



# Supplier-perceived customer value in business-to-business security service

Mervi Murtonen





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*Thesis for the degree of Doctor of Science in Technology to be presented with due permission for public examination and criticism in Festia Building, Auditorium Pieni Sali 1, at Tampere University of Technology, on the 13th of September 2013, at 12 noon.*



ISBN 978-951-38-8015-6 (Soft back ed.)  
ISBN 978-951-38-8016-3 (URL: <http://www.vtt.fi/publications/index.jsp>)

VTT Science 40

ISSN-L 2242-119X  
ISSN 2242-119X (Print)  
ISSN 2242-1203 (Online)

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JULKAISIJA – UTGIVARE – PUBLISHER

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## **Supplier-perceived customer value in business-to-business security service**

Palveluntuottajien kokema asiakasarvo yrityksille suunnatuissa turvallisuuspalveluissa.  
**Mervi Murtonen.** Espoo 2013. VTT Science 40. 185 p. + app. 4 p.

### **Abstract**

Although customer value of business-to-business service is by definition determined by the customer, it is essential also for the service suppliers to understand the value of their service for the customer. In business support service, service suppliers' thorough understanding of customer value is particularly relevant, since the market is often highly competitive, price-sensitive and customers tend to perceive business support service as of a secondary nature. Alongside other business support services, the field of business-to-business security service is witnessing all these challenges. In addition, they are dealing with security as a service content that is often related to intangibility and subjectivity and reactive and reluctant service procurement. In spite of their relevance for various industrial sectors, the concepts of supplier-perceived customer value, business support service, business-to-business security service and security as service content have remained relatively unexplored in previous research, however, which increases the relevance of the current study.

The general aim of this study is to increase the understanding of supplier-perceived customer value in the context of business support service. The more specific purpose is to explore how security service managers perceive customer value in business-to-business security service. Adopting a qualitative research process and following the research approach of grounded theory, the work consists of two interlinked empirical phases and uses personal interviews with managers from seven security companies as the research data. The first empirical phase examines security suppliers' concerns about the customer value. It introduces six different concerns and concludes that customer closeness is the main concern of the informants of this study. After that, the theoretical framework is expanded and the study is situated within the body of related literature. The literature review leads the second empirical phase of this study to explore how the theoretical concepts of value communication and relational adaptations are used to enhance customer closeness in business-to-business security service.

The results of this study show that security suppliers hold multifaceted perceptions of customer value, characterised by supplier efficiency and value-based differentiation. Through enhanced customer closeness the security suppliers try to shift the focus away from transaction-oriented customer relationships and differentiate from their competitors. Customer closeness involves understanding customers better, keeping in contact with the customer, communicating customer value effectively, integrating security service operations with the customer's processes,

and adjusting to changing customer needs. The results also indicate that business support service suppliers could use their multidimensional perceptions of customer value more effectively to develop stronger value argumentation and more purposeful selection of inter-firm and intra-firm adaptations.

The theoretical contribution of this study is fourfold. First, the study provides empirical evidence of the managerial perceptions of customer value, which are not limited to the traditional trade-offs between customer benefits and sacrifices. Second, this study adds to the discussions on business support service, and highlights the importance of the service content in the analysis of value creation and customer relationships. Third, this study is a valuable supplement to the existing body of both conceptual and empirical research examining private security companies and security professionals. Finally, this study presents rather unusual selection of qualitative research methods. Managerially, this study provides both the security suppliers and their customer companies with new knowledge of value in business-to-business security service and discusses the activities through which both value and customer closeness can be enhanced.

**Keywords** customer value, business-to-business service, security service, grounded theory, customer closeness

## **Palveluntuottajien kokema asiakasarvo yrityksille suunnatuissa turvallisuuspalveluissa**

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### **Tiivistelmä**

Asiakas on lähtökohtaisesti se, joka määrittää palvelun tuottaman asiakasarvon. Silti myös palveluntuottajien on tärkeää ymmärtää, mistä asiakasarvossa on kysymys. Yrityksille suunnatuissa liiketoiminnan tukipalveluissa palveluntuottajan ymmärrys asiakasarvosta on erityisen tärkeää, sillä tukipalvelumarkkinat ovat usein erittäin kilpailtuja, hinta on tärkeä ostokriteeri ja asiakkaat pitävät tukipalveluita toissijaisina oman liiketoimintansa kannalta. Muiden tukipalveluiden tapaan myös turvallisuuspalveluissa nämä edellä kuvatut haasteet ovat arkipäivää. Lisäksi turvallisuus palvelun sisältönä on haasteellinen aineettomuutensa ja subjektiivisen luonteensa vuoksi, ja turvallisuuspalveluiden hankinta on usein reaktiivista ja asiakkaalle vain välttämätön paha. Tämä väitöskirjatutkimus luo uusia yhteyksiä monien sellaisten ilmiöiden välille, joita ei ole kattavasti tarkasteltu aiemmissä tutkimuksissa. Näitä ovat esimerkiksi palveluntuottajien näkökulma asiakasarvoon, tukipalvelut yleisesti tarkasteluna, yritysten hankkimat turvallisuuspalvelut yhtenä erityisenä tukipalvelumuotona ja turvallisuus palvelusisältönä.

Tämän tutkimuksen yleisenä tavoitteena on lisätä ymmärrystä palveluntuottajan kokemasta asiakasarvosta yritysasiakkaille suunnatuissa tukipalveluissa. Työn yksityiskohtaisempana tarkoituksena on tuottaa uutta tietoa turvallisuuspalveluyritysten ylimmän ja keskihoidon kokemasta asiakasarvosta. Menetelmällisesti tämä tutkimus noudattaa aineistolähtöistä teoriaa ja hyödyntää laadullisen tutkimuksen menetelmiä. Työ koostuu kahdesta aineistolähtöisestä vaiheesta, jotka käyttävät seitsemässä turvallisuuspalveluyrityksessä toteutettuja haastatteluja tutkimusaineistonaan. Ensimmäinen aineistolähtöisen vaiheen tulokset muodostavat kuusitahoisen jäsenyyksen turvallisuuspalveluiden tuottajien kokemasta asiakasarvosta. Lisäksi asiakasläheisyys tunnistetaan keskeiseksi haastateltavien toimintaa ohjauksiksi tavoitteeksi. Kirjallisuuskatsaus laajentaa työn teoreettista pohjaa ja linkittää ensimmäisen aineistolähtöisen tutkimusvaiheen tuloksia aiempiin tutkimuksiin. Kirjallisuuden pohjalta johdetaan kaksi tarkentavaa tutkimuskysymystä, jotka liittyvät palveluntuottajien arvoväittämiin ja adaptaatioihin eli siihen, miten he mukauttavat omaa toimintaansa suhteessa asiakkaan toimintaan. Työn toisessa aineistolähtöisessä vaiheessa pohditaan, miten palveluntuottajat rakentavat arvoväittämien ja adaptaatioiden avulla voimakkaampaa asiakasläheisyyttä turvallisuuspalveluissa.

Työn tulokset osoittavat, että tukipalveluiden tuottajien käsitys asiakasarvosta on monipuolinen ja laaja. Arvokäsityksiä määrittävät toisaalta palveluntuotannon tehokkuus ja toisaalta erottautuminen kilpailijoista asiakasarvon avulla. Palveluntuottajat halusivat päästä lähemmäs asiakkaitaan ja siten muuttaa tuotteiden

vastikkeelliseen vaihdantaan perustuvia asiakassuhteita nykyistä vuorovaikutteisemmiksi. Asiaksläheisyys koetaan myös keinoksi erottautua kilpailijoista. Asiaksläheisyydellä tarkoitetaan tässä tutkimuksessa palveluntuottajien ymmärrystä asiakkaistaan, jatkuvaa yhteydenpitoa palveluntuottajan ja asiakkaan välillä, asianmukaista ja tehokasta asiakasarvon viestintää, palveluprosessien kytkemistä asiakkaan liiketoimintaprosesseihin ja sopeutumista asiakkaan muuttuviin tarpeisiin. Tutkimuksen tulokset osoittavat, että tukipalveluiden tarjoajat voisivat hyödyntää laaja-alaista ymmärrystään asiakasarvosta arvoväittämien vahvistamiseen ja monipuolistamiseen. Lisäksi olisi tärkeää löytää oikea balanssi palveluntuottajan sisäisten ja asiakasrajapinnassa tapahtuvien adaptaatioiden välille.

Tämän väitöskirjatutkimuksen tieteellinen kontribuutio on nelitahoinen. Työ tuottaa uutta kokemusperäistä tietoa palveluntuottajien arvokäsityksistä, jotka tässä tutkimuksessa poikkeavat perinteisistä asiakkaan kokemiin hyötyihin ja kustannuksiin perustuvista arvomalleista. Toiseksi tutkimus esittelee turvallisuuspalvelut yhtenä erityisenä yritysten tukipalvelumuotona ja korostaa palvelun sisällön merkitystä arvonmuodostuksen ja palveluntuottajien ja asiakkaiden välisten suhteiden analysoinnissa. Kolmanneksi työ tuottaa uuden palvelulähtöisen näkökulman aiempaan turvallisuustutkimukseen. Lisäksi työssä hyödynnetään varsin ainutlaatuista laadullisten tutkimusmenetelmien palettia. Yritysten näkökulmasta tarkasteltuna työ tuottaa uutta tietoa sekä turvallisuuspalveluiden tuottajille että heidän asiakasyrityksilleen arvon ja asiaksläheisyyden vahvistamisen keinoista.

**Avainsanat** customer value, business-to-business service, security service, grounded theory, customer closeness



## Prologue

*'I want to understand the world from your point of view.  
I want to know what you know in the way you know it.  
I want to understand the meaning of your experience,  
to walk in your shoes,  
to feel things as you feel them,  
to explain things as you explain them.  
Will you be my teacher and help me understand?'*

(Spradley, 1979, p. 34)

## **Academic dissertation**

Supervisor Professor Miia Martinsuo  
Tampere University of Technology

Reviewers Professor Anders Gustafsson  
Karlstad University

Professor Tore Strandvik  
Hanken School of Economics

Opponent Paul Lillrank  
Aalto University

## Acknowledgements

As this thesis is grounded in materials from its informants, I am grounded by the people who have helped me to execute this work. First of all, I am thankful to all the managers who participated of the study for sharing their knowledge, practical experiences, and personal perceptions with me. I wish to thank Tekes – the Finnish Funding Agency for Technology and Innovation for making the ‘The Value of Corporate Security Services’ (ValueSSe) project possible. I express my gratitude to the ValueSSe core team, Professor Arto Rajala from Aalto University and Senior Scientist Taru Hakanen and Research Scientist Markus Jähi from VTT, who provided valuable contribution to the ValueSSe project. I am also very grateful to COO Jari Erkkilä at Tamlink Ltd, who was responsible for co-ordinating the company group in the ValueSSe project.

I am thankful to the Educational Fund (Koulutusrahasto) for granting me an adult-education allowance for four months, during which the main parts of the data analysis were conducted and the bulk of the manuscript was written. I wish to thank Tutkimustie Oy for transcribing all the interviews and Semantix Oy for translating the quotations and proofreading of the whole work.

In the course of the writing process, I had a privilege to take part in three separate groups of doctoral students. The first of these was those at the NFF PhD workshop held in the Stockholm archipelago in August 2011. The workshop assured me that I was on the right track. The other two peer groups were based at VTT. The first was led by Professor Miia Martinsuo, and together with Eija, Taru, and Minna I learned to drive away all the unnecessary worries, all kinds of ‘bogeymen’, and the ‘fog’ around the thesis process. The other group was a self-organised support group with fellow doctoral candidates Riitta, Risto and Teuvo, who spurred me on. Thank you all for sharing this journey.

At VTT I have the most inspiring, talented, hard-working, and friendly colleagues. I am especially grateful to the people around the round coffee table – you know who you are. More specifically, I would like to thank Technology Manager Helena Kortelainen, Key Account Manager Pekka Maijala and Assistant Pirjo Hyvärinen-Kantee for providing practical help for this thesis and Research Professor Veikko Rouhiainen for constructive comments. I extend special thanks to research team TK3073: Teuvo, Päivi, Jouko, Marinka, Tuija, Katariina, Markus and Laura. Thank you all for the good fellowship.

I would like to express my gratitude to Professor Anders Gustafsson from Karlstad University and Professor Tore Strandvik from Hanken School of Economics, who acted as preliminary examiners of this thesis and provided valuable comments that took the manuscript a great step forward. It will be a true honour to have Professor Paul Lillrank from Aalto University as the opponent in defence of my thesis, and I look forward to interesting discussion and debate.

I am honoured to have had Professor Miia Martinsuo as my thesis supervisor. Your theoretical sensitivity, insightful questions, constructive feedback, and encouragement have transformed my scattered thoughts and ideas into a thesis.

On a personal level, I am thankful to all the friends around me, and I thank Anna, Anne, Eija, Jaana, Mari, Mirva, Taija and Virva for your friendship and presence in my leisure time. Äiti, positiivisella elämänasenteellasi, rohkeudellasi ja spontaaniudellasi olet osoittanut minulle, miten kaikki on mahdollista ja miten hullutkin ideat ovat kokeilemisen arvoisia. Tämä väitöskirja on yksi sellainen idea.

Finally, my loved ones Martti and Meri have kept me grounded. You form a secure 'home base' from which all my bold endeavours can be started. This thesis is not the first of them and surely will not be the last. Martti, in spite all the hustle and bustle surrounding this thesis, you are and will be the 'security master' of our family. Over the last 23 years, you have shown me what customer-oriented security service means in practice and what it takes to deliver it. And Meri, thank you for continuously reminding me that I should be writing my thesis when I occasionally tried to do something else and for regularly checking my progress and page count. I am looking forward to seeing what bold opportunities life will offer you!

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# 1. Introducing the business view to security service

## 1.1 Setting the scene for the study

What is the basis of all business? One of the most common answers to this central question is that serving the interests of company shareholders, maximising the profits, and creating value for the owners constitute the basis for all business (see e.g. Bowman & Ambrosini, 2007). This value paradigm (Grönroos, 2011a; Haksever et al., 2004; Khalifa, 2004; Normann & Ramírez, 1994; Smith & Colgate, 2007) states that customer value is the basis of all business, the main objective of any organisation and the source of all other values for a firm. Customer value increases customer satisfaction, which, in turn, means more and better business for a firm, resulting in financial, non-financial, and time-related wealth (Haksever et al., 2004).

On the other hand, service-dominant logic (Vargo & Lusch, 2004b, 2008) and other service paradigms state that service is the basis for all economic exchange and that all suppliers are service suppliers (Edvardsson et al., 2010), who exchange service for service<sup>1</sup>. These arguments are supported by the fact that many fields of business are now characterised by service, and in many Western countries more than 70% of the gross domestic product is generated by service (Ostrom et al., 2010).

Since risks and insecurities – fundamental features of all business – may jeopardise the firm's ability to create value for its stakeholders, the operations of risk management, business-continuity management and security management have established a firm position on the current agenda in almost all modern organisations. These operations are aimed at protecting organisational assets, profits, and staff (sometimes including protection of the assets and profit *from* the staff), thus providing optimal conditions for value creation in a firm. In addition, risk and security management are used to reassure the stakeholders, to generate income, to increase the organisation's business efficiency and to deliver dividends for all

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<sup>1</sup> This study adopts a singular form of the noun 'service', which emphasises service as a process and separates it from intangible outputs, often referred in a plural form as 'services' (see, for example, Vargo, 2013).



stakeholders (Challinger, 2006; Goold et al., 2010). Despite these multiple benefits to customer's business, previous security and service literature has limitedly discussed the value and significance of the security activities to customer organisations.

This dissertation continues the recent research on private security business and security service in Finland (see e.g. Jähi, 2013; Kupi et al, 2010; Murtonen et al., 2012). It brings out the three current themes – security, service and value – together in a business-to-business context. This setting situates the work at the crossroads of two global megatrends: servitization and securitisation. Servitization refers to a movement wherein the value of a firm's core offerings is increased through service (Vandermerwe & Rada, 1988). Following the global flow of servitization, private security companies have started to develop more service-oriented security solutions (Murtonen & Jähi, 2012). Similar to other business support operations, also many security operations previously conducted in-house have been outsourced leading to a remarkable growth of the business-to-business security service over the last few decades (de Waard, 1999; van Steden & Sarre, 2007, 2010; White, 2011). For example, by the year 2000, 60 per cent of all security guarding services were provided by contract service companies, and this trend has continued since (McCrie, 2007). For its own part, the growth of the private security sector has raised concerns about ever-increasing securitisation. Securitisation refers to the arrival of a 'security society' (Zedner, 2003a), in which more and more issues are transformed into matters of security. Securitisation brings into analysis of how security is constructed through speech, practical activities, priorities, and justifications (Leander, 2009). In light of these conceptualisations, business-to-business security service represents an interesting and current context for an exploratory study of customer value.

### **1.2 The research gaps identified**

Current literature has addressed business-to-business service, customer value, and organisational security extensively. Nonetheless, some research gaps can be identified. First of all, the mainstream management discipline has largely neglected business-to-business support service, with work in this field being dominated by themes of knowledge-intensive service, other professional service, product-based industrial service, and consumer service. This may be because business support service is, by definition, outside the core competence of most customer companies (Frauendorf et al., 2007) and therefore it may be considered uninteresting or irrelevant. Business support service is not recognised in the general business management sector either, and it is addressed especially seldom in the service-management literature. Still, it is widely used in diverse industries and is continuously increasing in importance in global economics. With its focus on business-to-business security service, this study provides a new viewpoint to business support service, thus challenging the current models and theories and bringing a new field of service to the scene.

Although the current literature on customer value is extensive, we still do not understand its dynamic nature, not to mention scales for its comprehensive measurement. For example, Sánchez-Fernández and Iniesta-Bonillo (2007) argue that customer value is a complex, situational, and context-dependent concept and, therefore, it needs to be evaluated against the context in which it occurs. They get support from Edvardsson et al. (2005), who remind us of the wide variety of service areas and request for more service-specific research. The ambiguities of the theoretical basis for the concept of customer value may stem from the fact that conceptualisations of customer value have remained fragmented (Khalifa, 2004; Sánchez-Fernández & Iniesta-Bonillo, 2007). In addition, the multidimensionality of value is not fully captured in the most commonly cited definitions (e.g., Zeithaml, 1988), and, regardless of widespread intentions to embrace servitization, traditional product-based models still influence the evaluation of customer value in service-oriented businesses. Therefore, more perception-focused approaches to value have been called for, to increase the understanding of perceived value especially (Sánchez-Fernández & Iniesta-Bonillo, 2007).

Finally, the vast majority of the current literature takes a customer-oriented perspective on value, while the supplier's perspective has received less interest from scholars (cf. Möller, 2006). The absence of supplier-perceived customer value as a consideration in the current literature is at odds with the fact that a firm's competitiveness depends on its ability to understand what value customers are seeking (O'Cass & Ngo, 2011). Although the customer is always, by definition, the determiner and creator of value (Edvardsson et al., 2005; Grönroos, 2009; Vargo & Lusch, 2008), it is clearly beneficial for the supplier to be well aware of the customer value (Anderson & Narus, 1998; Boksberger & Melsen, 2011; Nathaniel, 2012; Payne & Holt, 2001; Woodruff, 1997). Suppliers can apply their knowledge of customer value to match their offerings to the customer's needs and expectations, to develop more customer-specific solutions, and to maintain existing customer relationships (Anderson & Narus, 1998). Furthermore, the supplier being able to anticipate also latent and future customer needs may help to enhance customer relationships; guide service-development processes; and, ultimately, assist in gaining of new customers (Flint et al., 2011). Certain key questions arise that have been answered only in part in the current literature: How do suppliers perceive the value they try to create for customers? In what terms is the value evaluated by the service suppliers? How and why does the supplier-perceived customer value differ from the customer-perceived value? What challenges do service suppliers face in their attempts to understand customer value?

### **1.3 The purpose of the study**

The general aim of this study is to increase the understanding of supplier-perceived customer value in the context of business support service. The more specific purpose is to explore how security service managers perceive customer value in business-to-business security service. The work is an attempt to fill the

research gaps discussed in the previous section, by introducing the infrequently studied notion of supplier-perceived customer value in the context of business-to-business security service. Methodologically, this study brings the grounded theory approach to the fields of security studies and business service studies. As its main result, this study provides conceptualisations of security suppliers' perspectives on customer value in this context.

### 1.4 The scope and delimitations

Four fundamental choices were made at the very outset of the study that guided and delimited the research process. These choices are related to business-to-business security service as an empirical research setting, supplier-perceived customer value as a key concept, grounded theory as a research approach, and managers of security companies as unit of observation and level of analysis.

Bounding this work by the context of business-to-business security service means that the study is set in the private security business, and in the commercial relationships between security suppliers and their customer organisations. Although private citizens and households form a growing customer group for security service (Goold et al., 2010), they are beyond the scope of this study. Consequently, this work does not employ the widely used term 'private security services', because it encompasses business-to-consumer security service also. The decision to delimit this study to business-to-business security services has academic, practical, managerial, and personal reasons. The academic justification lies in the fact that management and marketing research on customer value in business-to-business security service has been almost non-existent. Furthermore, security service has several distinctive features, the analysis of which might provide alternative viewpoints to customer value in business support service. The practical justification is that this study has its roots in the large-scale research project ValueSSe<sup>2</sup>, in which customer value in business-to-business security service was a theme of great importance and interest for the participating companies. The managerial justification is that the informants of this study clearly expressed the challenges they face in demonstrating and visualising customer value in this setting, thus pointing a need for this study. The personal justifications are discussed in greater depth in Section 1.5.

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<sup>2</sup> 'The Value of Corporate Security Services' (ValueSSe) was a nationally funded research and development project that began in May 2009 and ended in May 2012. The project was conducted in co-operation among VTT Technical Research Centre of Finland, Aalto University School of Economics, and Tamlink Ltd. It was funded by the Finnish Funding Agency for Technology and Innovation (Tekes) and the participating organisations. The seven companies considered in this thesis all participated in the project, along with three other companies. In the project, I had the roles of project manager and researcher from start to finish. The results of the ValueSSe project have been reported by Murtonen, Jähi, and Rajala (2012).

Limiting the analysis to the supplier-perceived customer value is based on the fact that value is always a subjective phenomenon; that is, someone has to understand the object as being valuable – to him- or herself or to others – for the value to exist. Therefore, perceived value can only be studied through the people who perceive that value (Forsström, 2005). This study explores how service suppliers understand the value of their products and service for the customers. With this regard, this study follows the recent examples of Ballantyne et al. (2011), Flint et al. (2011) and Verhoef and Lemon (2012), who all have studied service suppliers' views of customer value. At the same time, this study provides an alternative viewpoint to a wide range of papers, which consider customer-perceived value of service (Bovik, 2004; Lapierre, 2000; Liu, 2006; Macdonald et al., 2011) and the value of customers for the supplier (Möller & Törrönen, 2003; Palmatier, 2008). In a divergence from some prior studies, which state that 'the perception [of value] belongs to the customer' (Bovik, 2004, p. 16), this study proceeds from the notion that the perceptions of the desired customer value belong to both the supplier and the customer. Consequently, in comparison to the customer-perceived value, the approach of this study is more mediated and abstract, since the actual beneficiary is not the one through whom the value is addressed. This also means the informants in this study may have an incomplete view of 'value-in-use' in security service, and they do not necessarily have living proof of all the benefits and sacrifices the customers find in the service; therefore, some parts of value can only be envisioned. Nevertheless, their perception of customer value is what they work with, making the concept of supplier-perceived customer value relevant for this study.

Customer value in the context of security service is a multifaceted and ambiguous concept, and no ready hypotheses exist. Grounded theory (Glaser & Strauss, 1967) was chosen as the main approach for this research because it has been considered as appropriate for identifying and analysing complex recurrent patterns in their own social contexts (Locke, 2001). In addition, grounded theory studies aim at challenging the existing abstract conceptualisation and use their own data to uncover ambiguities in social situations (Bechky, 2011). I also had a personal interest in applying grounded theory, since I feel that it fits well with my background and research interests. In the grounded theory approach, the fit between the methodology and the researcher is especially important, since the researcher is an important part of the enquiry and an 'asset with unique contributions rather than just a resource that can be easily substituted' (Fendt & Sachs, 2007, p. 449). Also, the choice of the research approach and methods gets justification from the ValueSSe project, which had both academic and practical goals. It aimed at developing conceptual understanding of value creation in the security business and enhancing the value creation capabilities in the participating companies. Grounded theory is especially suitable for a setting of this sort, as it not only focuses on generating academic insights but is also intended to be useful in everyday life. Thus, it aims at generating theory that is understandable and usable to the participants in the study.

