enables them to timely identify the relevant information, as well as to prevent the loss of time and delays on something which, in the long-run, does not bring profit for us (Singer, Alpeza, Balkić, 2009, p. 220).

With regard to the relationship between "business intelligence" and national security, it should be taken into account that state instruments still have a dominant role in providing its own internal and external security, in the protection of national interests. However, the role of corporate security and, by extension, of "business intelligence" is becoming increasingly important. This occurs in economic systems of all countries, regardless of the nature of their internal regulation. "Business intelligence" as an intelligence function is aimed at collecting and analyzing information that serves as a base for the decision-making process within a corporation, and can be performed within any of the business instruments when the national interest of a country towards foreign nations is in question. Nevertheless, corporate security and "business intelligence" have a dominant role in the area of national security that comprises public/general interests, aimed at the achievement of internal economic welfare, a high standard of economic development, high level of employment and living standard.

The operation of „business counter-intelligence“- that is, activities aimed primarily at security of a company and establishment of mechanisms for its protection - is highly important for national security. Any activity that serves to eliminate or reduce the results of the actors of industrial/business espionage, contributes to the strengthening of security of the economy of a state, which is a significant contribution to the total national security of that state. In Serbia, few companies employ any kind of protection against industrial and business espionage. The cause of such a state of affairs are habits inherited from socialism when socially-owned companies did not protect their own information and projects. What is more, they openly shared them



for free. With this in mind, a security culture – that is, the culture of business protection - needs to be adopted by all employees, regardless of their status within a corporation. That can represent a problem in practice, as top management sometimes disregards certain procedures, due to a common understanding that they are not subject to question, even though it is them in particular who are required to be the founders and pillars of the security culture; to lead by example and transfer the value system of security and protection to other employees.

In the case of the states from the Western Balkans area and the former SFR of Yugoslavia, more serious attention is being paid to the business-intelligence operation issues in the Republic of Slovenia and the Republic of Croatia. However, in Croatia, according to their authors, methods that are considered as Business Intelligence have been insufficiently applied in the business practice, first of all because most managers of Croatian companies have not been informed about them in the right way. Hence it occurs that the corporations in that country cannot also refer appropriately towards neither foreign partners who dispose with almost all relevant data, nor towards the domestic competition (Bazdan, 2009). Such a situation in the economy clearly indicates to a need for opening a good quality Business Intelligence agencies which would start up the slow mechanisms in Croatian economy. These agencies would be a precondition in creation of solid foundations for future directing of business information which will be needed for that state when it becomes a member of the European Union. It is interesting that in the Republic of Croatia, unlike highly-developed countries, only 9% of corporations use „business intelligence“ as a separate business function (companies such as Pliva, Adrisa and HT have got a formally tasked departments for Business Intelligence) (Singer et al., 2009).

Corporate *information systems* can be exposed to various security threats that endanger not just the technological segment of a company, but often the business as a whole. Those threats can come from the outside, but can also be sourced from within the system. The object under threat can be any asset in the information system, such as, the information-communication system of a corporation; computers and the data they contain; data about business associates; personal data of employees; various registers and databases; information-communication technology, including computers and mobile phones; operational and manufacturing processes in corporation; technology; staff employed in organizational units connected with information-communicative system; technical protection systems; intellectual property, etc. (Javorović, Bilandžić, 2007, p. 296).

The proper handling of *classified information* of a corporation extends to the entire life-cycle of those data or information, including also the aspects related to their removal and destruction. At the end of the life-cycle, classified data or information are examined and a decision is made as to whether they should be archived and stored permanently, have the classified tag removed and used publicly, or destroyed. The classified data or information that are no longer needed for the corporation's business, together with additional material, are destructed in such a way

that the reconstruction and unauthorized use by third parties is not possible (Matić, 2006, p. 181).

Corporate security is directly dependent on the democratic character and economic development level of a society. In times of the deep global crisis, which also reached Southeastern Europe, manifested by, among other things, the decaying and shutting-down of a number of companies, corporate security (which, incidentally, had not been developed in a modern sense) is not in a position to contribute to saving unsuccessful companies or the economic recovery of these countries.