In this study, the key informants are the managers working in seven Finnish private security companies. The chosen managers are somehow part of security service development and delivery processes in their companies. They are both the

unit of observation and the level of analysis for this study; that is, managers form the distinctive unit from which the data is collected, and the analysis takes their perspective to customer value. In this study, I am intrigued with knowing how the managers perceive the customer value of the security products and services, how they perceive security as a service outcome and as a source of customer value, and what activities they undertake to manage customer value. The organisations they represent, the official corporate statements of customer value and the form of security service their companies deliver are, in a sense, secondary for the purposes of this study.

Alternative choices exist, which obviously would have led to a different kind of research process and produced different results and conclusions. One of the most apparent of these would have been the adoption of service-dominant logic (Vargo & Lusch, 2004a, 2008) as the theoretical background for this study. In spite of its wide coverage in the recent literature, the service-dominant logic was not considered suitable as the dominant paradigm for this study, however. This is mainly because it adopts firm-centric and market-centric views, while this study embraces the practical experiences and perceptions of single informants. In addition, following the principles of grounded theory, I prefer an open approach, in which the conceptual framework is not nailed down in advance. Nevertheless, some of the most widely applied premises of the service-dominant logic are acknowledged in this study, such as value defined by the customer, firms as makers of value propositions and service-centred view as customer-oriented and relational (*ibid.*), also because these propositions were acknowledged by the informants of this study.

### **1.5 Personal motivation for the study**

My research background is in safety research, while my family members and friends have worked in the private security business. In following their careers, I have wondered why organisational safety is so saturated with research and organisational security is not. It was not until I was nominated at VTT as a project manager in the ValueSSe project that I found an opportunity to bring together my theoretical background in safety research and risk management, on one hand, and my practical observations and notions related to the security business on the other. In the ValueSSe project, I had the privilege of working with several security companies and their customers, and to follow their work in security service development and delivery processes closely. I attempted to understand how security is sold, how it is delivered as a service, and how the basic principles of service business are adopted in the security industry. Perhaps it is the personal factors that have prompted my interest in the security managers' and employees' perceptions of security as service, along with their customer's perceptions of the service delivered.

The methodological motivation for this study is my enthusiasm for qualitative research and, in particular, my appreciation for grounded theorists. The grounded theory approach has long represented the pinnacle of qualitative research approaches for me. I knew that if I ever were to write a thesis, I would like to use a

grounded theory approach. I see grounded theory not merely as a research method. Rather, it is an overarching mindset and a research paradigm that guides all thinking and all phases in the actual research process. I find the features now seen as vital to the grounded theory approach – exploring, storytelling, rigour, and discovery – very inspiring. I enjoy gaining insight and find true joy in my discoveries; I long for the ‘eureka moment’. Therefore, I strongly agree with Astrid Gynnild (2012, p. 44), who said that ‘[I]t is fun to explore and it is fun to be the first one to discover new, latent patterns’.

Finally, I have always been more a farm girl than a scientist, and a practitioner rather than a pure academic. Therefore, I highly appreciate the practice-based knowledge of the informants in this study. One reason for choosing grounded theory as my approach was that it gives respect to this practical knowledge, a sense of relevance and meaning, and at the same time affords me autonomy as a researcher.

### **1.6 The first research question**

In the grounded theory approach, the researcher’s initial topics of emphasis and personal interests provide only a starting point for exploration, not specific research questions. The researcher should enter the field open-minded, with no preconceived focus (Glaser & Strauss, 1967). Formulating detailed research questions before the patterns emerge from the data would be premature, and making assumptions too early on may lead only to concepts and research problems that do not fit the data or are not relevant to the subject under study. Therefore, the specific research questions for this study are not derived from the literature at this point in the process. The key questions in the early stages of all grounded theory studies are simply these: ‘What is the main concern of the participants?’ and ‘What is happening in the data?’ (ibid.).

The study performed for this thesis features two empirical research phases in which the empirical material is analysed in line with the guidelines of the grounded theory approach. In the first empirical phase, the main aim is to find a core category for this study. In practice, this means analysis aimed at finding the recurrent patterns in managerial actions and the main concern or problem of the informants – that is, ‘what the subjects are doing and thinking day and night’ (Glaser, 1998, p. 124). The leading principle and the starting point for the whole study is the concept of supplier-perceived customer value, referring to how security suppliers perceive the value of the security service for the customer. From this jumping-off point, the general research question guiding the first phase of the study was put into words as follows:

**RQ1: What concerns<sup>3</sup> do security service suppliers have with regard to customer value in business-to-business settings?**

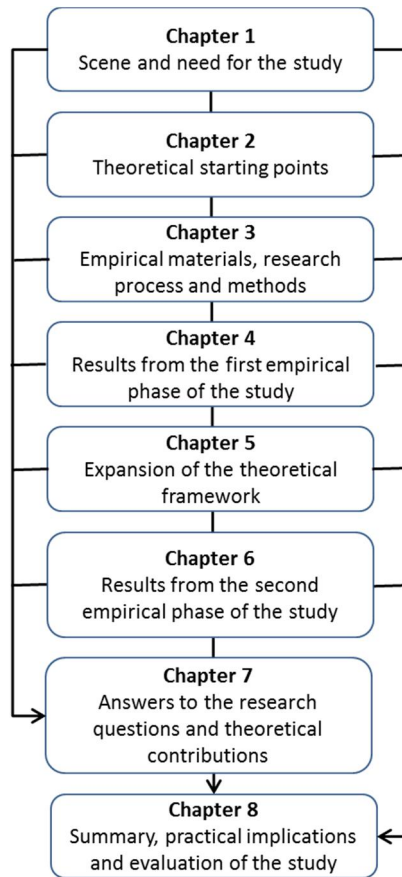
After the first empirical phase of the study, the theoretical basis of this study is expanded as relevant literature is reviewed. The more specific research questions drawn from both the empirical data and the relevant literature are presented in Section 5.4. The specific research questions guide the analysis in the second empirical phase of the study.

## **1.7 The structure of the dissertation**

To embrace the grounded theory approach, I have organised this thesis to follow the order in which my analysis proceeded and in which the various elements came together. The two fathers of the grounded theory approach, Barney Glaser and Anselm Strauss (1967), suggest that grounded theory studies should be written in a manner that allows the reader to follow the development of the theory and build conviction in the results. If it is to convince the reader, a research report must clearly present the research framework, describe the data on which the reasoning is based, and present the steps through which the theory is developed. The structure of this thesis is presented in Figure 1.

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<sup>3</sup> In this context, the noun 'concern' denotes interest or involvement rather than worry or anxiety (Webster's Dictionary of English Usage, 1989, p. 275).



**Figure 1.** The outline of the study and the structure of the thesis.

As can be seen in Figure 1, the structure of this report is slightly different from that of academic reports following the IMRAD<sup>4</sup> structure. The most striking difference is the place and role of the literature review. In the IMRAD structure, the whole literature review forms an essential part of the introductory material. In classical grounded theory studies, however, the literature review comes only after constant comparison has revealed the relevant categories and the main concern of the informants. For appropriate application of the grounded theory approach, the literature review for this study was conducted only after the first empirical phase of the study was completed. Accordingly, it is placed after the results from the first empirical undertaking, in **Chapter 5**.

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<sup>4</sup> 'IMRAD' is a widely used acronym for 'introduction, methods, results, and discussion'.



Before that, to orient the reader to the context and topics of the study, a brief summary of the relevant literature addressing the main research themes is presented in the next section of this report (**Chapter 2**). The purpose of this short review is to illustrate the research area most central for this study and to complement the main literature review in Chapter 5. Also, it acknowledges the fact that I was no *tabula rasa*, or empty canvas, at the beginning of the study. One common misconception of grounded theory studies is that the researcher can enter the research field with total ignorance about the research subject and prior studies (Suddaby, 2006). Especially in an interpretivist research paradigm, it is acknowledged that researchers unavoidably affect the research process and bring their previous knowledge, thoughts, and feelings into it. The brief review in Chapter 2 admits that I had studied various viewpoints from security and service research to acquaint myself with the research topic, finding value and value creation to be the most interesting and the most current themes in the service literature. In addition, I had made personal contacts in the field of security service, and I also had some theoretical pre-understanding of it.

After the brief literature overview, the empirical materials and methodological premises of the thesis work are presented, in **Chapter 3**. This includes a thorough description of the grounded theory approach and other methods used. Ontological and epistemological assumptions behind this study are discussed, and the informants and their companies are introduced.

**Chapters 4 and 6** explain this study's two distinct research phases involving the empirical material. Chapter 4 presents the first empirical phase, the results of which produced the core concept and the specific research questions for the later phases of this study. Chapter 6 presents the results of the second empirical phase. Finally, the results of the whole study are discussed in view of the relevant literature, in **Chapter 7**, while **Chapter 8** presents conclusions and recommendations for further research.

## **2. Theoretical starting points**

### **2.1 Business-to-business markets defined**

Within business-to-business markets, private companies, government bodies and other organisations operating in the non-consumer sector transact both capital goods and services with each other (Frauendorf et al., 2007), for the purpose of pursuing mutually beneficial goals or interests (Oliver, 1990). Connectors that keep the two or more business partners together are information exchange, operations' linkages, legal bonds, common norms, and reciprocal adaptations (Cannon & Perreault, 1999).

One way to define and illustrate social phenomenon is by contrast and comparison. A natural comparison point to business-to-business markets (B2B) is business-to-consumer markets (B2C), and the previous studies have indicated many differences between the two. First, the target group is different: B2C operations target consumers and end users, while the B2B targets other organisations. The volumes are larger and the purchasing decisions more formal in a B2B than a B2C context. The offerings in B2C markets are used in consumption, while in B2B markets organisations acquire goods and services for their own use or to be incorporated into the products and services that they produce or for resale (Frauendorf et al., 2007). In addition, there is always the option of the customer deciding not to purchase any of the various competing services or ending up doing the work itself (Anderson & Narus, 1998). Therefore, in contrast to consumer service, here it is important to distinguish between the ways in which business services are integrated into the customer's own business processes. Finally, business service is more customised and usually more technological or product-related than consumer service (Fitzsimmons et al., 1998; Frauendorf et al., 2007), and in a business context, it is more challenging to align the business strategy with highly complex markets (Neu & Brown, 2005).

Although B2B and B2C contexts differ in many respects, there are also many similarities and interdependencies between the two. Both put great emphasis on generating financial return, and they use similar marketing strategies (Coviello & Brodie, 2001). Some researchers even treat B2B and B2C operations as symbiotic parts of, or different aspects of, the same service system (Frauendorf et al., 2007; Gummesson & Polese, 2009). They state that B2B demand is derived from – and

so depends on – the downstream demand from the customers' customers and that virtually all companies therefore serve both business customers and consumers, either directly or indirectly.

## 2.2 Service as mutually beneficial activities

In business-to-business service, business customers and supplier companies work together to transform some customer-controlled state (Spohrer & Maglio, 2008). What the service supplier does for and with the customer, how the parties interact, and what kind of relationship is built between them are the essential elements, rather than discrete transactions or the exchange of artefacts and physical goods as such. Consequently, service can be defined as processes or activities that are carried out for the benefit of another party or the supplier organisation itself (Vargo & Lusch, 2004b). These activities do not separate products and services (Edvardsson et al., 2005), and the service activities may or may not involve the use of physical products. This also indicates that the value in service does not come from the use of products or services *per se*. Instead, the customer creates value for itself, and suppliers can contribute to this value creation process through various interactions with the customer (Grönroos & Helle, 2012).

In keeping with the notion of service as activities, service processes may include three types of activities: the service supplier's internal activities, customer-internal activities, and mutual co-creation activities of the customer and supplier (Heinonen et al., 2010; Payne et al., 2008). All these activities can produce outcomes for both the service supplier and the customer. The supplier's internal activities are those with which the supplier manages its business and relationships with customers and other stakeholders in order to reach a particular goal. Similarly, the customer's internal activities contribute to management of the customer's business and relationships. Co-creation activities are interactions and exchange between supplier and customer that are used to develop successful co-creation opportunities. These processes are dynamic, interactive, non-linear, and often not conscious (Payne et al., 2008).

Service activities can also be analysed as triggers that initiate various actions on the other side of the dyad (Grönroos, 2011a). That is, supplier actions are inputs and catalysts for actions on the customer side, and vice versa. Two of the mechanisms through which a supplier can influence customer processes and thus support the customer's business initiatives are relieving service activities and enabling service activities (Normann & Ramírez, 1994; Strandvik et al., 2012). Relieving activities free the customer from doing something that it has been doing (and still can be capable of doing) itself. Customer resources are freed for other activities, with the supplier taking care of activities that are not directly related to the customer's core business. Cleaning, maintenance, and security services are often cited as typical examples. Value creation in relieving activities is often linked to increased profitability, but there seems to be a great difference in how customers perceive the value of the outsourced services (Strandvik, 2012). Enabling service

activities, in contrast, enable customers to improve their performance themselves. These activities are usually more integrated into the customer's processes than are relieving activities, and they directly support the customer activities (Normann & Ramírez, 1994; Strandvik et al., 2012). When a supplier is able to enhance the customer's core business processes, value is created and, consequently, the supplier assumes a more important role in the customer's processes (Payne et al., 2008).

### 2.3 The importance of value in service

Value is a central concept in all services, and the ultimate goal of service activities is to facilitate value creation for the customer (Grönroos, 2008). In contrast to traditional product-based business, value from the perspective of service-based logic systems (Grönroos, 2011a) is a more interactive, networked, and experiential concept (Vargo & Lusch, 2008). A market becomes not only a meeting place but also a platform for communicative interactions between customer and suppliers (Varey, 2008). This supports reciprocal determination of value, in which customer and supplier mutually discuss their views on what is of value (Ballantyne et al., 2011). Through these interactions and on the basis of their own service experiences in the use of products and services, customers are able to evaluate the value for themselves (Vargo et al., 2008) and take an active role in the value creation process (Payne et al., 2008).

Researchers share the view that customer value in a service context is 'always uniquely and phenomenologically determined by the beneficiary' (Vargo & Lusch, 2008, p. 7). With this statement, the service-research community today tries to draw a distinction from traditional product-based business, in which the supplier initiates and determines the value for the customer, with the intention that it then be accepted as-is by the customer. Unlike in product-based business, the traditional roles and clear-cut boundaries defining and distancing the supplier and the customer disappear in service-based logic, with more informed, networked, and empowered customers coming to the fore (Prahalad & Ramaswamy, 2004a; Vargo et al., 2008). For these reasons, it has also been suggested that in service logic, it is more difficult – and therefore all the more important – to demonstrate clearly what value the service has for the customer than it is in product-based business (Vargo et al., 2008).

There are numerous definitions of customer value in the current literature, and the most relevant for this study are summarised in Table 1. As the table shows, the simplest definitions equate value with price, while more sophisticated definitions take into account various other aspects of value, both tangible and intangible. Other concepts against which value has been reflected are customer expectations, customer experience, and customer satisfaction.

**Table 1.** Definitions of customer value in a service context.

<b>Determinants of value</b>	<b>Examples of definitions</b>	<b>Other references</b>
Price	'Value is what buyers are willing to pay' (Porter, 1998, p. 3).	Zeithaml, 1988
Benefits versus price	'Value is the worth, in monetary terms, of the technical, economic, service, and social benefits a customer company receives in exchange for the price it pays for the market offering' (Anderson & Narus, 1998, p. 6).	Liu, 2006
Benefits versus sacrifices	'Perceived value is the consumer's overall assessment of the utility of a product, based on perceptions of what is received and what is given' (Zeithaml, 1988, p. 14).	de Chernatony et al., 2000; Johnston & Clark, 2008; Khalifa, 2004; Lapierre, 2000; Walter et al., 2001; Woodall, 2003
Benefits versus sacrifices, in consideration of competing offerings	'Customer-perceived value in industrial markets is a trade-off between the multiple benefits and sacrifices of a supplier's offering as perceived by the key decision-makers in the customer's organisation and in account of the available alternative suppliers' offerings in the use situation at hand' (Ulaga & Chacour, 2001, p. 230).	Ulaga & Eggert, 2006
Meeting of expectations	'Value is the capacity of a good, service, or activity to satisfy a need or provide a benefit to a natural person or legal entity' (Haksever et al., 2004, p. 292).	Lindgreen & Wynstra, 2005; Woodruff, 1997; Zeithaml, 1988

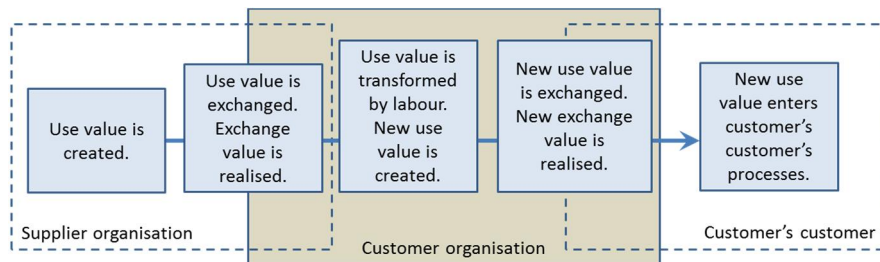
Perhaps the most oft-cited classification of value in a service context is that of Zeithaml (1988), which is rooted in consideration of consumer markets. She found four distinct ways in which consumers define value: In the simplest, value is equated with price. Under this definition, everything that is inexpensive is valuable. In the second category, value refers to usefulness and meeting of needs, in terms of all relevant value components. This definition emphasises the variety of benefits that customers receive from a product or service. In the third category, value involves comparison of price and quality, with no other components of benefits or sacrifices being taken into consideration. In its final, and most sophisticated, form, value refers to all relevant 'get' components together with all relevant 'give' components, including tangible and intangible factors. Zeithaml (*ibid.*, p. 14) summarised value as being 'the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given'. As Table 1 shows, her definition of value as a comparison between customer benefits and sacrifices later gained a firm foothold among scholars. It has also led to the conclusion that the concept of customer-perceived value represents the difference between the

## 2. Theoretical starting points

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customer's perceived benefits and sacrifices (Khalifa, 2004), Benefits and sacrifices are relative and subjective concepts, which include various tangible and intangible attributes of the product and service offering (ibid.), and intangible assets such as time and effort (Woodall, 2003).

Value is not a static concept but evolves over time. In the business-to-business context, value judgements occur in three time frames (Lapierre, 1997): value can be identified and assessed before, during, or after the delivery, sale, or transaction. These three time frames are presented in Figure 2.



**Figure 2.** The three time frames for use value and exchange value in dyadic relationships (modified from Lapierre, 1997).

When assessed prior to delivery, value is referred from the customer perspective as desired value (Lapierre et al., 2008), preferred value, or valuation (Lapierre, 1997), and from the supplier perspective as a value offering or value proposition (Anderson et al., 2006). At this point, the customer has identified a problem or a need for which he or she expects a solution. As Figure 2 illustrates, exchange value (or 'value-in-exchange') is created at the point of transaction. It represents the monetary value realised at the moment of the exchange; therefore, it is not associated with the expected outcome of the service for the customer (Lapierre, 1997; Lepak et al., 2007). It has been said that value co-creation is driven by use value but mediated by exchange value, with exchange value serving as a means of monitoring (Vargo et al., 2008).

Value after the delivery point represents use value (or 'value-in-use') for the customer and is also referred to as received value (Woodruff, 1997) or delivered value (Payne & Holt, 2001). Use value, a property of products and services that provide utility (Bowman & Ambrosini, 2010), describes the perceived usefulness of the purchased product or service in relation to customers' needs and expectations (Lepak et al., 2007). Use value is created in a value creation process wherein inputs (products and services) are upgraded into more sophisticated products and services through people's actions. The use value and its processing into other use value are independent of the final exchange value realised in sales. Customers perceive the use value of a product or a service in relation to how well the goods or services satisfy their goals (Macdonald et al. 2011).

The concept of relationship value highlights not only the actual outcomes, the products and services, but also the agents of the transactions – buyer and seller – and their mutual relationship (Biggemann & Buttle, 2012). The concept of relationship value has been widely used in recent literature but is rarely defined. One of the few definitions is that put forth by Holmlund (1996, p. 176), according to which relationship value is ‘long-term sacrifices in the relationship compared to relationship quality’. Unlike other forms of customer value, relationship value is not restricted to the three time frames described above, since it ‘acknowledges the ongoing interactions over time between a company and its customers’ (Payne & Holt, 2001, p. 170). In addition, relationship value is positively correlated with relationship quality and the customer’s intentions to expand the business with the supplier (Ulaga & Eggert, 2006).

### **2.4 Supplier anticipation of customer value**

Numerous recent studies have discussed service suppliers’ ways of identifying, analysing, and declaring customer value. These studies use various theoretical concepts, among them customer value models (Anderson & Narus, 1998), value propositions (Ballantyne et al., 2011), value anticipation (Flint et al., 2011), supplier-initiated value change (Beverland et al., 2004), and customer value management (Verhoef & Lemon, 2012). All these concepts differ in meaning, to a greater or lesser extent, from that of supplier-perceived customer value as used in this study. Nevertheless, these concepts aid in understanding the central phenomenon of value from the supplier perspective and setting the boundaries for the study. Next, they are discussed in more detail.

Several studies of customer value models discuss how service suppliers can use the customer’s perceptions of the value in formulating value propositions (Anderson & Narus, 1998; DeSarbo et al., 2001; Evans, 2002). The models are often based on quantitative modelling, and the aim is to provide data-driven representations of what customers actually value (Anderson & Narus, 1998). The key challenge in quantifying the value of service is that, even if the customers do know their needs for the products and services, they do not know what those needs are worth to them. Since the information comes from the customers and is only collected and codified by the supplier, these models can be considered to represent customer-perceived value rather than the supplier’s perceptions of customer value. Nevertheless, the customer value models may encourage suppliers to think about their value creation processes, revise their perceptions of customer value, and become able to understand their customers better. Furthermore, customer value models may provide service suppliers with a new way to categorise their customers, one based not on firmographics but on the customers’ value expectations and purchasing behaviours (DeSarbo et al., 2001).

Value propositions entail a more supplier-oriented perspective on customer value and involve an approach that has many similarities to that in this study. First, value propositions display a supplier-oriented approach, describing the expected

performance of the product and its relationships to the customer's needs and costs (Ballantyne et al., 2011). Three types of value propositions have been identified: those that simply list all the benefits the offering might deliver for the customer, those that constitute an attempt to differentiate it from the competitors' offerings, and those in which one tries to grasp the select elements that matter most to the target customer (Anderson et al., 2006). This threefold approach to value propositions applies a supplier-crafted value perspective, consistent with the marketing offer or value promise, formulated and communicated by a seller with the intent that it be accepted by a buyer. More reciprocal and interactive approaches to value propositions have been requested in the recent literature, however (Ballantyne et al., 2011; Ballantyne & Varey, 2006; Singh & Paliwal, 2012).

In the current view, value propositions can be seen as representing the supplier's responsiveness to and interpretation of customer needs (O'Cass & Ngo, 2011). In place of seeing value propositions as a set of pre-calculated benefits for a customer, more negotiation-oriented approaches have been proposed, wherein the supplier and the customer mutually determine their own viewpoints on value and communicate it to their counterparts (Ballantyne & Varey, 2006). Thus value propositions are positioned as means for value communication activities. Because the customers have the final say in whether the value proposed by the supplier meets their expectations, it is important for the service suppliers to be able to communicate their value propositions clearly to the customer (O'Cass & Sok, 2012).

Taking a more foresightful approach, customer value anticipation refers to 'a supplier's ability to look ahead at what specific customers will value from supplier relationships' (Flint et al., 2011, p. 219). It highlights the supplier's anticipation and prediction of those qualities of products and services that eventually will have the most benefits for the customer. The term was coined by Flint et al. (*ibid.*), who, instead of analysing it from the supplier perspective, discussed how customers perceive the supplier's ability to anticipate and predict customer value. Taking a supplier's perspective, Beverland et al. (2004) propose the notion of supplier-initiated value change, which refers to 'the value change instigated by the supplier to the client that may be acted upon and implemented in the future' (*ibid.*, p. 934). The authors conclude that, when taking a more proactive role by suggesting value changes for the customer, challenging customers with new ideas, and identifying attractive opportunities, a supplier will avoid breakdowns in the customer-supplier relationship and improve the relationship's continuity.

### **2.5 Characteristics of business support service**

All firms have several, quite different processes that create value (Bowman & Ambrosini, 2007; Wynstra et al., 2006). Some processes are involved in production of products and services whose value is realised in sales processes. Other processes are aimed at creating value for the firm through reduced costs of procured inputs and optimised use of resources, or they involve attempts to generate new streams of value for the firm. Several further processes are needed for conducting



business, but they do not actively contribute to value creation. These processes are necessary for a firm's operation; while they do not add profit, they support core business processes and activities either directly or indirectly, without having significant strategic importance or generating additional revenue. The literature has referred to these processes as firm maintenance activities or support activities (Bowman & Ambrosini, 2007), consumption services (Wynstra et al., 2006), relieving services (Normann & Ramírez, 1994), and infrastructure activities (Porter, 1998). In this study these services are referred as business support activities and business support service<sup>5</sup>.

Among business support services are facility management, catering, waste management, clerical services, legal services, and a few types of engineering services. In current literature, business-to-business security service is categorised under facility service (Fitzsimmons et al., 1998) and therefore can be classed as business support service. Many business support services share the following key characteristics:

- They are usually fairly standardised, human-resource-intensive services, and in most cases, there are many alternative service suppliers in the market (Lehtonen, 2006; Salonen, 2004).
- The necessity for business support service often arises from the pressures imposed by the environment and the stakeholders of the firm (Bowman & Ambrosini, 2007). For example, corporate responsibility entails handling of security and safety functions, waste management, and facility management, although the effect of these activities on business profits is not necessarily evident.
- Although business support service can become a powerful source of competitive advantage for a firm (Porter, 1998), they are usually considered only as an overhead by the customer company. The purchasing decisions are based primarily on cost considerations (Fitzsimmons et al., 1998), and cost-effectiveness is a common objective (Wynstra et al., 2006).
- Among the critical capabilities for a supplier are the ability to offer complete solutions, efficient service production and delivery, geographical coverage, quality of solutions, and ability to adapt to customer-specific needs (van der Valk et al., 2008; van der Valk & Wynstra, 2012; Wynstra et al., 2006).
- The challenge for the business support service supplier is to identify the points where the supplier's activities best meet customer activities and how they benefit the customer's business at these points (Payne et al., 2008).

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<sup>5</sup> What is support or core is a matter of perspective. In the context of this study, security service is the core business for the security suppliers, but often only a support service for the customer companies. With this respect, this study takes the customer's perspective and refers to security as business support service. This is also a common perception among the informants of this study and well in line with the Finnish term 'tukipalvelu' that was widely used in the interviews of this study.

Firms' support activities are outsourced more and more, and in several sectors of industry there are suppliers who focus on increasing their customers' efficiency and effectiveness by means of a comprehensive range of business support services (Lightfoot & Gebauer, 2011). These services may support the customer's facilities, equipment, employees, processes, or mission (Fitzsimmons et al., 1998), and many of them have traditionally been performed in-house. The most typical reason for outsourcing these non-core services is cost savings. Often the savings arise from more cost-effective service processes and economies of scale (Raiborn et al., 2009). In addition, many business support services free the customer companies to focus on their long-term core competencies and strategic goals, without the distractions of managing non-core, support activities (ibid.).

### **2.6 Security as content of business-to-business service**

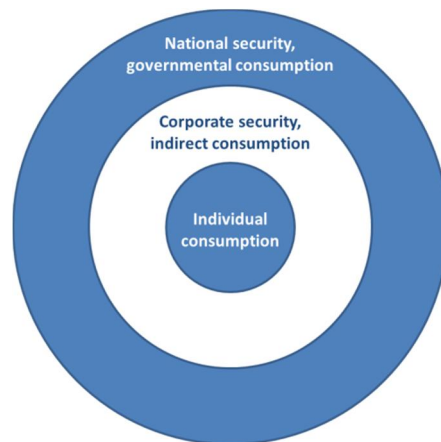
Delimitation of the scope of this study as addressing security service must begin with the definition of security. The term 'security' can be traced to the Latin 'secura' or 'sine cura', which means absence of cares and worry (Manunta & Manunta, 2006). There are several distinct definitions of security in the current literature, many of which make reference to risk, threat, or fear. More pragmatic definitions of security employ the viewpoints of various approaches, with epithets then often attached, as in national security, corporate security, information security, personal security, and physical security, thus delimiting the scope and goal of security. Taking a more goal-oriented perspective, Fischer et al. (2013, p. 20) define security as 'a stable, relatively predictable environment in which an individual or group may pursue its ends without disruption or harm and without fear of disturbance or injury'. According to this view, security is seen as a quality of an environment in which the object of security measures is carrying out its mission.

The definitions above describe security as an ultimate goal or need of an individual or an organisation and as a necessity for successful business operations (Manunta & Manunta, 2006). Security as an abstract goal or need is difficult to determine, leading to a common understanding of security as a 'slippery' concept (Zedner, 2003a, p. 154). At the same time, service is defined as beneficial activities aimed at creating benefits for other parties or oneself (Vargo & Lusch, 2004b). In a comparison of these two definitions, a means–ends relationship is evident: Traditionally, security represents the ends that organisations seek to achieve. Service, on the other hand, is seen as general means that are employed for the purpose of achieving particular ends. Would it reveal something new about security service, if security were analysed as an activity and means and not as ends?

Support for the idea of 'security as activity' and counter-arguments to it can be searched from several directions. The means-ends analogy brings forward concepts such as security consumerism and security consumption, introduces security-related activity theories and links the current study to the previous empirical studies that have analysed organisational security activities and security work (see, for example, Klauser & Ruegg, 2012; Klauser, 2009; Manzo, 2009; Smith, 2007). These studies

get support from several research streams, such as criminology and disaster management (Armitage & Pease, 2007; Trim, 2003), sociology (Goold et al., 2010; Loader, 1999; Manzo, 2009; Zedner, 2003b), international relations (Baldwin, 1997; Leander, 2007; Wolfers, 2007), and political economics (Bruck et al., 2008; White, 2011). For example, Zedner (2003a; 2003b) distinguishes security as a state of being from security as a means to that end. She takes a critical stance on private security service activities, arguing that the security activities may become like an end in themselves. This is because it is difficult to determine what it actually is that the security service produces and whether or when the desired outcomes have been reached. She continues by accusing the private security industry of not showing interest in reaching 'its fictitious end goal' (2003a, p. 157) and of selling something that can never be reached in absolute terms. She concludes in requesting a shift of focus from the end goals to the means by which these goals are sought (2003b). Looking from the security suppliers' perspective, her work emphasises the need to demonstrate the value of security activities to different stakeholders and to show the rationale behind these activities.

When security as activity is approached from the perspective of security consumption, three separate modes of consumption can be identified (Goold, Loader, and Thumala, 2010): individual security consumption by private citizens and households, organisational security consumption, and socio-political settings that both shape and are shaped by security consumption (see Figure 3).



**Figure 3.** Three modes of security consumption (modified from Goold et al., 2010).

With its examination of business-to-business security service, the current study positions itself in the middle circle in Figure 3. Goold et al. (ibid.) explain the common assumptions about corporate security consumption as related to price-sensitive, quality-insensitive purchasing decisions, which lead to reactive and reluctant security consumption. This occurs because security is low on the list of organisational priorities – it is perceived as necessary to protect business inter-

## 2. Theoretical starting points

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ests, not as a strategic intent of the relevant firm. Frequently, security purchases are not made known, and they remain concealed and not advertised. Furthermore, business customers often purchase security products and services on behalf of others, be they company personnel, customers and vendors, or patients or other visitors to the firm.

There are also several security-related activity theories in criminology that have, regrettably, been used only rarely in security research (Farrell & Pease, 2006). One of the simplest of these, though still very flexible, is routine activity theory (Cohen & Felson, 1979). It builds on the premise that the occurrence of crime is dependent upon the opportunities available. It sees crimes as routine activities that share many attributes of, and are independent from, other routine activities in organisations. The core theory can be summarised in a single sentence: A crime occurs when a suitable target and a potential offender meet at a suitable time and place lacking in capable controls (Eck, 2003; Farrell & Pease, 2006). In this framework, security activities are one type of controls sufficient to prevent a crime from taking place.

While routine activity theory explains the mechanisms of security-related events, it does not consider the mediated effects of security in organisations. Klauser and Ruegg have revealed that security management activities are influenced by multiple connections and interactions with the organisation's business interests (Klauser & Ruegg, 2012; Klauser, 2009), indicating that these connections are often complex and contradictory. They state that finding a balance between optimal security solutions and the most profitable business procedures is not so much a question of universal management principles as of everyday adjustments and continuous balancing and recalibration of security activities. Their recent study of security governance at Geneva International Airport (Klauser & Ruegg, 2012) addresses the relationships between business interests and security management from the viewpoint of various stakeholders, one of which was a CCTV system supplier. This research determines that, instead of considering profitable business and flawless security as distinct concepts, stakeholders of various types at the airport are more concerned with how to create both an attractive and a safe airport experience for the travellers. This quest goes beyond the problematics of security incidents, and reaching its goal is not at all straightforward. At some points, security activities and business needs overlap; for example, control of disruptive behaviour benefits both security and commercial interests. At some points, however, these needs are incongruent – e.g., the positioning of marketing signs and decorations may disturb CCTV systems. Klauser and Ruegg (*ibid.*) conclude that security activities are neither set in stone nor value-free; they are influenced by a wide range of other interests of diverse stakeholders. Therefore, more empirical studies of micro-level interests, logics, and impacts of security activities are needed. In addition, Klauser (2009) argues for more empirical research into the complex ways in which security systems are promoted, sold, installed, developed, and regulated, thus laying the groundwork for activity-based studies in a security context.

Finally, in comparison to safety, security has a more activity-based approach by definition (Aven, 2007; Reniers et al., 2011), although in many languages, includ-

ing Finnish, there is only one word to encompass the distinctive meanings of both<sup>6</sup>. Reniers and colleagues (2011, p. 1240) list the differences between the two as depicted in Table 2.

**Table 2.** Characteristics of security and safety (Reniers et al., 2011).

<b>Security</b>	<b>Safety</b>
The nature of an incident stems from a human act	The nature of an incident is an inherent risk
Intentional	Non-intentional
Human aggressor	No human aggressor
In cases of less common security risks, information on only the qualitative (expert-opinion-based) likelihood of security-related risks may be available	Quantitatively determined probabilities and frequency of safety-related risks are available
Threats may be of a symbolic nature	The risks are of a rational nature

As the table shows, perhaps the most distinguishing difference between safety and security is the level of intentionality and causality. Security-related incidents are intentional actions caused by a human aggressor, who is influenced not only by environmental factors but also by personal traits. The presence of the human factor makes security risks more difficult to identify and analyse than safety-related risks (ibid.), necessitating more qualitative and interpretative research and analysis methods. An activity-based approach is also present in a socio-economic approach to security (Petersen, 2011), according to which risks are socially constructed and impossible to calculate, and the analytical focus should be turned to risk management practices and their consequences for risks.

To conclude, this study adopts the approach of security as activity. The definition for this approach is drawn from the previous literature discussed above and from the analogy of service as mutually beneficial activities. The definition is put to words as follows: Security as activity refers to activities taken to reduce the risk of crime and protect business interests against potentially harmful intentional actions caused by human aggressors. By adopting this approach this study focuses on the means by which the security is sought.

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<sup>6</sup> For example, the Finnish word 'turvallisuus', the Swedish word 'säkerhet', and the German word 'Sicherheit' all refer to safety and/or security. Because all informants in this study are Finnish, security and safety were treated as a single concept in the interviews. When the informants referred to safety-related incidents, they usually acknowledged this by applying informative prefixes, as in 'occupational safety' ('työturvallisuus' in Finnish). Therefore, it is assumed that the *turvallisuus* concept expressed in this study refers to security unless stated otherwise.

### 2.7 Characteristics of private security companies

There are four main groups of actors producing security activities in modern societies: military forces, public law-enforcement agents, private enterprises, and individual citizens and organisations (Fischer et al., 2013). The first two aim at guaranteeing general welfare and public security, while the latter two fall into the category of private security, aimed at protecting specific individuals and organisations (*ibid.*). Private security, in turn, can be divided into in-house security operations and contracted security service. The former are carried out by the employees of the end-user organisation, while the latter includes undertakings that perform security-related activities on a professional basis for third parties (de Waard, 1999; Wakefield, 2006).

This study focuses on private security companies. Their goal is to preserve the security of customers' territory and assets – ranging from human lives to physical property (the premises and the content) – by applying both manpower and alarm-based detection and monitoring technologies (de Waard, 1999; Wakefield, 2006). In their work, they exercise both general rights that all citizens possess and some 'selected rights' rooted in their operations under contract to the customer (Button, 2003). The customer base of private security companies cuts across all market sectors and includes governments and commercial and industrial enterprises alike. Private organisations constitute the largest user group of security and contract guarding service (Wakefield, 2005).

The offerings of the private security industry cover a multitude of products and services, and this industry may be divided into three main sectors: 'manned' or staffed service, physical and mechanical protection, and electrical and electronic devices (Johnston, 1992). The first category includes static and patrol-based guarding service, operations of store detectives, transportation of cash, security receptionist's service, the work of bouncers and bodyguards, and alarm monitoring and response to alarms. The second category includes the provision of locks, fences, and other physical security systems, and the third consists of the manufacture, supply, and installation of alarms, detectors, control panels, camera and video systems, access-control systems, electronic locking systems and other electrical security systems, and remote management of security systems and remote call-centre service. Typical tasks that are included in security service are monitoring alarms, responding to alarms, protecting and controlling distinct territorial areas, and patrolling at irregular intervals (Wakefield, 2005).

According to Statistics Finland (2013), in 2010 there were 570 private security companies in Finland, of which 558 were small and medium-sized enterprises<sup>7</sup>. In total, these companies had 7,654 employees and total annual revenue of 398 million euros. It is worth noting, however, that the private security business is

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<sup>7</sup> Small and medium-sized enterprises are defined as having fewer than 250 employees and annual revenue below 50 million euros.

highly fragmented and that several, very divergent figures have been supplied for its size and growth rate (Kupi et al., 2010). The differences in these figures result from difficulties in determining which firms can legitimately be categorised as private security companies.

## 3. Empirical materials and research methodology

### 3.1 Grounded theory as a research approach

This is a qualitative study following the research approach of grounded theory. The grounded theory approach was originally outlined by Barney Glaser and Anselm Strauss in 1967. They characterise it as a research approach oriented toward the inductive generation of theory from data acquired by means of a rigorous research method (Glaser, 1998, p. 3). Since publishing the original monograph, Glaser and Strauss started to diverge in their views, and they developed two slightly different versions of the approach, refining both the theoretical and practical aspects of the original version (Douglas, 2003). In Glaser's version, sometimes referred to as the 'classical grounded theory approach' (Simmons, 2012), the researcher enters the field with only a broad topic or area of interest in mind and allows the main concern, the sample, the questions, the concepts, and core categories to emerge in the course of the research process, relying on constant comparison of incidents (Glaser, 1998). Unlike Glaser's version of the approach, Strauss's suggests a more provocative, interventionist, and interrogative research process (Jones & Noble, 2007). In practice, this means that a more structured set of analytical steps can be utilised in the data analysis (Corbin & Strauss, 1990). Regardless of grounded theorists' methodological divergence, all of the essential procedures of the approach<sup>8</sup> – the joint collection, coding, and analysis of data; theoretical sampling; constant comparison; category and property development; systematic coding; writing memos; saturation; and sorting – are included in all versions of grounded theory and consistently supported by both traditions.

This study follows Glaser's version of the grounded theory approach. Therefore, the research process proceeds from knowing almost nothing while there are rules for all the steps along the way. The basic idea in the classical grounded theory approach is that the core problem and related concepts will emerge during data collection and analysis (Glaser & Strauss, 1967). The research process is

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<sup>8</sup> Further discussed in Chapter 3.5.



structured, systematic, and rigorous (Glaser, 1998, p. 13). Research stages occur sequentially (the next task is known beforehand), subsequently (it is clear what to do next in each task), simultaneously (many tasks are conducted at the same time), serendipitously (the process is open to the newly emergent), and scheduled.

## 3.2 Ontological and epistemological assumptions

The roots of the grounded theory approach lie within objectivist ontologies and a realist perspective, which assumes the social world to be a distinct and separate reality (Nathaniel, 2012). This can be seen, for example, in the ways the word 'reality' is used in the original manuscripts (Locke, 2001). Its roots in positivist objectivism notwithstanding, grounded theory can be used, and has been used, by subjectivist researchers as well (ibid., pp. 12–13). While the objectivists try to find empirically verifiable facts surrounding the research object, the subjectivists search for understanding of the local meanings of everyday symbolic worlds (Cunliffe, 2011; Prasad & Prasad, 2002).

This study is an attempt to understand the supplier-perceived<sup>9</sup> customer value in business-to-business security service. Both customer value and security are abstract concepts that do not physically exist anywhere and are construed in people's minds (cf. Chamberlain, 2006 and the concept of business strategy). No-one else but people directly and immediately involved with the development and delivery of security service can have knowledge of how security suppliers perceive customer value. In the terms of grounded theory, security suppliers are constantly processing and resolving their main concern with regard to customer value, which becomes the prime mover of their behaviour. The understanding 'resolves around the main concern of the participants, whose behavior continually tries to resolve their concern' (Glaser & Strauss, 1967, p. 115). Furthermore, I as a researcher build my own understanding of the security suppliers' perceptions of customer value. Thus, this study embraces a subjectivist ontology (Cunliffe, 2011; Morgan & Smircich, 1980).

Following this subjectivist ontology, I must be faithful to the informants of the study and not force their perceptions into pre-defined conceptual frameworks and models. Even the research problem cannot be decided upon – in a sense, invented – in advance. In Orton's words (1997, p. 432) 'researchers who can predict the appropriate research design in advance might not be asking difficult enough questions'. Instead, the key issues emerge in the course of the study in the form of the main concern of the participants in the study. The first question to which I need to find an answer is 'What is really going on here?'. Instead of a pre-defined research design, a wide variety of research techniques, creativity, and also some improvisation are needed in response to the questions that emerge throughout the study

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<sup>9</sup> In this study, the use of the verb 'perceive' refers to 'mental conception or interpretation of something that really is, regardless of external reality' (Webster's Dictionary of English Usage, 1998, p. 725).

(Orton, 1997). In practice, this means that the study starts with an inductive approach. Although grounded theory studies proceed from empirical material toward theoretical results, without any pre-defined hypotheses, they also include deductive elements (Glaser & Strauss, 1967). In the later phases of this study, the main concern of the informants is explained with the hypothetical theoretical concepts found from the relevant literature, and through constant comparison of these theoretical concepts with the data. In grounded theory studies, to be verified and to be regarded as increasingly plausible, a hypothesis must be indicated by the data repeatedly (Locke, 2001; Orton, 1997; Reichertz, 2007; Suddaby, 2006).

The subjectivist ontology encourages an epistemology that emphasises the importance of understanding the informants' experiences and worldview from their perspective (Morgan & Smircich, 1980). In subjectivism, there is no single independent reality to study – there are several 'truths' instead of one, and at the same time two alternative realities can exist. This perspective rejects the idea of 'objective' external reality or single knowledge of external reality. Instead, the way the world is perceived and understood by the actors involved is considered to form shared but multiple views of reality (Cunliffe, 2011; Prasad & Prasad, 2002).

With these ontological and epistemological assumptions, this study fits within the philosophical position of interpretivism (Brannick & Coghlan, 2007; Rynes & Gephart, 2004). The interest here is in finding out what concepts and events mean to people, how they perceive what happens to them, and how they adapt their behaviour in light of these meanings (Glaser, 1998; Rynes & Gephart, 2004). Nevertheless, grounded theory does not focus on actors' interpretations alone. It also emphasises the means and activities the actors use to respond to changing conditions and to the consequences of their actions.

In the interpretivist worldview, to be able to understand the world, the researcher must participate in it and actively interpret it (Brannick & Coghlan, 2007). The world must be understood first; only then can it be conceptualised and subject to theorising. The researcher and the data become inseparable, which also allows me to use the first-personal-singular pronoun 'I' in reporting on the study. However, my personal beliefs or opinions alone are not sufficient; my main task is not to discover a theory that explains the actions and understandings of the informants in my terms. Instead, my task is to discover the theory that the informants themselves use for understanding their experience, as it is grounded in their experience (Wagner et al., 2010, p. 8).

Regarding research methods in the grounded theory approach, Glaser and Strauss emphasise that all data relevant to the phenomenon under study may be utilised, and their groundbreaking monographs (Glaser, 1998; Glaser & Strauss, 1967) do not give detailed advice on selecting or applying appropriate data-gathering practices. Therefore, any procedure that helps the researcher to collect relevant information from the substantial area under study is deemed to suffice. This study follows the most frequently used procedures for data collection and uses qualitative interviews as the main source of empirical data.

### **3.3 Empirical material**

#### **3.3.1 The security companies of this study**

The study follows a purposeful sampling model (Eisenhardt, 2007; Glaser & Strauss, 1967), with the empirical material having been collected from managers of seven security companies participating in the ValueSSE project. On one hand, the project furnished the study with rich empirical data and direct access to security companies, also connecting me with the key persons who were actively involved in security service development and delivery. On the other hand, the project restricted the methodological choices and timing of this study, especially in data gathering. For example, practical project management constraints led to the interviews forming the dataset for this study all being conducted at once.

In the selection of the companies for this thesis, a strategy of minimal differences was employed (Glaser & Strauss, 1967, p. 55). All companies selected are from the same industry and operate within the same markets in one single country. They all have a well-established position in Finnish security markets and extensive experience of various customer sectors of security service. They have both a shared customer base and a shared employee base. Many of them currently supply or have supplied products or services to the same customers as one or more of the other participating companies. Together, these seven security companies provide a coherent view of security companies in Finland, and they also make available empirical material on all typical services that private security companies deliver in Finland. The similarities across the data aid in verifying the existence of categories and establishing a set of conditions under which a given category exists. Comparisons were made between managers of seven companies for the purpose of finding similar conceptual categories that illustrate value in security service and properties of it, not to compare company-specific evidence of value creation as such.

The characteristics of the seven case companies are described in Table 3. The information for the table was collected from the companies' service brochures, Web sites, and public statistics and was current at the time the interviews were conducted, at the end of 2009.

**Table 3.** Characteristics of the companies studied.

Characteristics of the companies	A	B	C	D	E	F	G
<b>Services</b>	Analysis and design, project management and installation, maintenance and development, management and administration, call-centre services 24/7/365	Consulting and analysis, venue security, manned security services, investigations and training, call-centre services 24/7/365	Consulting and design, manned security services, venue security, investigations and training, installation and maintenance, call-centre services 24/7/365	Consulting, manned security services, venue security, installation and maintenance, call-centre services 24/7/365	Consulting and analysis, manned services, venue security, installation and maintenance, training, call-centre services 24/7/365	Design and planning, installation, implementation and maintenance, administration, training, on-call services 24/7/365	Consulting and design, project management and installation, maintenance and administration, documentation, training, call-centre services 24/7/365
<b>Key customers</b>	Retail stores, public organisations, process industry, banks and insurance, transportation and logistics	Retail, public organisations, the chemical and energy industry, transportation and logistics, health care, households	Transportation and logistics, public organisations, retail stores and shopping centres	Public organisations, health care, transportation and logistics	Retail stores, shopping centres, public organisations, health care	Retail stores, shopping centres, process industry, health care, office buildings	Shopping centres, retail, public organisations, office buildings, health care, transportation and logistics
<b>Number of interviews</b>	10	6	10	6	4	8	6
<b>Experience of the informants (years, average)</b>	19	12	13	15	13	20	21
<b>Length of the interviews (minutes, average)</b>	74	76	72	50	64	45	58

As can be seen from Table 3, there are no significant differences among the service offerings of these seven companies. The biggest difference between the companies is their size. At the time of the interviews, the number of employees varied from 30 to more than a thousand people, and the turnover ranges from 1,6 to 50 million euros. To protect the anonymity of the informants and their companies, the detailed information about the company sizes has been disguised, however.