It can be argued that companies throughout Southeastern Europe do not invest enough in security, with the exception of banks and corporations originating in developed economies, and in which security is of key importance for the normal functioning of a corporation. One of the consequences of the global economic crisis is an absolute and relative decrease of investment in corporate security, present in the majority of companies in Southeastern European countries. A lowering of the level of internal protection makes corporations vulnerable to internal and external security threats and hazards, particularly regarding different forms of crime and corruption. Therefore, it is necessary that even during the global economic crisis, a part of the profit of corporations doing business in this region remains invested in the establishment and improvement of the system of corporate security, as this is a function that represents a significant support to the business success of companies. In particular, this refers to the protection of critical infrastructure, the area of information security and the security education of employees.

### 3.1 Results of the empirical research on the influence of corporate security on national security

During 2011, in the territory of the Republic of Serbia, in his PhD dissertation, D.Trivan performed empirical research taking the form of expert interviews, with the aim of describing and explaining the level of influence exerted on the various areas of national security by performing functions of corporate security on the basis of collected and analyzed data and expressed value attitudes and remarks of executives/managers that administer security sector in corporations in Serbia, as well as of experts from national security services (BIA and VBA).

According to the answers from the interview, the most important sources and forms of corporation jeopardizing are,

Crime offences committed by usage of information technologies (IT)
Leaking of protected and classified data
Technical and technological accidents
Various minor offences (violation of work discipline, deviation of prescribed work organization, overdraft or usurpation of competencies and authorizations, non-implementation or partial implementation of the prescribed procedures, negligence at work)

The second group, by importance, consists of,

Crime offences of causing of public danger and crime offences against the health of people and the work environment
Economic crime offences committed by employees, most often in conjunction with business partners
Crime offences that are causing damage to the business entity (diversions, terrorism, sabotages, destruction of damaging of the production means and destruction of products)
Crime offences of the classic crime

The following is categorized into the less present sources and forms of jeopardizing of corporation,

Natural disasters
Social and other unrests within the company
Traffic accidents and incidents

Sources of jeopardising of national security and their influence to corporate security have been categorised by the examinees in the following way,

External aggression
Separatism
Terrorism
Armed rebellion
National and religious extremism
Activity of foreign intelligence services
Organised crime
Corruption
Money laundering
Problems od economic development
Consequences of natural disasters and of technical and technological accidents
Jeopardising of environment

The general conclusion of the research is that in Serbia exists an unregulated, non-delineated, unbalanced, and ultimately unsustainable relationship between the system of national security and the non-state security sector (private and corporate security).

The empirical research showed that corporate security has a large or medium influence on the achievement of state and national interests, on the economic power of the state, and the stability of the national economy. The majority of the interviewed corporate security managers were of the opinion that, despite its lack of functions in the area of protection of secrecy of data, corporate security has some, but not yet

sufficient influence on national information power. The research also showed a very unfavorable state of information-protection within corporations in Serbia.

The influence of corporate security on national security in the Republic of Serbia in the area of organized crime was evaluated by the interviewees as being at a medium level. On the other hand, it is thought that corporate security has a high impact on the prevention of corruption and “money-laundering”. According to the results of the empirical research, corporate security has a relatively small, i.e. insufficient, influence on national security in the area of prevention of political violence (assassinations, coups d’état, armed rebellions, conspiracies, uprisings, revolutions), as well as the suppression of different forms of extremism and torture. However, it was concluded that the impact of corporate security functions on national security is somewhat higher in the prevention of internal conflicts in the state (“the more successful companies, the stronger the state, which means less internal conflicts and the better situation of national security”).