At the beginning of the analysis, several possibilities presented themselves for categorisation of the companies. I could have followed the most well-trodden path in qualitative research and conducted cross-case analysis of all seven companies. Alternatively, I could have categorised the companies into two groups: on one hand, 'pure' service companies whose core service content consists of security guarding and other manned security services and, on the other, security-system suppliers, whose core offerings consist of technical security systems and related product-based service, such as installation, implementation, maintenance, and technical administration. However, this distinction, though still commonplace in the security industry, is not in accordance with the current understanding of service as activities, which does not separate goods from services. Instead, the purpose of the business and the value created for the customer are what matter. All companies in this study, alongside all the interviewed managers, aim to enhance the security of the customer, which led me to analyse the informants as an undivided group, regardless of their companies. Also, focusing on individual informants rather than companies matches the interpretivist research paradigm well. In addition, this choice allowed me to keep all options open, for categorisation of data in the most appropriate way in the later stages of the analysis, considering the emergent findings from the data.

#### **3.3.2 The interviews with the managers**

Security service managers are the key informants of this study, and the primary empirical material consists of interviews with them. The selection of the informants was based on referral sampling, wherein the contact person at each company was asked to nominate suitable informants. The main criterion in the selection of informants was involvement and experience in security service development, sales, and delivery. In total, 50 interviews were conducted (with 47 men and 3 women) within the seven security companies. All informants were Finns, and all interviews were carried out in Finnish.

A summary of the informants and their positions is presented in Table 4. The categorisation is based on the informants' job titles and also on their verbal descriptions of their main work duties.

### 3. Empirical materials and research methodology

**Table 4.** Categorisation of informants into six manager groups.

Manager groups	Number of informants	Number of companies represented	Experience in the security business (years, average)	Length of the interviews (minutes, average)
CEOs	7	7	15	67
Directors	8	6	16	68
Sales managers	9	6	18	61
Service managers	10	5	19	68
Development managers	10	6	17	56
Operations managers	6	3	11	65
<b>TOTAL</b>	<b>50</b>	<b>7</b>	<b>16</b>	<b>64</b>

Note: 'Directors' refers to top-level senior managers, sales directors, and business directors. 'Sales managers' are key-account managers and sales managers. The 'development managers' category covers project managers, business managers, technology managers, and development managers. 'Operations managers' are administration managers and operations managers.

As the table shows, all seven CEOs were interviewed, as were service-development managers, sales directors and managers, and business and operations managers. The informants all had quite similar backgrounds and held comparable positions in the companies. They were very experienced in the security business, with most groups having more than 15 years of service on average. Furthermore, many informants had worked in more than one of the participating companies at some point in their career, which is very typical in the security industry. On the whole, the informants form a fairly homogeneous group. More details on the informants and the interviews are provided in Appendix A.

All of the interviews were personal face-to-face interviews, and all took place in the meeting rooms in the informants' workplaces. All interviews at any one company were conducted on the same day or on two consecutive days, with 2–5 interviews per day. Two or three researchers from a group of six researchers were present at all except two of the interviews, who each had only one interviewer. Each time, one senior researcher acted as the lead interviewer and the other(s) in the role of supporting interviewer(s) taking notes and asking additional questions. All interviews were digitally recorded, and the recordings were transcribed by professional typists.

The same interview schema was used in all the interviews (see Appendix B for more details). The interviewing practice and the schema were tested in the first few interviews, but since both of them seemed to work well and encouraged the informants to talk freely about the subjects related to the themes of the study, no changes were made.

Most interview questions were open-ended. The typical opening question was 'What are the key tasks in your job?', and a 'grand tour' question, meant to inspire the informants to discuss themes and issues relevant to them rather than to the interviewers, was 'What is your personal view of the business idea of your company?'

Subsequent questions were formed in relation to the informant's previous replies. In addition, the informants were invited to discuss such topics as the essence of the service they provided, service outcomes, strengths and weaknesses, and customers' security needs and expectations.

As shown in Table 4, the interviews lasted from 25 to 92 minutes, and 64 minutes on average. The progress and duration of the interviews and the order of addressing particular topics were influenced more by contingent features of the interview and by the informant than by a highly structured interview plan. In each interview, the informant was allowed to guide the discussion and was encouraged to answer in his or her own words rather than as formal company policies dictate. The leading principle behind this strategy was that the topics and details that the informants bring to a discussion are the ones that are important to them.

Although the value of security service was the key topic of the interviews from the interviewers' point of view, the word 'value' was not used in the questions unless the informant mentioned it. This means also that we did not ask direct questions about customer value, such as 'What does customer value mean to you?'. Instead, the interviewers tried to get the informants to illustrate the current service from their own viewpoint and in their own words as richly as possible. Written permission to use the interviews for this study was obtained from all companies after all interviews were completed and the interviews to be featured in the thesis were selected.

### 3.4 The analysis process

The timeline of this dissertation process is presented in Table 5.

**Table 5.** The timeline of the dissertation process.

Monthly timeline	Progress
9/2009–1/2010	Interviews Transcripts Preliminary data analysis Company feedback
1/2011	First draft of the manuscript started Decision to use grounded theory
6–12/2011	1 <sup>st</sup> empirical phase of the analysis
3–7/2012	Literature review
8–12/2012	2 <sup>nd</sup> empirical phase of the analysis
12/2012–3/2013	Conclusions and discussion Re-writing the manuscript Proof-reading
3–5/2013	Preliminary examination
5–7/2013	Corrections and finishing the manuscript

### 3. Empirical materials and research methodology

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As can be seen from Table 5, the main deviation from the ideal grounded theory research process is that all the data were collected at once and thorough data analysis started a year after all of the interviews were conducted. That is, simultaneous data collection and analysis could not be achieved. However, preliminary data analysis for each company was conducted immediately after the interviews. It consisted of discussions among the interviewers, examination of the firm's documentation, and documenting of the field notes. Also the interviewers' feelings and instincts were reflected upon at this point. Within a few months after the interviews, an executive summary of the key points from the interviews was presented to each company. From that point onward, each company continued its own service-development subprojects. In the course of the three-year research project, several company meetings, service-development subprojects, and both joint and company-specific workshops were held, and all participating companies were actively involved in the project work. Although these encounters with the companies were not used as empirical material for the thesis work, they provided me with deeper understanding of the security suppliers' business strategies, service offerings, customer relationships, and daily problems, which I found to be beneficial in interpretation of the interviews.

Because the data analysis follows a grounded theory approach, the main research topics are patterned from the data and the main concerns of the participants lead the way to the next phases of the analysis. The analysis process is illustrated in Figure 4. As can be seen from this figure the analysis process comprised two empirical phases. These will be discussed next.



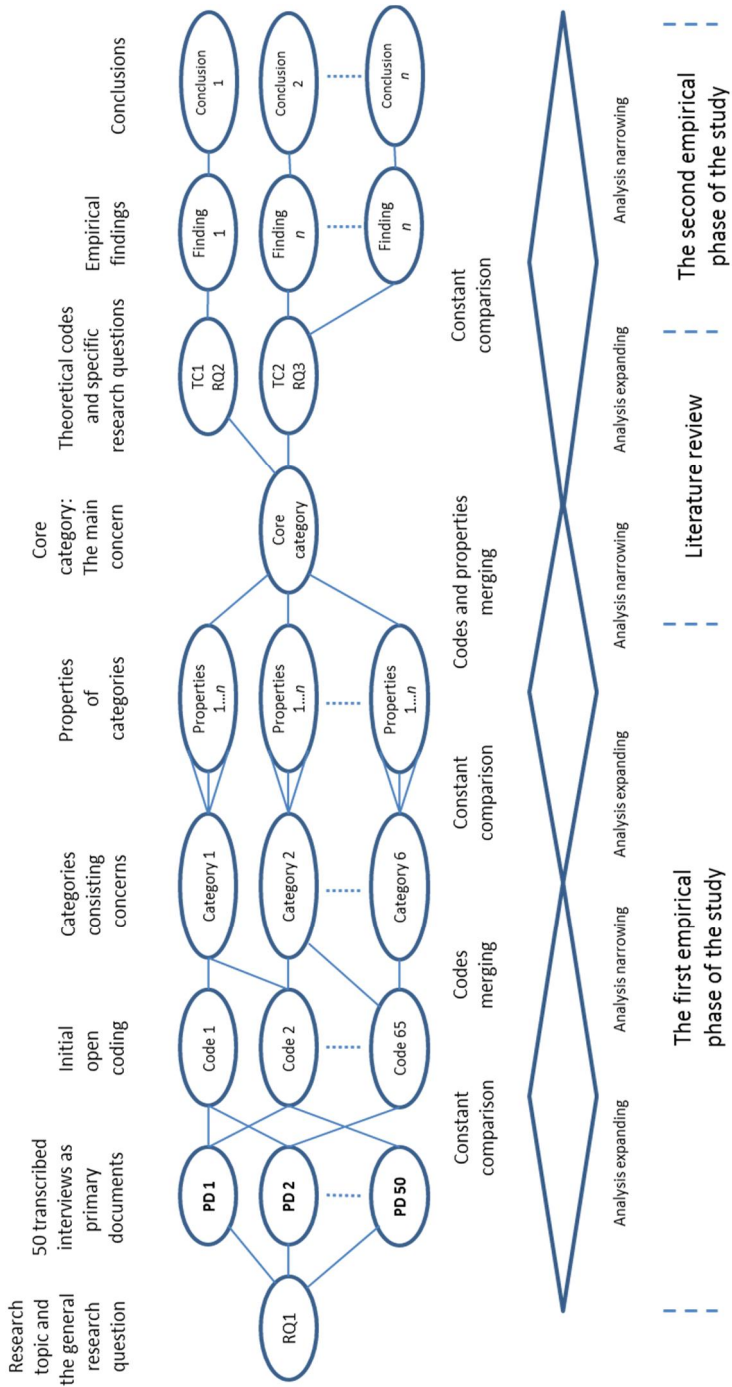


Figure 4. The analysis process.

#### **3.4.1 The first empirical phase of the study**

The main purpose of the first empirical phase of this study was to sort the data and to find the more specific research questions. In this phase, the analysis followed an inductive approach and began with open coding of all the transcribed interviews. The open coding resulted in 65 distinct initial codes and 2191 individual quotes extracted from the raw data. In printed form, all quotations together were 389 pages long. After the open coding was finished, all the quotes falling under a particular code were compiled as a single entity and read through carefully, to form a coherent picture of each code. In this process, the following questions were kept in mind:

1. What is happening in the data at this point?
2. What is the main concern of the informant in this quote within this code especially?
3. What does this code say about the value in security service?

As a first result, the initial codes and memos started to reveal dimensions of customer value perceived by the security suppliers. The data included many comments on how security suppliers see customer value, what they think of it, what concerns they have about it, and how they see themselves and their roles in value creation. Careful reading of the coded extracts of the data narrowed the focus further and led to merging of the most relevant codes as larger thematic groups, termed categories. These categories pattern from several initial codes and are centred on interviewees' comments and statements on how customer value in security service is perceived from their viewpoint. The categories and the most relevant initial codes from which they emerged are described in Table 6.

**Table 6.** The categories and the initial codes from which they emerged.

Categories	Number of initial codes	The most relevant initial codes and their recurrence	Code types
<b>Managing security</b>	42	Identifying customer needs (33)	<i>A priori</i> code
		Illustrating customer benefits (21)	<i>A priori</i> code
		Characteristics of the security industry (21)	New idea
		Comparing security services (14)	<i>In vivo</i> code
<b>Managing business benefits</b>	36	Identifying customer needs (17)	<i>A priori</i> code
		Illustrating customer benefits (10)	<i>A priori</i> code
		End users vs. paying customers (9)	<i>In vivo</i> code
		Making and fulfilling propositions to the customer (8)	<i>A priori</i> code
<b>Managing quality</b>	41	Service leadership and management (21)	<i>A priori</i> code
		Company strengths (21)	<i>In vivo</i> code
		Personal characteristics and capabilities of the service staff (16)	<i>A priori</i> code
		Making and fulfilling propositions to the customer (16)	<i>A priori</i> code
<b>Managing price</b>	34	Illustrating the customer benefits (21)	<i>A priori</i> code
		The customer's security-buying habits (10)	New idea
		Identifying customer needs (7)	<i>A priori</i> code
		Making and fulfilling propositions to the customer (7)	<i>A priori</i> code
<b>Managing comparison</b>	28	Criticising competitors (10)	<i>In vivo</i> code
		Criticising industrial practices (9)	<i>In vivo</i> code
		Characteristics of the security industry (9)	New idea
		Company strengths (8)	<i>A priori</i> code
<b>Managing the customer relationship</b>	42	Sales practices (20)	<i>A priori</i> code
		The customer's security-buying habits (19)	New idea
		Facing the customer (15)	<i>A priori</i> code
		End users vs. paying customers (12)	<i>In vivo</i> code

Note: The *a priori* codes refer to concepts used in prior literature. 'New idea' refers to concepts or content not widely covered in the current literature. *In vivo* codes refer to concepts that emerged during the interviews (cf. Tan, 2010).

As can be seen in Table 6, the six categories build on several initial codes, and each of them has a different code base. The categories illustrate security suppliers' concerns about customer value. The six concerns, with illustrative quotations from the interviews, are presented in more detail in Chapter 4. As a conclusion of the first empirical phase of the study the core category is presented. It introduces customer closeness as the main concern of the informants guiding both the literature review and the second phase of the study.

#### 3.4.2 The second empirical phase of the study

The second empirical phase of the study followed a more deductive approach, since the analysis was built on the theoretical concepts that explained the core category and the main concern of the informants. Based on the relevant literature, the activities of value communication and relational adaptations were identified as means, through which the security suppliers try to enhance closeness in their customer relationships.

Consequently, the second empirical phase has two distinctive parts: First it identifies and analyses the value communication of the security suppliers through value argumentation. Toulmin's argumentation model (presented in Subsection 5.1.4) is used to identify claims as to customer value and their premises. In the analysis, 161 distinct arguments addressing customer value were identified from the interviews. For the claims several lines of reasoning were found in the data by asking 'On what grounds the informants build this claim?' The results are presented in section 6.1, where these security suppliers' claims are discussed in detail with verbatim quotes that illustrate how the informants of this study construct their argumentation. As the summary of the analysis, the arguments supporting the claims are presented in two tables. It is worthy of note that the arguments in this phase of the analysis were collected from the interviews, wherein the full range of possible grounds and reasons for the claims may not have been presented. In addition, the claims that the managers use in real-life situations with their customers may differ from these presented for the interviewees.

Second, the security service suppliers' perceptions of relational adaptations in their customer relationships are identified and analysed. In the beginning of this part of the analysis, the empirical material was reread, and excerpts related to security service suppliers' adaptive behaviour with respect to their customers were collected. The excerpts displayed suppliers' general attitudes toward relational adaptations, anecdotes from real life, and any other comments related to adaptive behaviour toward customers. The analysis proceeded with categorisation of adaptation practices on the basis of the dichotomies of relational adaptations presented in Table 10. As a result, two separate angles of approach – inter-firm adaptations and intra-firm adaptations – were found in the data. To illustrate these two types of adaptation in security service further, two thematic narratives were constructed. The main goal with these narratives is to find common thematic elements in the adaptive behaviours of the informants and illustrate thematic variation in the data. The narrative method was explained in Subsection 3.5.4, and the results are presented later in Section 6.2.

As the analysis had ended the code register covered 65 distinctive codes. Many of the initial codes had been merged and new codes had been created during the second empirical phase of the analysis. In total, 2630 quotations from the data were extracted, varying from 14 to 145 quotations per interview.

## 3.5 Data analysis methods

### 3.5.1 Coding and constant comparison

In qualitative research, coding means that different parts of the empirical data are classified and given a specific label, a code (Eriksson & Kovalainen, 2011, p. 128). The codes group together pieces of data that have similar features. In the coding process for this study, I applied certain basic rules to guide my coding work, which also influenced the analysis process. First, I started the process with open coding (Glaser, 1978, p. 56) with no predetermined codes in mind. The open coding means that the codes are not derived from the theory but they emerge from the data. For example, although customer value was the main theme of the interviews, I had no set model in mind for what it might mean or what I might find in the data, nor did I use 'value' as an initial code or even as part of an initial code name. I also tried to keep the predetermined definitions of value out of the analysis process; for example, I did not mark customer benefits and sacrifices unless informants themselves referred to them as components of value. Thus I tried to avoid being seduced by preconceived notions, previous categorisations, and established theories of value. I instead selected code names and themes that described the activities and processes at each company from the managers' perspectives, characterised interviewees' opinions or perceptions, or simply contained information on how the service was organised at the company.

To find the emergent patterns in the data, I read all the interviews line by line and used the ATLAS.ti<sup>10</sup> software for attaching codes to the text. The key question during was 'At this point, what is this person talking about?'. This question led me to use action codes (Charmaz, 2003), process codes, and thematic codes. Action codes refer to actions in the data rather than to themes and topics. In practice, this means that I used gerunds (noun forms of verbs) instead of theoretical concepts to describe what was happening in the data and what the informant was actually doing in his or her speech. For example, the informant may have been comparing, complaining, memorising, or evaluating something. Process codes are codes consisting of descriptions of various phases of the security service processes: different phases of the customer–supplier relationship, sales practices and service deliveries. These process descriptions did not aim at covering all phases of the security service, just those that were brought up by the informants. Thematic codes were used in scenes wherein the informant provided some contentual or normative information or reflected on his or her own experiences related to a specific topic, such as security partnership, service management, or criticism of industry practices.

Furthermore, I followed a systematic coding process and tried to code all of the transcripts similarly. I read all interviews as a single entity and tried to code each

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<sup>10</sup> See <http://www.atlasti.com/> for further details.

### 3. Empirical materials and research methodology

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interview during one sitting. All interviews from a given company were read one after another. As suggested by Glaser (1967), when new codes came up in the initial coding, they were not applied to the previously read interviews. Glaser states that if those themes did not come up earlier, they were not of great relevance to the earlier informants. Still, the analysis involved much rereading, and all of the interviews were read through five times at least: twice in the first empirical phase of the study and three times in the second.

The coding process in the second empirical phase of the study was distinct from the first phase. It involved theoretical codes derived from the literature, and the coding was more selective (cf. Glaser, 1978). This means that the coding was delimited only to those parts of the data that related to the informants' value arguments and adaptive behaviours.

Throughout the coding process, from the first code to the last, I applied the principle of constant comparison (Glaser & Strauss, 1967). Among the central features, or techniques, of grounded theory, this is a process in which each incident or a new interesting point in the data is compared to all previously found incidents and codes. Searching for similarities and differences helps the researcher clarify what uniform and stable elements he or she sees in the data (Locke, 2001). This reinforces the idea of a common coding name or a category that connects various incidents. Each new incident is labelled with as many appropriate codes as possible and thereafter compared to all forthcoming incidents. During the coding process, I carefully considered what was happening in the data, what the informant was talking about, and compared it to previous notions I had developed from the data. If I found patterns that could be seen in earlier codes, I attached the relevant code name to the new piece of data, and if something new came up, I gave it a new code.

#### 3.5.2 Memos

In parallel with constant comparison, memoing is suggested as a reflexive practice that helps the researcher to keep track of what is going on in the data (ibid., p. 45). From the very beginning of the coding until the end of the analysis process, I wrote several memos. Through memoing, I kept track of the coding process and wrote down my thoughts about any possible core categories. I also wrote some thematic memos on those topics that seemed the most promising at the time. The memo bank consisted of memos of the following types:

1. **Research diaries:** In the beginning, the coding and analysis was conducted only part-time, and I needed a diary for keeping track of the emerging ideas and proceeding analysis. Therefore, I kept two separate running memos on the analysis process: one recorded detailed comments on the consecutive steps of the research process, thoughts about how the analysis was proceeding, and notes on the changes that were made in the course of the analysis. The other was a hand-written diary that recorded ideas and thoughts from the supervisory meetings and doctoral-student group meetings. It also contained thoughts and notes about grounded theory

and relevant literature. Additionally, small hunches and intuitions were written down in this diary.

2. **Code memos:** During the initial coding, I attached a brief code memo to each code. In these mini-memos, I commented upon and explained the main idea and content of each code in only a few words. These short notes helped me in assigning existing codes to new incidents in constant comparison. When the open coding had ended, a more comprehensive memo was written on the content of the central codes and the main concern of the informants. In addition, separate memos were taken on the theoretical codes that emerged from the literature.
3. **Category memos:** When the categories (that is, the six key concerns of the informants) started to emerge in the first empirical phase of the study, a thorough memo was written on each of them separately. After the categories had been established, a thorough memo was written to analyse how the categories were present in each interview. This participant-category analysis helped to flesh out the content of the categories.
4. **Literature memos:** Literature was filed and categorised by means of the Mendeley<sup>11</sup> reference-management application. During the literature review, a short summative memo was written on the most relevant articles referred to, in Mendeley Notes. The brief literature-related memos aided in creation of a coherent picture of the recent research and assisted in identification of the key arguments in each article. In addition, books and articles used in this study were coded with Mendeley Tags.
5. **Idea memos:** Several separate files and working templates were created to develop the emerging ideas, especially during the second empirical phase of the study. For example, the security suppliers' arguments about the customer data (presented in Section 6.1) were collected and categorised in a separate Excel sheet, and the security suppliers' adaptive behaviours (presented in Section 6.2) were analysed by means of a template designed specifically for this study.

#### 3.5.3 Concept maps

Concept maps were used in the development of the conceptual framework for this study. A simple example of a concept map is presented in Figure 5. As can be seen in the figure, concept maps have three central structural elements: concepts, relationships, and propositions (Novak & Cañas, 2008, p. 1). A concept is 'a perceived regularity in events or objects, or records of events or objects, designated by a label'. In concept maps, concepts are usually enclosed in circles or boxes.

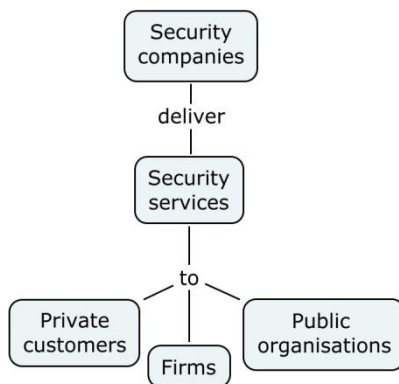
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<sup>11</sup> See <http://www.mendeley.com/> for further details.

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Relationships are indicated by connecting lines linking two concepts, with the nature of the relationship indicated by words on the relevant line. Propositions contain 'two or more concepts connected using linking words or phrases to form a meaningful statement'. Concepts may be arranged into a map in diverse ways, but usually the most central concepts are at the top of the map or in the middle, and reading progresses from the top downward or from the middle outward. In addition, arrowheads on connecting lines can be used to indicate the reading direction. (ibid.)



**Figure 5.** An example of a concept map.

Epistemologically, concept maps fit well with an interpretivist understanding of knowledge and knowledge creation (Kinchin et al., 2010). Novak and Cañas (2008, p. 11) state that 'new knowledge creation is a constructive understanding process, involving both our knowledge and our emotions and drivers to create new meanings and new ways to represent that meaning'. Concepts and the relationships between them are the building blocks for this process, while the concept map provides a tool to arrange and visualise the new knowledge.

In this study, concept maps are used to provide graphical illustrations of the central concepts and their interrelations. As grounded theory studies tend to be verbose, the concept maps offer the reader a summary of the conceptual developments and an alternative way to evaluate the analysis process and the development of the core concept of the study. The concept maps of this study were created with IHMC CmapTools<sup>12</sup>, special software designed to construct and edit concept maps. Similar to prior studies that have used concept maps to enrich the interpretations of qualitative interview data (see, for example, Kinchin et al., 2010), first the central concepts were identified. In the first empirical phase of the study, six separate concept maps were drawn up, one for each key category in this study. Each concept map represents the properties of the category to which that

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<sup>12</sup> See <http://www.ihmc.cmap.us/> for more details.



map pertains. Then, the six maps were combined into one summative concept map, which presents the results from the first empirical phase of the study in a more conceptual form. In addition, a concept map was used to conclude the key results of this thesis in Chapter 8.

#### **3.5.4 Narratives**

Narratives were used in the second empirical phase of the study. A narrative is an oral or written account of events (Smith, 2000). It consists of sequences of events, experiences, or actions that are tied together by a plot (Feldman et al, 2004). The narrative may consist of fictional accounts or personal experiences of oneself or others, and it may be told to other people or to oneself. The aim with the narratives is to gain deeper understanding of the organisational phenomenon by providing thick and illustrative description of contextual data (Langley, 1999).

The narratives are characterised by perspective and context (Smith, 2000), where perspective refers to the specific point of view from which the story is told. It influences the ways the events are described, what is highlighted, and what is left unsaid. The perspective is embodied in the narrator. The narrator is the storyteller, the one from whose viewpoint the story is told. Context, in turn, refers to external influences, which include the physical surroundings, social setting, historical background, and culture-specific features. All narratives are embedded in these settings and cannot be interpreted outside their context (*ibid.*). The typical features of narratives presented in prior literature and their applications in this study are presented in Table 7.

As can be seen in the table, this study uses the stories of security managers for understanding what they do to adapt security service to customer requests and other external influences. The two narratives presented in Section 6.2 emerged from numerous stories told by the informants. Since all of the interviews spanned a wide range of themes and, consequently, the stories of adaptations were fragmented over several lengthy interviews encompassing several questions and answers, narrative reconstruction was needed. In narrative reconstruction, the narrative does not exist in the original data as such; the story is a composite from the recurring themes that continuously are echoed in various data. Use of this approach was inspired by Williams (1984), who used the technique in a health-care context. The decision to use reconstructed narratives instead of original stories from the informants as-is makes me as the researcher the narrator. In this study, the two narratives are used as explanatory means of presenting the researcher's interpretations of the empirical material, and they illustrate my versions of the adaptation activities of the security suppliers.

### 3. Empirical materials and research methodology

**Table 7.** Typical features of narratives (Pentland, 1999) and their application in this study.

Features of narratives	Applications in this study
<p><b>Sequence in time:</b> Beginning, middle, and end – chronology or other logical patterns of events</p>	<p>The narratives start with introduction of the focal actor. Then the focal actor's general attitudes toward relational adaptations are presented. The central parts of the narratives follow the chronological order of events: how the focal actor identifies the need for adaptations, what said actor then does in practice, and to what end these actions lead the focal actor.</p>
<p><b>Focal actor(s):</b> Identifiable actors, with distinct roles and demographics, about whom the story tells</p>	<p>Both narratives are given a security service manager as a focal actor, named Juhani and Pentti for practical reasons and to make the narratives smoother. The two focal actors are stereotypes and imaginary representatives of all the informants. The customers and co-workers of Juhani and Pentti play supporting roles in the narratives.</p>
<p><b>Identifiable narrator:</b> A storyteller who does the narrating and gives the story its voice and point of view</p>	<p>I, as a researcher and an outside reporter, am the one who tells the story. I have constructed the two core narratives from several stories told by the informants, and I have selected the excerpts included in the narratives and written the stories.</p>
<p><b>Evaluative frame of reference:</b> A sense of moral context; cultural values; and assumptions of what is right or wrong, good or bad</p>	<p>The dichotomies of relational adaptations presented in Table 10 were used as a frame of reference in construction of the narratives.</p>
<p><b>Indicators of content and context:</b> Background information that is essential in interpretation of the events</p>	<p>The narratives are situated in the context of security service. The informants are security service suppliers, with different managerial positions, all of whom are somehow involved in security service development, sales, and delivery. The stories of the informants were told in the interviews.</p>

For construction of the narratives, all interviews were first reread, and the dichotomies of relative adaptations presented in Table 10 were used for identification of stories of adaptive behaviours and attitudes. As Feldman et al. (2004) suggest, the search for opposites, or dichotomies, is one way to construct and interpret narratives. As a result of this process, two distinct types of adaptive behaviour in security service companies were found: one that focuses on external influences on adaptations and one focusing on more internal adaptations in security companies. After the emergence of these themes, the interviews were coded through constant comparison, and, at the same time, interview excerpts illustrative of both external and internal influences on adaptive behaviours were selected. These excerpts represent the stories of the informants, which are tied together by the narrative, and many of them have been included verbatim in the narratives.

## 4. Results of the first empirical phase: Security suppliers' concerns about customer value

### 4.1 Managers' concerns of customer value in security service

The concerns of the security suppliers of this study are centred on several management activities that managers use to understand, determine, and create value for their customers. Therefore, as a result of the first empirical phase of the analysis, security suppliers' concerns about customer value can be summarised as follows:

1. **Management of security** captures the core of the work undertaken by security service suppliers. The customer's security needs are seen to be among the main motivators for security service purchases, and, therefore, security expertise and efficient security products and procedures are essential content of security service.
2. **Management of business benefits** is related to the importance of justifying the security investments in terms of business benefits gained for the customer.
3. **Management of quality** originates in the slices of the dataset in which the informants use the words 'quality' and 'value' almost synonymously or use more direct expressions that link quality and value with each other.
4. **Management of price** points to security suppliers' comments wherein customer value is linked to the price of security service. In this category, the transaction costs and life-cycle costs become the critical determinants of customer value and the focus is on exchange value rather than on the use value of the security service.
5. **Management of competition** weighs customer value against competitors and their service. The key question of security suppliers in this category is that of how to deliver more customer value than the others.

6. **Management of customer relationships** takes a more dual perspective and approaches customer value from the perspective of customer–supplier relationship.

In the following sections, these concerns are illustrated and discussed in detail.

## 4.2 Management of security

Self-evidently, security service is often supplied – and purchased – primarily for security reasons. When asked about customers' motives for purchasing security service, the service suppliers said that most customers have some kind of security need for which they need outsourced service. This risk-based approach is traditional in security business and still the most visible and popular one. The risk-based approach takes security risks or threats as a starting point and uses various risk management measures to prevent or diminish these risks. It is aimed at protecting the customer's property, people, and processes against internal and external threats, as is clearly demonstrated in this quotation, where a technology manager talks about customer's viewpoint to security service: '*They have alarm systems, and a security guard doing his rounds, and some stickers on the windows. That's how people prevent their windows being smashed and their computers getting stolen*' [29:60].<sup>13</sup>

In their speech, security suppliers discuss both proactive and reactive elements of the risk-based approach saying that customers buy security service to ensure both early identification of undesired situations and rapid recovery from them. Security service aims at preventing hazardous events from happening, but in case they occur anyway, preparedness is needed if one is to respond accordingly. Suppliers see these security incidents as the apex points for value creation: the earlier these situations are identified, the more efficiently and quickly the situations are resolved, the less the loss that occurs, the fewer the costs arising, and the greater the value created for the customer. Apart from responsiveness to security incidents, the suppliers highlight the need for continuous surveillance and control. To a large extent, the purpose of the business-to-business security service is to control the flows of materials and people: to restrict access and to verify the incoming people. In addition, the security service helps the customer visually monitor the current state of specific areas or gain real-time knowledge of the current situation at the site.

It can be concluded from the security suppliers comments that the maturity of the customer organisation's risk management system determines the depth and content of the relationship between security supplier and customer. One informant

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<sup>13</sup> From this point forward verbatim quotations in English are included in the body of the work in this form: '*italicised text within inverted commas*'. Quotation numbers indicate the informant and the exact quote from the interview transcripts. For example, the quotation number [29:60] refers to informant 29 and the 60th quote in his or her interview transcript.

put it thus: *'Well, you can't say when the security level is good or bad – it doesn't work that way. It just needs to be optimal. I mean, the costs and the level should be optimised for that specific customer's business'* [15:6]. All customer cases are unique, and all security solutions need to be modified before they can meet customer needs. The security solution should be in proportion to the customer's security risks and the assets protected, as this quote illustrates: *'The customer could buy full security if he wanted to. Of course, it will cost him. And is it even worth it? With the turnover and the losses and such, is it even realistic?'* [41:48]. General and all-inclusive solutions do not exist, and the solution must take into consideration customer requirements.

According to the informants, the search for the optimum starts with an understanding of customer-specific characteristics: general features of particular industries, company-specific features, the local business environment, the customer's customers' behaviour and needs, and specific customer requests. They emphasise their ability and willingness to take more responsibility for the customer's risk management and even production management: *'The customer can authorise us to take responsibility for their security challenges. Starting with defining the customer's needs, we also handle the implementation, use, surveillance, maintenance, and such tasks, so, in a way, we don't just do one-offs. Our goal is long-term co-operation'* [9:12]. This may backfire, though: if a customer is not fully aware of its security situation or is not willing to discuss these characteristics with the supplier, it is easy for the supplier to kit it out with excessive security systems and service or to provide an incomplete system that does not meet the need. By the same token, from security suppliers' perspective, sometimes customers specify the content for the security service in too a detailed manner. A customer may, for example, ask a supplier to deliver a specific number of security guarding man-hours or a specific quantity of surveillance cameras, without considering the actual purpose for which these security measures are needed or alternative options that might be more effective for that specific purpose. One business director explained that it should be the suppliers' job to design an optimal security solution for each customer, while the customer need only state the need and purpose: *'We need to make end users realise that it doesn't matter what flippin' [thingamajigs] we screw to their walls. They don't need to know about them. The way it should go is that the customer, or the end user, defines the security need, their own needs, on the basis of their experience. After that, they should ask: "How much would this cost, and can you make it happen?"'* [46:23].

The interviewed security suppliers say that, regrettably, security management practices are ambiguous for many customers: they are not always aware how security issues are handled in their organisation, what they want from security service, and what they are actually buying when they purchase security service. They may also have strong presuppositions as to what security service is and what it does, many of which are outdated and inaccurate. The old traditions, how security service 'has always been handled', may determine the way many customers purchase security service today. What the customers cannot see, and what the security suppliers would like them to see, are the further opportunities for

#### 4. Results of the first empirical phase: Security suppliers' concerns about customer value

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customers to benefit from the new security competencies and resources, to identify the real and most important security risks, to find an appropriate solution for each risk, and to optimise the solution for the customer's needs and each precise situation.

The informants were also able to provide some explanations for these ambiguities and assumptions about customer-perceived value. One of them is that security service is often invisible to the customer and remains in the background most of the time. Consider this quote, for example: *'The best kind of security service is performed in the background. It's invisible, but it's always there, staying alert'* [32:52]. A large amount of the preparation and planning work is conducted in the back office, and a large proportion of the service work is done out of sight of the customer, outside normal office hours, or in locations where no-one else works. One operations manager for security-guarding service illustrated this in saying that *'we might have been going there for 10 years without ever seeing the person who ordered the service'* [42:25]. On the other hand, managers say that invisibility is often demanded by the customer and seen as an essential part of efficient security systems, as the next excerpt illustrates: *'When you have a well-organised event, with well-organised security guarding service, it is mostly invisible, but still the customers feel they are being looked after, that they have been taken into consideration'* [32:8].

The invisibility of service delivery, outcomes, and customer value is a double-edged sword for security suppliers. On one hand, they share a belief that the visible presence of security staff and devices increases security in the surroundings and clearly indicates to the customer and others that security measures are in place. For compliance with legislation, security guards must clearly indicate their status on their uniforms and people need to be informed of the presence of any video surveillance systems via clearly worded signs advising the public that the area is under surveillance. Also, security suppliers try to increase the visibility and transparency of security service with new service-delivery reporting systems and online customer portals, believing that the more transparent security service will aid in building trust in customer-supplier relationships. On the other hand, they expressed their concerns about overly evident presence of security systems and overprotection, which may give a wrong account of the security risks related to a specific target. In addition, often it seems to be the security supplier's own intention to move operations from the front office to the back office, which reduces the time spent on the customer's premises.

Even when the security service is physically present and visible on the customer's premises, its effects and benefits for the customer may remain unnoticed. A guard standing in the lobby of a shopping centre or a security camera on the wall of that lobby may prevent thefts and shoplifting through presence alone. But the interviewed security suppliers state that they do not have good figures or metrics to illustrate the benefits of security service for their customers. They also say that customers usually do not compile statistics on security incidents, and in the absence of measurable data it is difficult to estimate, let alone prove, how much the situation has been improved by security service. In addition, getting customer feedback seems to be difficult for all security suppliers. For example, customers

report service failures, but success stories often remain unnoticed. Even in the most clear-cut cases, wherein service performance has been exceptionally good and a security guard has managed to prevent major hazards, the customer may remain indifferent about the results, as one operations manager reported straight from the front lines: *'We heard nothing from the customers, although the report clearly said that the guard had noticed a fire on his rounds, which he put out, and the firemen only came to check the situation. [No positive feedback] even after that, nothing'* [42:34]. Also, customers may want the security devices and security guards to be as imperceptible as possible and to interfere with their business processes as little as possible.

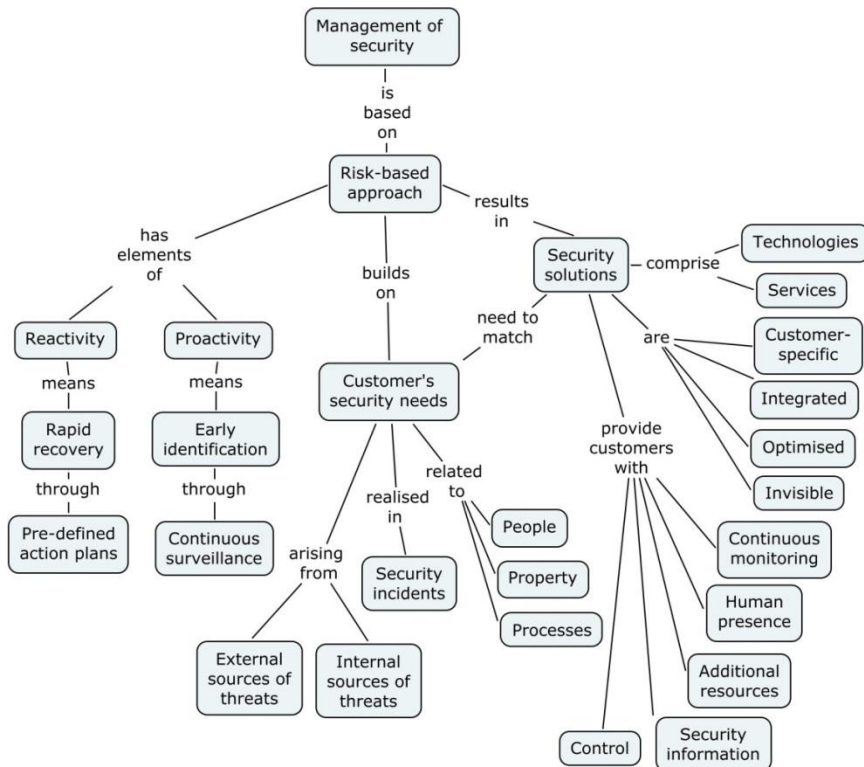
One of the concerns of the informants was that increased use of remote services, such as self-service diagnostics and remote system operations, are making relationships between customer and supplier more distant as is illustrated by this quote from an informant: *'Before, when the customer had a problem, someone of us rushed over there to see what the problem is. Now it's more like we analyse the problem from here... This, of course, is more effective for the customer: we can provide the service more quickly, and the customer's questions and concerns always get answered'* [6:69]. The use of new communication technologies has increased the invisibility and distance of security service, with remotely controlled security systems gradually becoming more popular. Without regular face-to-face meetings, the security suppliers feel that they cannot keep up with the changing situation in the customer organisation and are not aware of the changes that are needed in the security service. Therefore, other ways to communicate, such as through regular follow-up meetings or quality reviews, are seen as a key determinant of a good customer relationship by the informants. Maintenance of the product provides a good reason for meeting with the customer, but the suppliers emphasised how they still struggle to shift the focus from the product to the customer: *'We're there to maintain the customer relationship, not the equipment. There are a lot of people who can screw and twist and adjust that equipment. What you need is to know how to handle the customer relationship as a whole. It's more important to ask the customer: "How are you doing? Is everything OK? Is there anything else we can help you with?" than just go there and change some equipment'* [11:61].

Security suppliers seem to be far less reticent than their customers to bring up their appetite for a closer and more comprehensive security partnership: *'Our goal is to become one of the customer's trusted partners, as a professional company that supplies security service and can handle the customer's overall security needs on a long-term basis, ensure that we can be trusted, that they can put all their eggs in one basket, so to speak. But very few do so'* [16:7]. Many informants aim to be given full responsibility for the customer's security management, a full-package service that relieves the customer of many security management tasks, even if this might be mission impossible in real life, as discussed in this quote: *"The bigger the better" is what the customers seem to think. Customers are wrong in thinking that everyone is marketing this one-stop-shop idea – you know, "come to us; we have it all". But, in the end, it's not always the most sensible solution for them, because the quality is likely to be mediocre when you buy everything in one*

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*place'* [5:42]. The search for a more integrated service may also arise from a need to win bigger projects and longer service contracts with one's customers.

For a summary of the content of this category and its properties, the central concepts are arranged into a concept map, presented in Figure 6.



**Figure 6.** The concept map for management of security.

This first concern of security suppliers can be summarised thus: The security service is seen as reducing customer's security risks, and therefore, the customer value of the service results from the value of security – the value of avoidance of the risk that security service is an attempt to reduce. For some customers, security appears to be something that needs to be taken care of in order to keep the risks and related losses under control but not something that has an important effect on the core business. In other words, the links between risks and core business are ambiguous and security is, in a sense, at the periphery of the customer company: it is something that needs to be in place, with as little expense as possible, and it has to work in a foolproof manner, but it is not the focal point for the customer. The key motivator behind this wish is monetary savings, through lower costs associated with crime, and protection of physical assets, people, and data.



### 4.3 Management of business benefits

Distinct from the risk-based approach described in the previous section, the interviewed security suppliers talk about customers for whom the security protection is not the main focus and who seek for straight linkages from security service to production factors, critical assets, and business success. One service director illustrates these customers well in this extract: *'We have existing customers who have highly developed risk management processes, which results in the ability to assign a value, in euros, to various things. It is typical for such organisations to have people in managerial positions in risk management and security, who have good strategic skills and are part of, or somehow linked to, the company's management processes and have clear roles within the enterprise architecture. [...] What makes this category more interesting is that these people are probably more ready to discuss topics beyond temp agencies and producer prices'* [18:14]. The transition from a security mindset to a business mindset was also illustrated by a CEO, who explained that previously his company was asked to keep the customers' doors locked up tight to keep the burglars out – now they are asked to keep the doors wide open to let the customers in, as he tells in his own words: *'Our guy had said to the customer that he [the customer] can call us any time if the locking system is not working properly. The customer had flared up and said that he wants more proactive maintenance and that we 'morons' do not understand how costly it is for him if his customers can't get in. Once again, one was talking about nuts and bolts, while the other was thinking about cash and customer flows'* [1:45].

As the security markets have matured, security suppliers have started to seek new business opportunities and new ways of promoting security service for different customer sectors. In this study, security suppliers' concerns with business benefits refer to a situation wherein the outcomes of the security service are linked directly to the customer's business success. This line of thinking starts with customer-specific security risks and takes into account the losses that could result from those risks, but it goes further and considers the positive and negative business impacts and even the viewpoints of the customer's customers and other stakeholders, as characterised in this quote: *'If a window gets smashed, the cost is a hundred euros or so. But if snow gets in through the broken window and there's a robot at work that breaks down on account of the snow, then the cost will be hundreds of thousands of euros. And further, because the robot was making important parts for the customer's customer and they cannot rely on them anymore and stop buying from them, well, that's a whole 'another can of worms'* [31:41]. As this excerpt illustrates, the risks are the starting point for security solutions but the focus goes far beyond traditional risk identification and prevention. Rather, the aim is to help the customer's business survive and boom. This attitude – to risks and beyond – was very evident at some points in the interviews, as illustrated by one of the CEOs thus: *'Providing added value for the customer's business must start with a few basics: Do we help them save on processing costs? Can we do something to bring more customers to our customer? Are we*

#### 4. Results of the first empirical phase: Security suppliers' concerns about customer value

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*doing our part to ensure customers' satisfaction or to make them buy more? Well, these are pretty much all the things we can influence; I don't think there are many others' [1:48].*

To be able to create business benefits for the customer, security service suppliers of this study feel that they must first understand the customers' business, core processes, main customers, competitors, and general business environment, or, as one service manager put it, *'We should put ourselves in their place: experience how they live and find out what the risks are, what they do on a daily basis, whether they have assets or personnel, when and how they get to work and leave home – the whole way of life' [41:6].* Long customer relationships may strengthen this understanding over time, but, in addition, the security suppliers emphasised good preparation for every customer meeting and well-done 'homework', especially with new customers. Furthermore, they need to understand the external sources of the customer's security needs, as higher security levels may also be required by the customer's stakeholders, such as owners and the Board, customers, authorities, insurers, or suppliers. Where this is the case, security becomes a 'ticket to market'; that is, the customer is not able to perform in the markets if the security systems are not in place. Although the business benefits are quite straightforward in these cases, customers in this group may pose difficulties for service suppliers, since the need for better security is not purely their own but dictated also by stakeholders.

While many security companies signal strong intent of more business benefits for their customers, in some cases this affirmation falls short of being believable. This is illustrated in the next excerpt, wherein the informant first emphasises the business benefits for the customer but in the very next sentence returns to product-level security talk:

*Q: Why do your customers purchase security service?*

*A: A fancy way of saying it is that they purchase it [a security system] because we guarantee them a safe and secure environment for doing business. To put it nicely, we provide the technical equipment to enable them to do their business.*

*Q: So the reason is securing the continuation of business operations?*

*A: Yes. But, then again, the reason we have cost control or working-hours monitoring or police report monitoring, really, is to ensure that the doors stay locked and we can monitor who goes in and out of the office. [50:10]*

The same problem is evident in customer encounters, as explained in the next quote: *'We only discuss a specific, sold, and standardised product, module, or service, talking about how it did. Was there X number of guards working when they were supposed to, and did the costs match the budget? And, at the same time, the customer's business operations are changing, the company's structure is being reorganised, and it is making purchases and expanding to other countries. Shouldn't the customer be asking how this affects our work and responsibilities,*

*whether we have the competence required to do our job, and whether we can help – maybe resource or develop something?* [18:21].

In the quote above, a service director was ready to admit that it is difficult for security suppliers to open discussions of the business aspects and strategic issues with customers – it is not something that they are used to do. The difficulties in opening a dialogue on the business benefits with the supplier may arise from the fact that they send contradictory messages to their customers. They say that the ultimate aim is to increase continuity and strategic benefits for the customer business, but what they might actually do is emphasise specific security products or services, or they might concentrate on conducting their own service operations instead of developing co-operation with the customers. At the same time, business issues may go unnoticed in their mundane work. The informants of this study admit this deficiency themselves:

*A: You need to identify the customer's field of business, know who the competitors are, what your customer provides to his or her customer, because that's what you're really there to do. When we are in a situation where I can show, with euro signs to prove it, that we have provided something for that customer, gained a partnership in the scope of which we have made these things happen, and this customer's customer will buy more from this customer.*

*Q: How good are you at doing that?*

*A: [laughs for 4 s] At least on the idea level, some of our people are damn good, or at least think they are, just like me. But we're still in the early stages. [3:56]*

Because of these contradictions, the position assumed by security service suppliers as strategic security consultants may not have been convincing for the customers, helping those customers not be ready yet to see the security suppliers in the new role they want to take, that of strategic security consultant. This creates pressure on security service sales and marketing and raises several questions in the researcher's mind (and probably in security suppliers' minds, too) on how to change the current course, how to find new forms for security service, how to convince customers that security service could benefit their business, and how to get customers to open their business-risk portfolio and to discuss the business benefits.