### 3.2 Suggestions and proposals for the future

In order to have corporate security functions successfully carried out and to produce a higher positive influence to the national security, it is necessary to also do the following,

- It is necessary to have the corporate security developed in companies through the system established in accordance with the following principles,
- uniqueness (all elements and system factors at corporate level and in the parts of company are developed in accordance with the same principles, they are functionally connected and conjoined in the executive function at the corporation level, respecting the subordination and an obligation of carrying out instructions from the higher decision-making level);
- rationality (inclusion into the function of security of all available human, material and organizational resources of the company, forming of operational high-qualified services for security jobs which will efficiently plan, direct, harmonize, follow and control the functioning of all systemic factors);
- universality (organizational and functional conformation which will enable an efficient elimination of consequences of all assessed real sources and forms of jeopardizing and simultaneous engagement in several directions in order to realize the best effects);
- selectivity (precise and consistent defining, delegating and distribution of elements to the system factors of corporate security);
- adaptability (possibility of a fast and an efficient transmission of focus of activity of factors and redistribution of security system elements in accordance with the changes of work conditions, sources and forms of jeopardizing);
- reliability (capability of the system to be in permanent functional situation independent of anybody’s individual will and to stimulate the factors to the desirable and prescribed behavior).
- Taking into consideration the importance of corporate security for realization of strategic goals of the company, organizational unit which will carry out these jobs

should be set up in such way that it possesses clear responsibilities and precise authorizations in accomplishing its basic tasks. If we have a corporation with a high number of employees or a company which deals at various locations, this organizational unit should be at the first level of division of work assignments. In smaller companies it is necessary to establish a security board or appoint a security director/manager who will be directly responsible to the top management. If this is not economically feasible, one of the top managers in the company must take over also the role of security manager.

- Corporate security director should by ranking belong to the highest level of the middle management or to the lower level of the top corporation management. His/her task should be to set up goals, strategic planning, suggestion for alternative problem solutions, representation of corporation in the public through PR centre, directing and following activities of persons who are responsible for corporate security jobs in the company, incitement and encouragement of their professional development.
- Corporate security manager should coordinate and manage tasks of the security system and protection of persons, property and corporation business. In the management hierarchy of corporation, if in a company the function of security manager does not exist, he/she should be immediately subordinated to the head director, or to the majority owner.
- If the corporate security director/manager does not succeed to ensure an unambiguous and transparent support of the leading company management, especially if it goes through the ownership transformation, it will not be able to carry out the planned activities, it will lose its identity and the business role. In order to make success, he must be a promoter of all security procedures and has to motivate the employees to follow them for a safer business environment.
- It is necessary to have a permanent improvement of communication and an advancement of cooperation of managers and organizational units of corporate security in the companies with the competent state bodies and services, first of all in the area of the key infrastructure protection, prevention and elimination of accidents' consequences, preparation and management of crisis and extraordinary situations, information exchange and similar.
- Normative regulation is required as well as the establishment of cooperation of corporate and national security services in protecting corporations from industrial espionage and other types of external threat.
- In order to have the corporation fulfill its business goals, it is necessary that all the factors, which represent a threat in the accomplishment of goals, are identified, prevented or reduced to a minimum. This procedure includes identification, analyzing, evaluation and processing of security threats (risks), as well as establishing the level of permitted vulnerability of economic resources, service infrastructure and property, so as that the company would successfully implement its business strategy.
- In corporations it is necessary to entirely implement the principles that emanate from international standards HSEC (Health, Safety, Environment Management, Community Relations) and BCCM (Business Crisis and Continuity Management),

and also implement the required standards ISO (International Organization for Standardization).

- State bodies and institutions, by building of the unique security system and by developing the capacity of a society for crisis management, must enable a continuation of economic and business activities of the community also in crisis conditions (extraordinary situation, natural disasters, war conditions and other). In order to have this realized, it is required to establish a normative, organizational and functionally consistent security system which will enable a safer and more efficient protection of persons, property and corporation business.
- Rising of awareness of employees in corporation about the importance of preservation of data must be the everyday care. In that regard, it is required to present to the employees, by an unofficial communication or through seminars, what damages may be produced due to loss of important information and how this can reflect on them. One of preventive measures should be a periodical holding of informative meetings on protection, aiming to refresh earlier gained knowledge and to remind of the obligations in this sphere, as with the course of time the awareness related to the importance of protection and the alertness and vigilance towards the illicit activities is decreasing.
- It is necessary to legally confine competencies, authorizations and duties of the state and non-state security sector, especially with regard to the conditions and ways of application of the means of force, and usage of operational methods and means by which a person's right to privacy is violated, as well as to administer the way of performing security jobs.

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