Fortunately, the security service suppliers themselves have found some answers to these questions, and they have developed two separate survival strategies: new high-value security services and new low-value security services. The proponents of the former focus on developing more knowledge-intensive security service and try to find new connections from the security service to the customer's business processes. They talk about security consulting, data mining and more comprehensive and integrated security systems. Furthermore, the continuous presence on customer premises, novel security technologies, remote controls and call centres enable new high-value non-security services, which could greatly improve the efficiency of production processes, as illustrated in the next quote:

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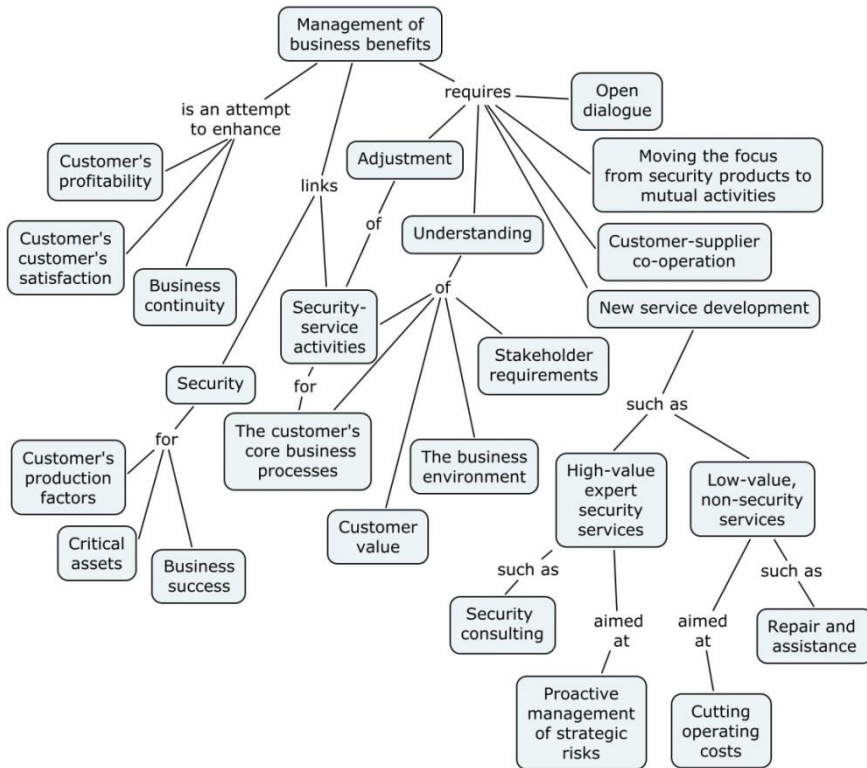
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*'[W]e, the security professional, can decide what is the most economical and the optimal time for the customer to do something. For example, we might know [...] the customer's production processes well enough to be able to say whether work needs to be started in the middle of Sunday night, or it can wait until 8am on Monday' [18:60].* Professional service of this kind, whether security-related or not, is not yet commonplace in Finland, however. For example, security consulting is still quite immature, and security companies rarely include security consulting as an integrated service in their service portfolio. Nevertheless, the previous quote illustrates the security suppliers' desire to find new access points to the core business processes of the customer companies.

The proponents of the new low-value support services turn to multitasking and add various supportive tasks to traditional security activities or create completely new non-security service concepts beyond the traditional security core. The most typical examples of existing supportive non-security service are the additional tasks that security guards perform at supermarkets. The situation described in the next quote was very common for all companies in this study that provided security-guarding service: *'So much extra work has been pushed onto the guard, like moving shopping trolleys, for example. And at least at some point, there was this instruction even that if the gate beeps, the guard was not allowed to handle the situation, they were to leave it to the cashier, and only if someone runs, then the guard should step in and pursue the runner. So, you just stand there next to the info desk, like a wallflower in the middle of the lobby, and your main task is to push the shopping baskets and trolleys around [laughter] [42:11].* A few other examples of support activities that are only indirectly related to security and are already provided by the security companies are reception services, clerical services (such as work-time management), simple repair and maintenance services, and energy-saving procedures (switching off lights and reducing room temperatures, for example). The list is continued in the next quote: *'And then there's closing and opening the doors, and even emergency first aid and using the defibrillator and such – those tasks are already being handled by security companies' [38:25].*

The security service suppliers' perceptions of management of business benefits are summarised in Figure 7.

4. Results of the first empirical phase: Security suppliers' concerns about customer value



**Figure 7.** The concept map for management of business benefits.

In summary, security service suppliers seem to be constantly searching for new integration points between the customer's core business processes and security service activities. They aim to enhance the customer's business success and decrease operation costs for the customer and at the same time to find new business opportunities for themselves through higher-value security service or new types of non-security service. When we take a closer look at the extracts presented so far, we quickly notice that security suppliers position themselves as external security specialists in relation to their customers, providing additional resources and competencies for the customer. This is evident at several points in the quotes, when the informants talk about how they keep the doors locked, how they increase profitability for the customer, how they reduce the costs or develop something for the customer. Although there is strong demand for close co-operation between supplier and customer, it is only very rarely that security suppliers describe the analysis of the security situation or solving the problems alongside the customer. Instead, suppliers position themselves as the ones who analyse and solve the problems for the customer, as several of the quotes above illustrate.

#### 4.4 Management of quality

In security service suppliers' perceptions, customer value is closely linked to product and service quality, and they often cite situations wherein delivering service in accordance with quality specifications creates value for the customer. When asked about the main business idea of their company, many informants responded that delivering high-quality security service is the main principle in their business. They might say, for example, the following: *'Our business idea is to produce high-quality and customer-oriented security service that functions well, and maintain our customer relationships by providing high-quality customer service. Short but accurate. The best people produce the best results'* [19:69]. This quote illustrates well the centrality of service quality for the security suppliers, or the way they want to highlight the importance of quality in their work.

In the interviews various quality standards and expectations for security service coming from many directions can be identified: First of all, customers set standards for the service in the call for tenders, negotiations, and service contracts. In addition, the security industry is a highly regulated business, with, for example, the rights of security guards, together with their clothing, the equipment used, and the protection measures allowed, being defined in national legislation. Security suppliers are highly aware of the current laws and often refer to laws as restrictive norms that define security service and control the business. Moreover, at the time of the interviews, many of the security companies were building quality management and environment management systems, which included written service descriptions and service-process maps. According to the informants, the pressure for this systemised quality work has come from large customer companies, most of whom have quality management systems of their own that require the same of suppliers. Therefore, although focusing merely on internal processes and actions, the quality-oriented approach is often aimed at meeting stakeholder requirements.

Although several quality standards exist and customers emphasise high-quality security service in their calls for tenders, the informants of this study complain that it is sometimes difficult to know what the actual quality requirements are and what level of quality the customers desire or expect to receive from the suppliers. In addition, they say that there may be several, divergent views on quality in any given customer organisation. A negative scenario for many of the security suppliers seem to be that something that is agreed on in the sales phase is not in accordance with the expectations of the service's end users, which places the security supplier in a situation of conflict. These ambiguities are caused in part by inadequacy of customer feedback. Supplier personnel with several interviewed companies complained that they do not get enough feedback from the customers. Furthermore, although they are in continuous contact with their customers through the service, they do not have adequate procedures for collection and transfer of customer information from the front-line staff, as exemplified in this quote: *'Of course, they know best if only they can interpret it and tell us, the people who are at the customer interface every day. They probably see quite well what level we*

*are really at and what it is we do and how the customers react – are they satisfied – and what type of feedback they give. At the moment, we don't take that into account in any way, but clearly that information source should be utilised somehow* [22:21].

One way for interviewed security suppliers to dispel these uncertainties is to develop their own quality work. Written service descriptions, service-process maps, customer-specific policies, and service reports are emphasised as the core of higher-quality security service. Suppliers feel that covering service in written form gives customers an 'open book' on the security supplier's way of doing business. That way, customers see what they are paying for and what they actually get. This is especially important in service that is delivered out of the customer's sight, as the next quote illustrates: *'If we think about our guards, who do their rounds at night, checking several properties, the information that is reported to us, in real time, we give to the customer, so that the customer can view his or her own information'* [17:3]. With more transparent service operations, the interviewed security suppliers attempt also to convince the customers of their superiority over competitors. This is also a way to fight against the pall of malpractice that is often associated with the security industry, as described in the next quotation: *'In order for our customer to see how things are done; as our customer, they see what they can do and make purchase decisions based on that'* [1:176].

Security suppliers of this study also criticise customers for not appreciating investments in quality development. Quality is a hygiene factor, a must-have that needs to be in order, but it is not a decisive factor in competitive bidding, though. In addition, the original quality requirements seem to be infrequently reviewed during service delivery, and the informants say that meeting the requirements does not usually benefit them in any way, as explained in the next quote: *'There are masses of quality requirements: the invitation-to-tender documents are full of this and that and the other. But, in the end, when you are providing the service, in very few places does anyone really put any value on whether things are done this way or that'* [27:47]. Suppliers argue that customer have a tendency to assign service quality top priority in invitations for tenders while the one who actually wins the contract is the one offering the lowest price. Consider the next quote, for example: *'We got beat six–nil. It was really bad. It taught us a lesson. We made the wrong strategic choices back then, focusing on quality for three years. We trained the hell out of these people, made sure the employee turnover was low, and in the end it didn't matter one bit. We should have kept people coming and going and not accumulating any age bonuses and carried on with our business by doing the bare minimum as cost-efficiently as possible. Then we might have had better luck with the competitive bidding'* [21:63].

Other informants continue the story by saying that written service descriptions have less relevance than the person who actually works on the customer's premises. According to this view, high-quality service needs a personal touch, an idea that is illustrated in the next quote: *'It all depends on whether you can get an active person to do it. That's what counts. The service description doesn't mean as much as who you get to do the work. The style of doing things, the way that person*

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*carries the uniform* [38:19]. In this view, the personal style and 'touch' of the service are important quality factors. In security-guarding service, especially, the personal service becomes an important determinant of service quality, as the service staff works in constant and close co-operation with customer personnel. This leads the informants to emphasise employees' social skills, motivation, and reliability. Similarly in technical security service, employees' broad range of technical skills and practical expertise in the products and systems are at least equally important factors in the quality. Delivering personalised service is seen as valuable for the customers, who often commit to and bond with an individual contact person. On one hand, this personal service may appear to be good service for the customer but does make the service dependent on single individuals and places continual service delivery under threat. Particularly with large customers, however, uniform quality across all service workers and service locations seem to override the personal factors, as one informant told in the interviews: *'They all look the same; they all do the work with a similar intent, in the same manner, and according to the same guidelines. It's the same, no matter where you go: there's a cheerful customer-service-oriented employee who's ready to advise, guide, and serve'* [25:62].

In addition to written service descriptions and personal qualities of the security staff, security suppliers hold time to be a critical determinant of service quality. At numerous points in the interviews, they emphasised that customer calls need to be answered quickly, projects need to stay on schedule, security systems must last for decades, and one must handle customer requests more quickly than the competitors do, as an operations manager stated thus: *'If something happens we react immediately, right away'* [24:59]. In many cases, security service is triggered by alarms, and the security supplier's response time is an immediate and visible measure of service quality for the customer. In addition, the security suppliers use their short response time as an indicator of their flexibility, as the operations manager continues: *'Out of the blue, a customer calls and says: "Hey, I need you guys here now." Or there might be a property-management issue and they ask: "Can you come and have a look?" So I say: "Fine, I'll come right away; wait 15 minutes. I'll be there"* [24:62].

Today, many security services are somehow related to security products, and to electronic security systems especially. The interviewed suppliers believe that product quality at component level is quite similar across all suppliers, since they typically use the same basic products and components. On a security systems level, however, there seems to be more variety, and the interoperability, usability, maintainability, and durability of security systems become differentiating quality-related factors between suppliers and therefore hold potential for value creation. Consider the following comment from a technology manager: *'Technology enables something, but you also need to wrap it in a way that the customer sees additional value. And that's the biggest challenge for us. Our technology department can list all the possible features from A to Z, but how to make it an appealing package for the customer – it's another thing'* [22:28]. On the security systems level, the product quality is also associated with the personnel's ability to deliver integrated security systems that meet the customer's particular needs. Those suppliers who use mainly their own products emphasise how the product development and change



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management are in their own hands and how easy it is for them to make customer-specific modifications and adjust the usability of the product to customer needs. Suppliers stated that customers often compare security suppliers in terms of their product offerings and the technical features of the products, while the quality of the service remains under-analysed. This is witnessed in the next excerpt, for example: *'Just when we have just managed to convince the customer of our service offerings, they happen to read the recent security magazine and notice a new apparatus that someone has put on the market and immediately want to have the same, although it might be available only after six months or so'* [27:25].

The security suppliers' perceptions of the management of service quality are summarised in Figure 8.

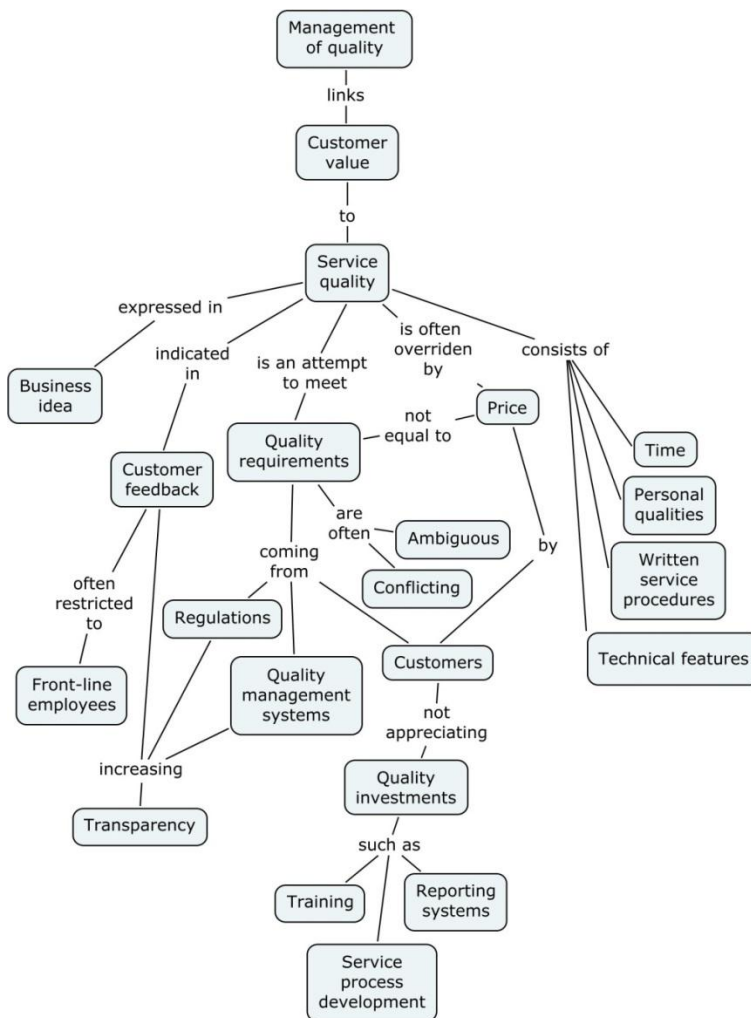


Figure 8. The concept map for management of quality.

#### 4. Results of the first empirical phase: Security suppliers' concerns about customer value

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In the end, the relationship between value and quality remains blurred. Somehow, quality is used as a substitute for value: it is easier to talk about, there are widely used written specifications of what quality means, it is easier to develop and increase, and it is simpler to measure and demonstrate for the customer. Quality becomes a shared language between the supplier and especially those customers with quality-management systems. It is presumed that high quality automatically delivers value for the customer, but how this comes about is not made explicit.

### 4.5 Management of price

The next category is centred on the informants' comments about the price as the monetary value of the security service for the customers. In the informants' talk it is a common view that customers have a very cost-oriented view of security service, as three informants, from three separate companies, expressed: *'Customers say that they value quality, but when it's time for a bidding competition, quality goes out the window and they go for the cheapest one'* [21:62]. *'Customer loyalty these days... they look at my price tag and then compare it to someone else's price tag – and then they switch. The one with the most attractive price tag has the upper hand'* [19:27]. *'Of course, the customer thinks about the price. After all, it's usually the most important point for the customer'* [30:55]. Security suppliers state that all customers, regardless of their size, industry, or public or private nature, prioritise a low price for security service very highly, without even trying to hide this preference. One informant described asking a customer why they had chosen his company to supply service and receiving the following answer, which seemed familiar also to the other suppliers: *'Well, we had a bidding competition, and yours was the cheapest offer'* [26:26].

Previously, security service was mainly conducted in-house by people with no formal security training, and customers even now are able to carry out some of these tasks themselves. In this study, the interviewed service suppliers see customers as willing to outsource tasks to service providers only if doing this costs less than in-house service, as said by one of the operations manager: *'[W]e will get the contract only if other options are more expensive'* [38:30]. The informants feel that many security services are only an item of expenditure for the customer, who would prefer to eliminate these costs if that were possible: *'[t]here are always those [customers] who see these activities as something they should be able to eliminate'* [39:7]. Nevertheless, they also express concerns that the customer might not always know what it gets for the money and what low service prices actually mean, as demonstrated in the next quote: *'There are customers who brag about how low a price they got their security guard for, or like to say how "our services is much cheaper than yours". But what they don't know is that there is no type of alarm centre behind the service; the alerts go to a beeper or a mobile or something. But hey, that's OK – at least it's cheap'* [38:31]. This situation is frustrating for security suppliers, who see these customers as not getting value for money. Instead, the security is fake, as discussed in the next quote: *'Not many*

*people have the guts to admit that this is how it goes: they pay for nothing. A lot of people would rather pay 80 euros and get nothing in return than pay a hundred euros and get value for their money. That's how it is in this business' [40:17].*

The quotes above, supported by the findings on quality in security service (elaborated upon in the previous section), indicate that, from the suppliers' viewpoint, many customers seem to prioritise price over quality in their choice of supplier. There are some suppliers, however, who challenge the dominance of price and have succeeded in developing the customer relationship to a level where the price becomes less relevant and service quality, mutual trust, and concrete service outcomes are emphasised. Consider the following quote, for example: *'[B]ut once you get them to use this type of service that has a face, when your work is visible in the customer's daily environment, then switching becomes more of an issue, maybe even a threshold, regardless of the cost level. In fact, it would probably take significant deviations in quality that weren't resolved by an agreed deadline' [12:50].* They suspect that for some customers high prices are only an excuse to discontinue the service contract, providing an easy pretext both for the customer and the supplier, while the true reasons for dissatisfaction may lie elsewhere.

Security suppliers seem to have two distinct strategies for discussing price with customers. There are some who get straight to the point and spend a lot of time talking about the prices a sales encounters, as described in the next quote: *'Usually, discussions with customers focus primarily on price policy – what the existing price was, what increases there are going to be, and how to proceed' [19:33].* Although they are ready to admit that their communication to customers may even be too saturated with talk of costs and price, they have also found new ways to discuss cost savings and other business benefits with the customers, as one CEO explains next: *'We're not even trying to be the cheapest; our goal is to be the supplier that provides added value and an opportunity to do business, to make a profit. And most of all, we aim to do all this in such a way that the customer is left with a good feeling about the whole project' [43:43].* This does require more thorough knowledge of the customer's business processes and business logic, and it also requires the customer to participate in the pricing discussions. Nevertheless, the suppliers are well aware that building on price alone cannot establish solid and lasting foundations for a customer relationship, as is vividly expressed in this quote: *'If you've got euro signs in your eyes, and you keep whining about the final price and hoarding all the profits, and you don't give a toss about the customer, it will definitely backfire, and it won't look pretty. No way' [44:39].*

Then there are others, who find it more difficult to put monetary issues on the agenda with the customer, as one sales director explained: *'It has been a typical way of thinking; one mustn't talk about the customer's money. That's why we're always in the red. We will always be a cost item, an expense, because we haven't been able to sell the benefits to the customers, what our service could mean for them in terms of additional business or cost savings or other such opportunities' [20:43].* They are more troubled by the monetary issues, find calculations difficult to make, and identify many aspects of security service that cannot be measured in monetary terms. The sales director continues: *'We have very few methods for*

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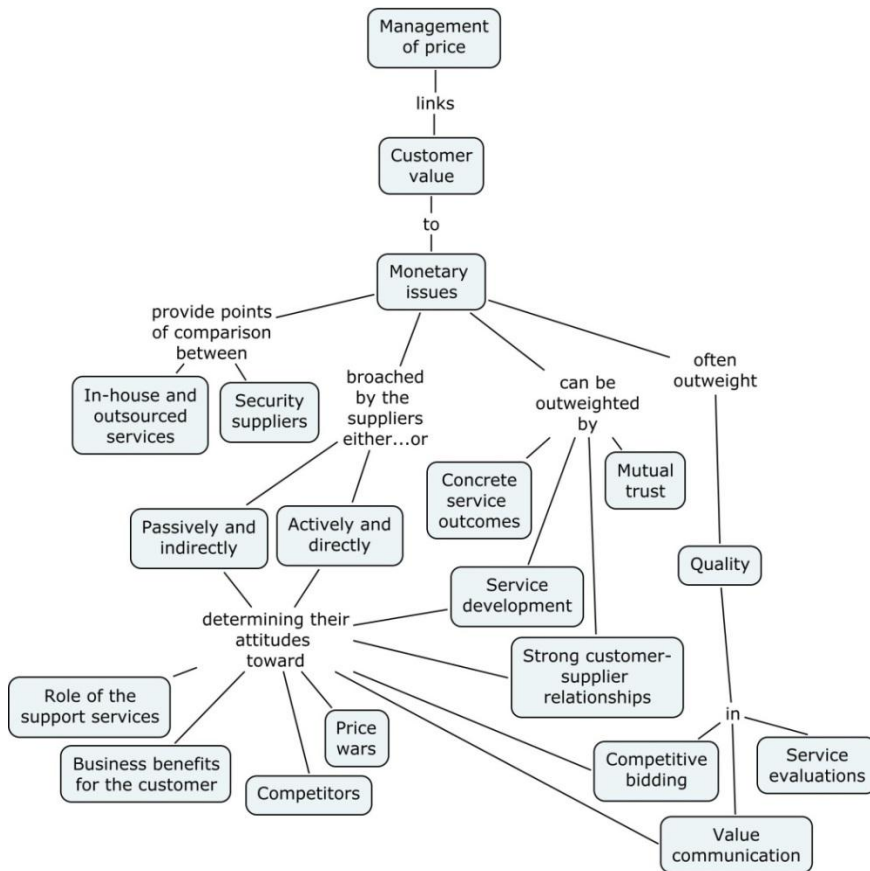
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*measuring and calculating the benefits. In principle, it's because we haven't had a chance to discuss what the costs arising from certain things are for the customer, or how much more the customer could increase his earnings by doing things in another way. So the basic issue is to get, first and foremost, objective information on the current costs of items for the customer' [20:53].*

Managers' attitudes to the price wars in security business are linked to the strategic choices that the companies make. Some shut themselves off from competitive bidding that puts too much emphasis on price, opting instead to strive for more intimate access to customers in some other way, so as to be able to present their views more thoroughly, as is illustrated in the next quote: *'Is it really worth taking part in the race for every procurement process? Because some of them are purely price races – the only deciding factor is the price. Honestly, the less we have of those in our clientele, the less we have to lose, because building any type of long-term customer relationship with them is utterly impossible. When the next bidding race comes along, the past no longer matters, because it's the price that counts' [17:46].* Others search for more knowledge-intensive service and new ways to demonstrate monetary benefits for the customer: *'Technical security systems that are sold and used in the right way can actually be used to calculate clear savings. Not just on crime-related losses or vandalism. Let's take the monitoring of working hours, for example. It will provide proof directly in the bottom line' [46:43].* Some focus on closer customer relationships and more personal service and in that way try to show that price is not all that matters, while others still compete through low prices.

Summarising the content of this category and its properties, Figure 9 presents the central concepts, distilled into a concept map.

#### 4. Results of the first empirical phase: Security suppliers' concerns about customer value



**Figure 9.** The concept map for management of price.

All of the above-mentioned notions point to a conclusion that the quantity of the total costs and benefits of security service often remain ambiguous for both the security suppliers and their customers. When there is no other way to evaluate and compare service and their customer value, price is a ready fall-back. Price tags of security systems and numbers of man-hours are visible and comparable, whereas the life-cycle costs are more difficult to determine, not to mention the business benefits of the service. The informants of this study seem to believe that customers are not able to judge the costs and benefits in detail, nor are they interested in doing so, and, although the suppliers are willing enough to extend the discussion beyond price and costs, they are not able to do this unilaterally.

#### 4.6 Management of competition

There are plenty of comments in the data that compare or criticise competitors or the general practices within the security industry. It is also worth noting that all the

#### 4. Results of the first empirical phase: Security suppliers' concerns about customer value

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companies participating in this study showed some criticism toward others. This may result from the fact that the interviews were conducted in a research project aimed at enhancing the industry-wide practices in security service development and involving several other, competing security companies. Throughout the interviews, comparisons were a very active topic, perhaps because the informants may have felt pressured to assure the interviewer of the superiority of his or her company. This is shown in the next extract in which the informant is asked what the customer gets from the service the supplier provides, without any reference to competitors and security markets in general, and the informant answers with a comparison to the competitors: 'Q: *So what can the customer expect when buying the service from you?* A: *Compared to others, we provide the customer with more human and flexible service at a competitive price*' [31:10].

Therefore, the fifth concern of security suppliers with respect to customer value arises from the competition within the security industry. The informants' eagerness to comment the competitors may be fed by the fact that all of the security suppliers know each other quite well. It is very common for people to have worked at several security companies in the course of their career. Also, the employee base is the same for all the companies, as this excerpt points out: '*There's no way we can stand out from our competitors. We all recruit our staff from the same market, and none of us know where to find the gems, although many of us like to say so, and claim that their employees are the best*' [17:2]. The interviewed security suppliers admit that many security companies have almost identical products and services in their ranges, as is illustrated in the next quote: '*Everyone here has very similar packages, and no-one's really thought about it. The content is what it is: guarding service, equipment, responding to alarms, and that's it. You can wrap them up in different paper, but the truth is that once you open the packages, the insides are pretty much the same in all of them*' [35:30]. Under these circumstances, therefore, these companies are searching for new ways to stand out from others and specialise.

In many quotes, competitors are taken as a reference point for one's own value determination. Informants spoke of how they deliver faster and higher-quality service in comparison to the competitors, as one service manager demonstrates next: '*[W]e most definitely have to stand out with proper, fast customer service that is of high quality, because I've been watching the competitors over the years enough to know that their customer service is not that good and proper either*' [19:41]. Others emphasise how their solutions are more effective than those of their competitors: '*Security-guard service had been provided there for more than a decade. Vandalism and damage to property kept growing and growing. They did absolutely nothing about it. Then we took over, and our actions have reduced the vandalism and damage to property to a minimum*' [24:47]; how their products are better than others'; or how they are able to supply more flexible, and more customer-oriented, security service. In these comparisons, each supplier is trying to consolidate its position in the market by assuring customers that it is they who have something special to offer: 'We are better than everybody else – the best the customer can get'.

One point for comparison is the size of the supplier, and the resources available. Consider the next extract: *'The smaller ones do not have the resources, and the large ones, they have gone so far with the productisation that anything "outside the box" is really hard to get from those, should I say, dinosaurs of this industry'* [30:22]. In addition, small and large security companies seem to employ dissimilar differentiating factors. Service performance is emphasised especially in the larger companies, which highlight their large resource base, nationwide coverage, and ability to deliver service 24/7/365. They have a long service history and good references, as one key-account manager reminded the interviewers: *'My references are from our old clientele. We've been in the market this long; it's not like we just popped up onto the scene yesterday. We're not like those companies that operate for a few years and then quit. Our company is a force to be reckoned with'* [6:44]. The larger companies emphasise also that they are not dependent on a few key personnel or a few patrol units as their smaller competitors tend to be. They admit that they may not be as flexible as the small ones, but they are more reliable and trustworthy instead in their chosen markets, as is pointed out in the next quote: *'Those small firms, the father-son-guard-dog type of things, they are irrelevant for us... They're in a different league from us. They can be strong operators in Kälviä or someplace like that, but we have no intention of ever going to Kälviä, so it makes no difference'* [21:36].

In contrast, the smaller security companies place emphasis on their local presence. They tell stories of how they have closer personal relationships with the customers than their larger competitors have, how well they know the local security environment, how their 'sons of the local village' know everybody, and that they regularly meet with customers in their leisure time. All of these features lead to intimate interpersonal relationships and more flexible and customer-oriented service, as the next quote illustrates: *'First of all, flexibility, speed, giving the customer what he or she needs – and not what the head office happens to decide'* [40:7]. From their perspective, the local presence compensates for shortages in personnel and material resources. At the same time, it is a valuable asset that competitors cannot easily copy. Nevertheless, small security companies often have feelings of inferiority to the larger companies, a prejudice against which one CEO had fought in his company: *'We're a small company, but we have the same opportunities. And that's what this group, when I first came here, always kept reminding me: that it's a small company. I told them it doesn't matter, that we can do exactly what they do. It's not about the size of the company; it's about the people who do the work'* [39:1]. Even the larger companies seem to acknowledge that the smaller ones are more flexible and closer to their customers and that they might deliver better service in that sense.

Besides local presence and company size, several other factors are used in comparison of one's own customer-orientation and service-mindedness against others'. Informants highlighted how their service is designed to meet customer-specific requirements and how they adapt more to the customer's needs, as illustrated in the next quote: *'Our competitors often have a "take it or leave it" principle: "We have this service package that's what we can provide for you." They don't ask*

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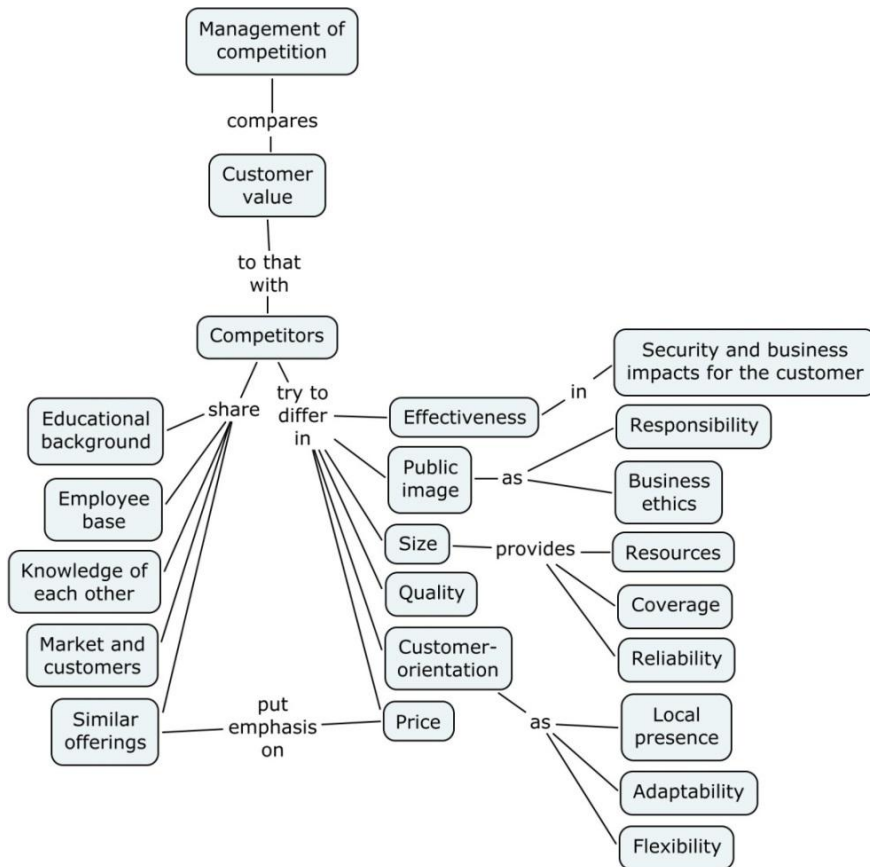
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*the customer whether that's what the customer wants. [...] I think we can be more flexible; we listen to what the customer needs. And maybe that gives us the opportunity to steer the customer a bit more in the right direction, so to speak' [32:5].* Adaptability is highlighted in small companies, as mentioned above, but the informants from larger companies too speak well of their ability to respond quickly to customers' requests with product- and service-development functions of their own. In addition, they cite greater reliability of supply as validation of their superiority, as is illustrated in this quote: *'Our performance rate is better, meaning we are faster, and we are much more reliable as suppliers. Those factors clearly distinguish us from others' [28:29].* Ultimately, the driving force behind the customer-orientation is that it is also beneficial for the supplier. Consider the next quote, for example: *'If we specialise, and get to know the customer's needs better, then our solution will be more valuable [to the customer]. Then we will also be able to charge more in comparison to less specialised service solutions' [9:23].*

Some informants cited corporate responsibility and ethics as a differentiating factor in security business. They underscored how their company pays its taxes and the social contributions for the employees and follows collective labour agreements, and, by the same token, they criticised the competitors for price under-cutting achieved through trampling on employee rights. Competitors were also criticised for not delivering what is promised, with customers being criticised for not noticing this. If the customer is not knowledgeable about security issues, over-protection and selling of security products that the customer does not need can be considered as unethical security business. This situation was often referred to in the interviews, with this quote being representative: *'This line of business also has a lot of actors who supply stuff only because that's what brings them money. The more stuff, the better, and that way you boost the sense of security. That's bullshit. [...] [t]hey keep stocking up without ever thinking about how or what or why. Then some consultant or other goes there to check on the systems and he's like: "For goodness' sake, are you planning on opening a security store? You don't need all this stuff!" [44:15].*

This category is summed up in the concept map presented in Figure 10.





**Figure 10.** Concept map for management of competition.

As is shown in the foregoing discussion in this section, the absolute amount of value is a difficult concept to grasp or concretise; therefore, the relative customer value offered by two security suppliers may be easier to understand and communicate to others. In all of these comparisons, customers are accorded a rather passive role, and the focus in the comparisons is turned away from the customers and toward the supplier's competitors. For suppliers, the key question here is not how the service can benefit the customer but how it outshines the competitors' services.

#### 4.7 Management of customer relationships

The category 'management of customer relationships' refers to various levels of relationships between security suppliers and their customers. Many security companies typically have very long customer relationships, and the informants told

#### 4. Results of the first empirical phase: Security suppliers' concerns about customer value

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about relationships continuing for more than 20 years. Whether these relationships last because customers are attached to specific service workers, certain security technologies, or the security company is pondered in the lengthy and interesting discussion reproduced below between a marketing director and the interviewer. This discussion grew from the informant's comments on the strength of the company brand, and what the brand actually means to the customers:

*'A: Are the customers with us because they've accidentally bought a certain service from us and want to stick with it, or is it because we have Seppo, the salesperson who is great with customers? Or is it the company itself that they want to hang on to? There must be a great many, different reasons each customer has stayed with us. [...] [Y]ou know, we've had a lot of changes in the account-management team in the past year. How is that reflected in customer relationships, if at all? Are they weakened or threatened? We believe that no-one has voted with their feet and changed their service provider only because the person they are used to dealing with no longer works for us. So it's...*

*Q: So it's not about the person. That's how it seems.*

*A: No, it's not about the person. I think it shows that it's not about the people. However, I can't say whether they commit to our products or this company. These days, the same type of products or services, similar or exactly the same, can be sold by almost any company. If you think about our repertoire, we provide our customers with products manufactured by large international corporations, and anyone can start selling those, so if the customers still want to buy that product from us, I think it means that the customer is committed to us for some other reason than the brand of product X' [13:9].*

It is at the operational level, where the security service staff are performing various tasks for the customer, that the security service is the most visible to the customer, and several personnel may develop very close and trusting interpersonal relationships with the service's end users. Informants say that often those workers who visit the customer's premises frequently and interact with the customer on a regular basis are the ones who often become the customer's 'trustees'. In the interviews, the security suppliers told that in spite of all the official call centres, key-account managers, and other centralised customer-contact points, some customers still prefer contacting these trustees, even outside office hours. These stories showed that the closest contact person on the supplier side might be a salesperson, a security guard, or whomever the customer representative sees as his or her trustee. Security service suppliers interpret this interpersonal loyalty as customers' perception that they get better service, a more rapid response, and more personalised answers from their trustee than from the call centres, where they only enter a queue and no-one knows their specific situation and its backgrounds.

Although most security services consist of routine tasks with no emotional charge, security is always an emotion-laden phenomenon. This well-known fact was also present in the informants' stories. They described situations and service encounters where feelings of fear, anxiety, and helplessness but also anger and

aggression were provoked. They also illustrated how strong emotional bonds may develop between security staff and end-users in these situations. In retail business, for example, a small shop may be open 24/7, and late-evening shifts and night shifts are usually handled by a single cashier. In the event of robbery or theft, the cashier is relatively defenceless and therefore he or she may find the presence of a security guard very settling. Another example comes from a story about a real-life situation wherein aggressive behaviour was targeted at the service customer and the guard. The threatening situation was resolved when the police arrived and arrested the offender, but the customer remained very worried afterward about how the security guard was doing and whether he was OK after all that had happened. The guard in question sarcastically told that if the customer is so worried about his well-being, it must mean the relationship between them is quite strong.

Some of the informants' stories of the close interpersonal relationships were rather amazing. The stories revealed that a customer–security-staff relationship may become so strong that the customer decision-maker is willing to pay extra and even switch service supplier if his or her favourite security officer changes job, as a service manager describes in this extract: *'When I presented the offer for providing that service, the customer looked at it and said: "OK, is that enough for paying Pirjo this-and-this much salary? I said: "No, it's not." The customer said: "OK, why don't you calculate by this afternoon how much you'd need in order to pay Pirjo this-and-this much salary." Other than that, the offer was fine. And that's what I did. [...] Scary. I mean, what are all the processes and fine-tuning and service development for if this Pirjo person is what counts?' [31:15].* In a situation of this nature, the interpersonal relationships trump the costs of the service for the customer, and the customer is more attached to the service staff than to the security company.

Those informants who emphasised interpersonal relationships argued that service contracts alone do not necessarily indicate high customer commitment to the relationship. Many of them told anecdotes about how the most enduring relationships have been developed outside the framework of official invitations to tender. Consider this extract, for example: *'They use us only because they know our phone number by heart, they remember how the situation was handled and by whom. It's like when you take your car to be serviced – you prefer to go to a familiar place' [4:72].* Through continuous interpersonal interactions, service suppliers get access to customer information and learn details about the customer that may give them a substantial advantage in competition: *'In those customer relationships where we communicate with the customer very closely, we know well in advance [about the invitation to tender]' [7:31].* At its best, the close interpersonal relationship provides both parties with such commitment and trust as cannot be achieved through formal channels.

Although close interpersonal relationships are generally treasured among the interviewed security service suppliers, they acknowledge also the risks related to overly familiar relationships, some of which are personal dependence, lack of documentation, inadequate information transfer and continuity, and the impracticality of personalised service for all customers. In some extreme cases, personal-

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ised service has gone too far and the service worker has started to take the customer's side at the expense of the service supplier's vested interest. This is illustrated in the next quote: *'It's a double-edged sword. If a person gets too accustomed to a certain customer, he or she may forget who pays the wages and what it says on the front of the jacket'* [31:17]. In addition, the informants recognised that no tools or procedures suffice for collecting information on these interpersonal customer relationships and the intimate customer information that they might provide. Interpersonal calls are not documented, *ad hoc* meetings have no agenda, and the minor adjustments agreed on at informal meetings are not always documented.

As seen from the service suppliers' perspective, customer loyalty is a strong and visible indicator of the relationship's strength – when the customer is willing to continue the relationship, the supplier interprets the relationship as a strong one, as a key account manager explains: *'When they have trusted this matter to a certain company and everything has gone well, it is also easier for them to continue the same way. Because we know precisely what has been put where, and if the co-operation has been running smoothly, there has been no reason to change [supplier]'* [6:3]. Nonetheless, even good interpersonal relationships do not necessarily ensure customer loyalty and a continuing business relationship. In the interviews, the security service suppliers emphasised that a more profound and enduring way to make the customer relationship stronger is to develop a good relationship at the company level and between the top management teams, especially. The principal idea behind this wish is their need to integrate security into the customer's core business processes and thereby ensure the importance of the security service to the customer. Their aim is to get security issues integrated into the customer's higher-level decision-making processes.

It seems that while the close interpersonal relationships are often initiated by the customer, the initiator and the more active partner in the building of inter-organisation relationships is usually the service supplier. To win the customer's trust and greater commitment, security suppliers claim to be working hard to demonstrate their commitment to the customer. They state not offering single-use products or services and not preferring 'one-night stands'. Instead, they explain how they aim at long-term relationships and reciprocal development of security management, alongside customers. From their perspective, only through mutual commitment and trust are joint value creation and reciprocal service development possible, as this excerpt illustrates: *'When the customer feels that we are the appropriate partner to provide service for them, we also develop the service together all the time, which means that we have a common interest. In other words, it's not a situation where, on the other side of the table, the other one is thinking: "Is that guy trying to rip us off?" and vice versa. It's not a conventional seller-buyer scenario in a long-term contractual relationship like this [...] it boils down to our ability to understand the customer's changing needs'* [20:22].

Many interviewees described speaking to customers of the supplier's trustworthiness in terms of fulfilling the value proposition, service claims, and other contractually binding promises that have been made to the customer. Consider the next quote, for example: *'Our promises to the customer include certain rules of the*

*game and agreed delivery times, based on what we agree when the contract is signed. That's how we operate' [49:3].* They also described trustworthy security service in terms of honesty. Customers are not left alone with their security issues. The security supplier will be there to help. The interviewees used metaphors such as 'we belong to the same family' and 'we are on the same side' to illustrate the mutual trust.

The security suppliers of this study emphasised finding the right contact persons at the customer side. This was indicated at certain points in the interviews, when the security suppliers spoke about how difficult it is for them to get access to the customer's top management and how customers are not always willing to open a dialogue on their risk portfolio and security issues. This is because in many customer organisations the decision-making on security purchases has been moved from safety and security managers upward to the financial managers and CEOs. At the same time, the traditional contact points for security service – risk managers and the safety and security managers – are left with less negotiating power and influence in the decision-making. Security suppliers feel that if they have access only to mid-level managers, their service will always stay secondary to the customer company, whereas discussion with the top management could focus more on high-priorities and the strategic benefits of the same service. On the other hand, the ones whose work and goals these business support services help the most are precisely these middle managers, whose opinions and perceptions of the service delivered may be very influential in decision-making. The more the outsourced service can help the customer's contact person, make him or her look good at his or her job, or complete part of his or her work, the more willing he or she is to renew the contract. When the contact point in a customer organisation changes, the security supplier needs to find new ways first to gain access to the key persons and then to open a dialogue with them: *'You need to do more than answer exactly how many sensors they need and so on. You need to winkle out information. Then the sales session changes; 95% is me trying to get you talking in order to obtain information, and five per cent is me presenting the offer and letting you know how many euros. And what's more, I can dress it up and say: "Hey, this is how much you saved." It's hard. I've been thinking, thinking about the models, how we can make this happen' [3:57].*

The interviewed suppliers of security technology do not interact as regularly with their customers as the above examples from security-guarding service seem to indicate. In contrast, the customer encounters are less recurrent and usually technologically mediated. Therefore, the suppliers have tried to find other ways to develop continuous contacts with the customer. For example, they have tried to give a face to the service and find someone with whom the customer can connect, as a business manager explains next: *'Technology is faceless. But customers... You know, they are people, and often they want to put faces on things too. At least I do, and it's what I've experienced in customer-relationship management; it's a great help for continuous co-operation, and price negotiations go well if you build personal relationships. For me, essentially, the emphasis must be on humans; technology is just dumb: it's just there' [12:49].*

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In the absence of close customer–security-staff relationships, the closest bonds between the security-system supplier and the customer may develop between the customer and the security system. Today's security systems include critical customer data in large quantities, and their use is linked to many customer processes. For example, work-time recording systems may be linked to access-control, wage-calculation, and other worker-management systems of the customer company. Consequently, the costs of switching security system have increased not because of the price of the systems so much as on account of the additional work and the risk of data loss that switching might entail. To shift their business mindset from product-oriented selling and toward customer-centred co-operation, many security-technology suppliers seem to be expanding the role of service in their offerings and applying a more service-oriented approach. This, in turn, has forced them to re-evaluate their customer-relationship management practices and their stance toward customers, as is illustrated in the following interview extract:

*A: Some of our customers have been with us for 20 years. Because they have been using the systems, and we've been maintaining them, doing whatever has been necessary. And that doesn't require much talking. It's reactive in that way: when there's a problem, we fix it.*

*Q: Is that the problem with good hardware?*

*A: Kind of, yeah... No need to predict. And anyway, the actions and minimising life-cycle costs should all start with being proactive. That's how you become cost-effective, and prevent hassle or hidden costs from other sources. The challenge is that they've been doing things this way for 10 or 15 years now, and then we try to justify why they should invest in being proactive, enough to make it bear some other fruit later on.*

*Q: Although the customer already has 20 years' worth of proof that the old model works just fine?*

*A: Yeah. [15:17]*

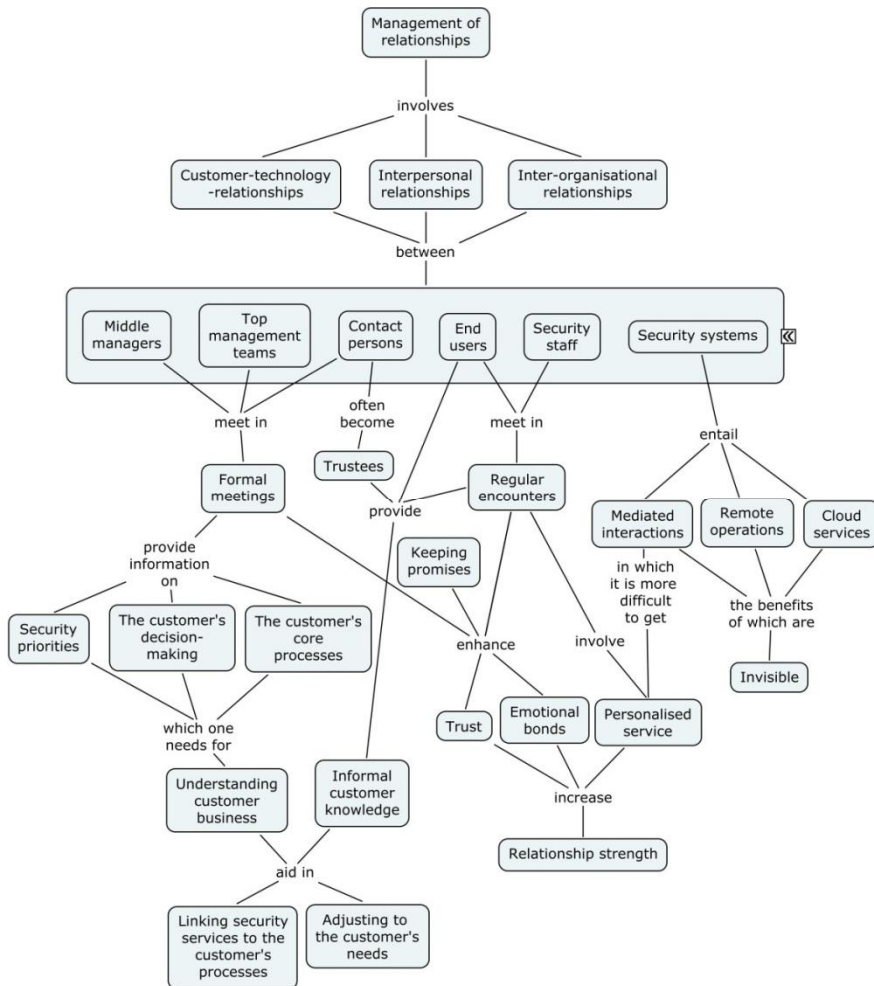
The informants say that although many new technologies – such as digital recording, highly integrated security systems and wireless devices – have brought along many new benefits for the customers, new security technologies have also features that might be difficult for customers to understand and that, therefore, diminish the customer's trust in the new systems. For example, as new cloud services are developed and more and more security services begin being delivered over the net, the customer's control over the storage and use of the confidential data is changing. At the time of the interviews (late 2009 to early 2010), cloud services were only starting to grow in popularity, and they were not yet common in the security business. Therefore, convincing customers of the trustworthiness of these new services required a lot of effort, as illustrated in the next quote: *'To get them to give the server away to some server hotel, if you could make that happen, would involve a great sales battle to ensure that those places are safe. The customers felt that it was safer in their broom closet or in the electrical cabinet in the*

*basement, all locked up and everything, when the reality was quite different* [2:49].

According to the informants, customers' commitments and investments in technical security systems are usually made for the long term, and the more the security systems are integrated into customer processes, the more difficult it might be to migrate from one security system to another. Attachment to a specific security system usually means attaching oneself to a specific security company as well, since many specific security systems are delivered by only a few companies. Some informants state that even more important than security systems and company brands are the service personnel, the individuals who work in close cooperation with the customers and those who have conducted several consecutive projects over several years with the customer. Also, they say that in longstanding customer relationships, interpersonal relationships may grow stronger than formal customer-relationship management procedures dictate. The customer may even develop such a strong tie with the contact person that call centres and service queues are bypassed and all contacts from the customer go straight to the contact person.

To sum up the content of this category and its properties, Figure 11 brings together the central concepts in the form of a concept map.

4. Results of the first empirical phase: Security suppliers' concerns about customer value



**Figure 11.** The concept map for management of customer relationships.

In summary, three separate types of customer–supplier relationships were identified in business-to-business security service: interpersonal relationships, here characterised by informality and trust; inter-organisation relationships characterised in the data by formality and commitment; and customer–technology relationships, characterised here by mediation, dependence, and investments. Since there are many target points possible for customer attachment in security service activities, it is important to recognise what the most appropriate customer attachment targets are for the case at hand.



## 4.8 Summary of the security suppliers' concerns related to customer value

### 4.8.1 A first portrayal of the supplier-perceived customer value in business-to-business security service

The six concerns considered above form a multidimensional account of security suppliers' stance toward customer value. The findings bring out the important issues for the managers, those most shaping their individual perceptions, behaviours, and activities and subsequently influencing their business and customer relationships.

The number and percentage of quotations in the data referring to the various views of customer value within each manager group are presented in Table 8. As the table indicates, the six concerns can be considered to form a representative categorisation of this data. In total, 773 quotations from the data illustrated security suppliers' perceptions of customer value. Most of the quotations were related to managing competition and the core content of the service, security. Although not all individual informants took all six perspectives on value, when grouped together, all manager groups considered customer value from all six viewpoints.

**Table 8.** Occurrence of quotations referring to the security suppliers' concerns on customer value.

Position	Security	Business	Quality	Price	Competition	Relationship	TOTAL
<b>CEOs</b> (n = 7)	23 (16%)	18 (13%)	23 (16%)	13 (9%)	<b>38</b> <b>(27%)</b>	26 (18%)	<b>141</b>
<b>Directors</b> (n = 8)	18 (15%)	<b>39</b> <b>(31%)</b>	8 (6%)	8 (6%)	27 (22%)	24 (19%)	<b>124</b>
<b>Sales managers</b> (n = 9)	26 (16%)	23 (14%)	14 (9%)	12 (8%)	38 (24%)	<b>44</b> <b>(28%)</b>	<b>157</b>
<b>Service managers</b> (n = 10)	<b>32</b> <b>(24%)</b>	22 (17%)	19 (14%)	17 (13%)	21 (16%)	21 (16%)	<b>132</b>
<b>Development managers</b> (n = 10)	22 (21%)	19 (18%)	14 (13%)	10 (10%)	22 (21%)	17 (16%)	<b>104</b>
<b>Operations managers</b> (n = 6)	30 (26%)	24 (21%)	<b>36</b> <b>(31%)</b>	4 (3%)	8 (7%)	13 (11%)	<b>115</b>
<b>TOTAL</b>	<b>151</b>	<b>145</b>	<b>114</b>	<b>64</b>	<b>154</b>	<b>145</b>	<b>773</b>



The three concepts in the lower part of the hexagonal construction in Figure 12 – competition, price, and quality – represent supplier efficiency, a concept referring to efficient use of the available resources, aimed at lower production and transaction costs (Möller & Törrönen, 2003; Vargo & Lusch, 2008). A supplier that operates more efficiently than its competitors is able to offer lower prices for service with similar qualities. According to Möller and Törrönen, focusing on supplier efficiency generates the core value production and transaction-oriented relationships with minimal adaptation. New service development is marginal, and there are several near substitutes on the market. Although the ability to produce core value is a necessary condition for all service suppliers and a good base platform for more innovative service solutions (Möller & Törrönen, 2003), the informants of this study reasonably admit that cost considerations offer only marginal potential for differentiation and competition. One of the CEOs explained this as follows: *'[T]he same customers and same products, everyone's just at an auction seeking the right price, and it'll end in a pool of blood [1:143]*. This empirical notion is supported by the current literature, which states that price shows weak potential for differentiation (Ulaga & Eggert, 2006). Therefore, the security suppliers of this study try to turn the focus toward more relational aspects of customer value, for which concerns of price, quality, and competition provide only a starting point and some supportive explanations.

The upper part of the hexagonal form in Figure 12 – consisting of corporate security, business benefits for the customer, and customer–supplier relationships – represents value-based differentiation in security markets (ibid.). It can be concluded from the interviews of this study that the justifications and the traditions of the security service lie in security issues, but recently the business benefits of security service have increased in importance. For example, when talking about the differentiation in security markets, a service director highlighted two distinct aspects as follows: *'First, there's customer-orientation, meaning that our approaches are based on customer needs. And, second, there's this world of solutions that arises from the first element. In other words: no standard or bulk products, more like mass products tailored to suit the customer's needs' [18:73]*. This empirical notion too is supported by the current literature, which states that offering superior benefits to customers displays strong potential for differentiation in business-to-business settings (ibid.). Being able to provide these superior benefits for each customer necessitates close customer–supplier relationships, mutual adaptation, and other investments, through which a supplier can create new service solutions in collaboration with the customer and find new points of differentiation from the competitors (Möller & Törrönen, 2003).

The first empirical phase of this study casts light on several angles of approach to customer value, from various managerial perspectives. One view all of the security suppliers share, however, is that, from the customer's viewpoint, security service is currently seen only as secondary service and as something that has very little to do with the customer company's core business and daily operations. The following customer comment outside the primary dataset of this study echoes this problem. It was made at a meeting that I and a fellow researcher had organ-

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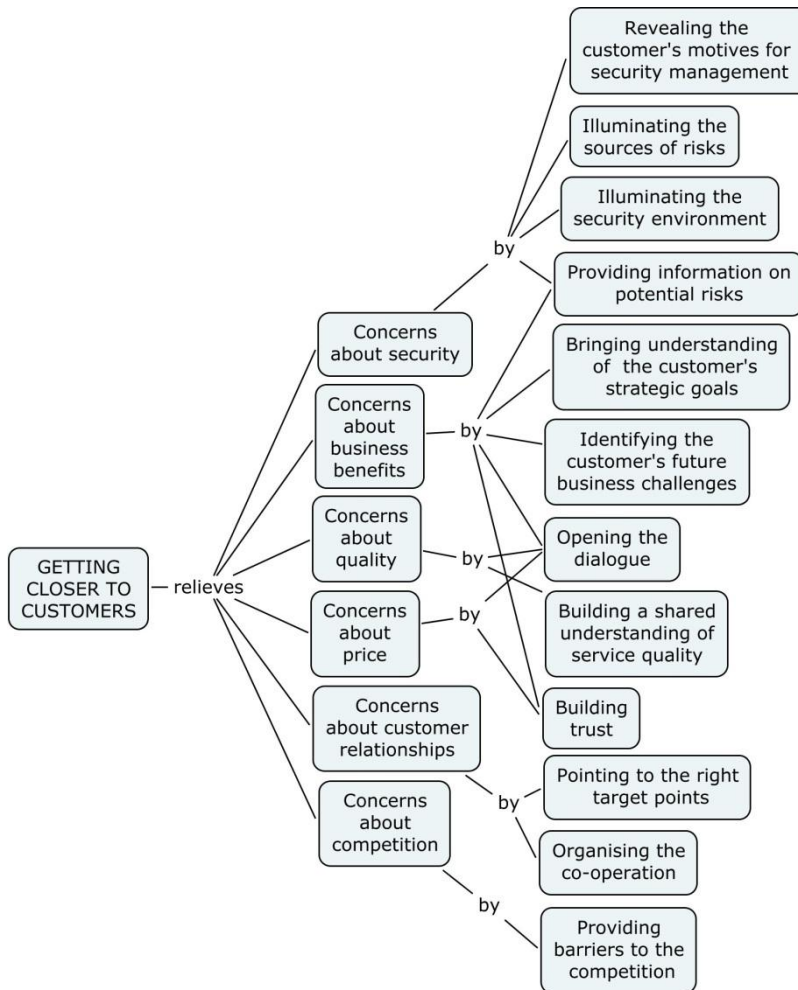
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ised with one of the security companies and one of their key customers to discuss the current status of the customer–supplier relationship and potential value drivers for the customer. In that meeting, the security manager of the customer organisation baldly stated: *'They provide me with a security guard, who checks our premises twice a night, but it has nothing to do with our business.'* After hearing this mirroring perspective on customer value, I understood why security suppliers have difficulties in getting access to the customer's top management. The invisibility and intangibility of value, together with the missing links to the customer's core processes, are some potential explanations for fierce price wars in security business, which keep security suppliers in the role of suppliers of secondary support service. The security suppliers of this study try to escape from this role by searching for new value drivers for the customer and, particularly, new connections between security and the customer's business success. This is also a question of breaking traditions of the security service, as the following quote from one CEO illustrates: *'We need to establish deeper co-operation with customers, to find another way. A lot of it has to do with giving a wake-up call, to break the traditions, because the course has been the same for years and this is where we have ended up'* [10:41].

##### 4.8.2 Getting closer to the customer as the core category

The first empirical phase of this study and the summative analysis of its results suggest that the main concern of the informants is to shift the focus away from transaction-oriented customer relationships and differentiate from their competitors through enhanced customer closeness. The informants in this study placed great emphasis on understanding their customers better and integrating the security service operations with the customer's processes. To reach this goal, they expressed needs to learn more about customers' intentions, motivations, and feelings. Therefore, 'getting closer to customers' was identified as the main concern of the informants. In grounded theory studies, the main concern of the informants becomes the core category for the study and guides the later stages of analysis.

Getting closer to customers was selected as the core category in this study for several reasons: First, this category permeates all the data. It is linked to all the other categories; that is, it can be found in one form or another in all six concerns of the security suppliers presented in the previous section, as illustrated in Figure 13. Conceptually, it is abstract enough to be transferable to other contexts, and it holds the possibility of implications for a more general theory. It came up frequently in the interviews and was also explicitly expressed by the informants, as the following quote from a CEO demonstrates: *'The starting point for everyone is, in their own way, getting closer to the customer'* [10:60]. In addition, reaching closer and stronger customer relationships was an active background theme in the interviews, and I also had a strong instinct throughout the data collection and analysis that this is an important theme for the participants.



**Figure 13.** Centrality of the core concept in relation to the security suppliers' concerns.

Getting closer to customers as a core concept allows me to take only the supplier's perspective on the customer relationships. Particularly in a security context, more empirical analysis of the supplier's views on the ways in which security is sold has been requested (Klauser, 2009). Customer closeness as the core concept illustrates the security suppliers' ambition to integrate their service activities more deeply with customers' processes. Moreover, the security suppliers of this study provide an interesting view to one topical area of business support service, and may help in revealing something new about customer closeness in service that is not the top priority to the customers.

## **5. Expanding the theoretical framework**

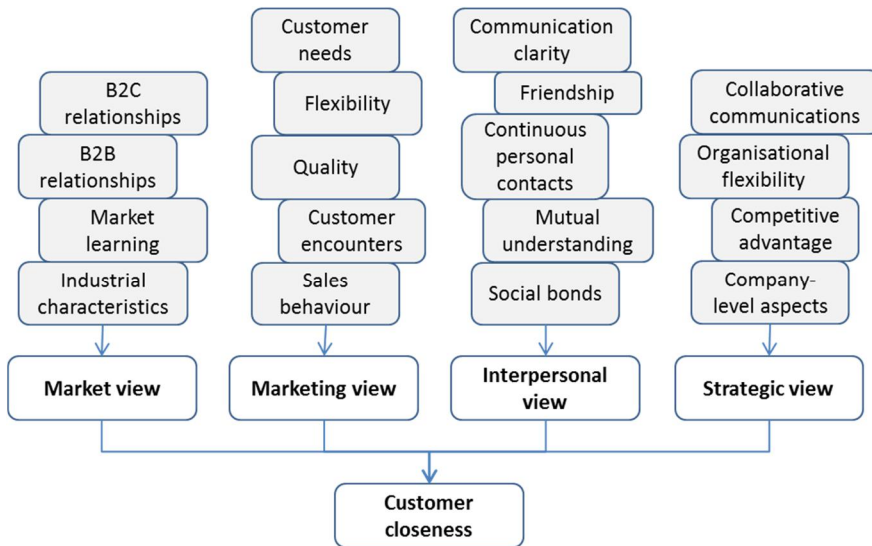
This literature review expands the theoretical framework of this study. First, the central features of customer closeness are discussed based on the relevant literature. Relationship quality and relationship strength are presented as related concepts that deepen and widen our view on customer closeness. Derived from the literature, value argumentation and relational adaptations are presented as means to get closer to the customers. At the end of the literature review, the main concern of the participants is shaped into specific research questions that target the core category of this study: what the security suppliers are worried about, what problems they try to solve, and what takes the largest amount of their time at work. These specific research questions guide the second empirical phase of the study, explaining and fleshing out the main concern of the informants.

### **5.1 Customer closeness in business-to-business service**

#### **5.1.1 Characteristics of customer closeness**

Previous studies in business-to-business settings have analysed customer closeness in various industries, including consulting service (Gounaris, 2005), IT service (Brock & Zhou, 2012), component manufacturing (Nielson, 1998; Tu et al, 2004; Tuominen et al., 2001), logistics and supply chains (Morash, 1998, 2001; Jeong & Hong, 2007), professional service (Kirchmajer & Patterson, 2003) or multiple industries (Macdonald, 1995). Most of these studies take a supplier perspective to customer closeness and adopt a managers' perspective to it, providing a solid theoretical background for this study. As a whole, these studies indicate that customer closeness is acknowledged as an asset in business-to-business relationships and fundamental to corporate excellence.

Four different approaches can be identified in the previous studies that provide different viewpoints to customer closeness. These are a market view, a marketing view, an interpersonal view and a strategic view. The four different viewpoints are summarised in Figure 14 and discussed after that.



**Figure 14.** Four viewpoints to customer closeness in previous literature.

First, the studies taking the market view emphasise the specific characteristics of the chosen market, whether it be a business-to-consumer market, a business-to-business market, a specific industrial market or other. The market view looks beyond single customer relationships, seeing customer closeness in a broad sense. This involves a systematic use of market information, understanding expressed and latent customer needs and developing advanced customer-tailored solutions for selected customers (Slater & Narver, 1998). Previous empirical studies indicate that closeness in supplier-customer relationships varies across industries. Barnes (2000, p. 94) states that the relationships are closer in industries that are characterised by 'frequent, face-to-face contact and where the service being provided is important to the customer'. On the other hand, customer closeness has been said to fit particularly well with small firms, since the personnel encounters the same customers regularly and gets to know them well over time (Kirchmajer & Patterson, 2003). Studies adopting a market view also reveal different aspects in customer closeness between B2B and B2C contexts. Closeness is an integral notion in all B2B relationships, and close customer relationships are considered to be more solid and likely to last longer than B2C relationships (see e.g. Barnes, 2000). Whether it is a cause or a consequence, older companies with long experience in a specific market seem to put more effort to closer customer relationships (Tuominen et al., 2001). Furthermore, close interpersonal relationships are emphasised more in B2B context than in consumer market. This may be because many business operations involve many individual employees from both sides of the dyad who work together for a long time (Coviello & Brodie, 2001). Continuity and various interpersonal relationships, together with frequent encounters and formal

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contracts, make the B2B relationships usually more stable and interdependent than B2C relationships (Frauendorf et al., 2007; Oliver, 1990).

Second, the marketing view addresses marketing as an operation that aims at close relationships between the customer and the supplier (Gounaris, 2005), and furthermore, customer closeness as means to promote sales (Macdonald, 1995). From this follows diverse categorisations and frameworks to characterise customer closeness. For example, Homburg (1993) links customer closeness to the quality of products, services and processes, supplier flexibility, interactions, commitment and trust. In his view, customer closeness is related to learning about specific customer needs, understanding changes in these needs, and responding actively to them. Other scholars position customer closeness as an aspect of customer orientation that involves suppliers keeping in contact with the customer, perceiving their changing needs over time and communicating them effectively (Jeong & Hong, 2007; Tu et al., 2004). Customer closeness has also been linked to marketing and sales behaviours such as making extensive mutual contact, enhancing strong interpersonal relationships, mutual problem-solving, reciprocal adaptations, and dedicating resources to relationship development (Nielson, 1998). In short, the marketing viewpoint emphasises customer encounters, quality and value of products and services, flexibility and adaptations and suppliers serving the customer needs (Macdonald, 1995; Nielson, 1998).

Third, previous studies adopting an interpersonal viewpoint to closeness in business relationships emphasise the social bonds and interactions in interpersonal customer–supplier relationships, rather than economic aspects. For example, Nielson (1998, p. 452) defines customer closeness as ‘the degree to which the supplier firm has established extensive person-to-person contact by numerous functional participants from each firm and close personal and working relationships’. With this regard, customer intimacy is often used as a substitute to customer closeness (Tuominen et al. 2001). Brock and Zhou (2012) refer to customer intimacy as a very close and valuable customer-supplier relationship that is characterised by high level of mutual understanding that goes beyond the normal customer knowledge. In their study, managers stress continuous and personal contacts between the supplier and the customer as a key feature of close relationships. Furthermore, Tuominen et al. (2001) found that employee commitment is an important aspect in maintaining and enhancing customer closeness.

Although some researchers draw parallels between business relationships and interpersonal relationships (Bügel et al., 2011; Yim et al., 2008), others state that business relationships are fundamentally different from personal relationships (Bove & Johnson, 2001). For example, unlike in personal relationships, it is possible to build a strong and lasting business relationship without friendship and a liking for the other parties, because of non-social benefits and other antecedents of relational trust and commitment (ibid.; Gwinner et al., 1998). Although constructs used in the description of power-dependence and intimacy in personal relationships are not applicable in a business context, interpersonal relationships are essential also in business-to-business markets (Bolton et al., 2003). In interpersonal relationships, customer closeness is restricted to the extent, degree, and



magnitude of friendship between the customer and the service worker (Bove & Johnson, 2001). Therefore, it involves a strong emotional aspect. On the other hand, Kirchmayer & Patterson (2003) state that customer closeness is driven by interpersonal communications, where the communication clarity is more important than the social communications. In their study, communication clarity refers to listening to customer needs, keeping their information confidential, allowing them to get ideas across and honesty and enthusiasm in communications (ibid.).

Fourth, the strategic viewpoint emphasises the strategic significance of customer closeness on a company-level. According to this view, getting closer to customers involves differentiation from the competitors and integration of supplier activities with the customer's business (Morash, 2001; Macdonald, 1995). Separate from the marketing view, it emphasises guiding customers to change and staying ahead of customer expectation, rather than only meeting customer needs (Morash, 1998). Thereafter, in this viewpoint, customer closeness is seen as an inter-organisational phenomenon rather than an interpersonal phenomenon, covering several activities of customer relationship management, such as customer segmentation, new service development, and staff training, to name a few.

The company-level approach to customer closeness is adopted, for example, by Treacy and Wiersema (1993), who identify customer intimacy as one of three alternative value disciplines, focusing to which can help companies to achieve competitive advantage in their industries. According to them, customer intimacy refers to a sophisticated mix of customer knowledge management and organisational flexibility, through which a supplier is able to respond quickly to the customer's needs. In addition, Morash (2001) addresses customer closeness and operational excellence as the two main categories of supply chain strategies. He builds on the premise that only one or two companies within an industry can achieve a minimum-cost advantage, while all others need other means to compete. Here, customer closeness refers to differentiation that is achieved through high-value customer service, proactive service quality and collaborative communications and interactions (ibid.). Unlike the minimum-cost strategy customer closeness may be easier to achieve and sustain but more difficult to copy. Homburg (1993), on the other hand, identified several reasons for industrial companies to take strategic moves closer to their customers. These are changes in customer's systems of operations, changes in organizational environments and issues and techniques in improving organizational efficiency. Furthermore, getting closer to one's customer may be considered as a feasible strategy for being faster than competitors and for coping with environmental uncertainty (ibid.).

Previous literature presents customer closeness primarily in a positive light. The disadvantages and cost of close inter-organisational relationships are not discussed to the same extent as the benefits. For example, the perceptions of closeness in a relationship may not always be consistent between suppliers and customers (Homburg, 1993), leading to the existence of a closeness gap between the customer and the supplier (Barnes, 2000).

### 5.1.2 Related concepts

Previous literature has widely targeted customer relationships in B2B services, and many concepts besides customer closeness have been used for illustrating the nature and magnitude of business relationships from the supplier perspective. These include relationship quality (Holmlund, 1996; Parsons, 2002; Woo & Ennew, 2004), relationship strength (Bove & Johnson, 2001; Donaldson & O' Toole, 2000; Hausman, 2001; Moore, Ratneshwar & Moore, 2012), and customer engagement (Bijmolt et al., 2010; Brodie et al., 2011). Among the concepts developed from the customer's standpoint are relationship distance (Edvardsson et al., 2008), customer-firm affection (Yim et al., 2008), and customer engagement (Brodie et al., 2011), all of which illustrate customer behaviour toward a firm that goes beyond purchasing behaviour. This may manifest itself in participation in the supplier's activities, the presence of the customer's voice in product and service development, and word-of-mouth referrals and recommendations. The more neutral concepts that do not separate the supplier and customer viewpoints are, among others, customer integration (Kleinaltenkamp et al., 1997), and relationship stability (Sheng et al., 2010).

All the above-mentioned concepts can be approached from either a customer's or a supplier's perspective, and the current literature includes several examples of both. It is important to recognise whose viewpoint is taken, since customers may perceive the supplier's customer-orientation differently from how the suppliers perceive themselves (Homburg, 1993). For the purposes of this study, concepts expressed from a supplier's viewpoint are the most relevant. Therefore, the concepts of relationship quality and relationship strength will be discussed in more detail in the following chapters.

Relationship quality is one of the most used concepts for illustrating the nature of the business relationships, and there is a great amount and a wide diversity of studies looking at the quality of various types of relationships in different industries. Bove and Johnson (2001) propose that the greater the perception of trust and commitment in a relationship, the better the evaluations given of relationship quality. On the basis of their study of business-to-business consulting in the field of engineering services, Woo and Ennew (2004) suggest that relationship quality is a higher-order construct that represents three long-term relationship variables: co-operation, adaptation, and atmosphere. In particular, the presence of co-operation and adaptations is seen as implying an appropriate quality of relationship. Unlike most other studies that take the customer's viewpoint on relationship quality, Holmlund (2008, p. 35) adopts a dyadic perspective, defining perceived relationship quality as 'the joint cognitive evaluation of business interactions by significant individuals in both firms in the dyad. The evaluation encompasses a comparison of experienced with desired, potential, usual or previous interactions which constitute comparison standards'. Significant differences between this definition and the previous ones are seen in the presence of several individuals on the part of each party of the dyad, the focus on the longer-term relationship, and the

reliance on comparative evaluation and cognitive judgement. Nevertheless, there seems to be a lack of consensus as to the determinants of relationship quality and even on the precise meaning of the term (Holmlund, 2008; Naudé & Buttle, 2000; Woo & Ennew, 2004).

In the current literature, the concept of relationship strength is often used as a synonym for relationship quality (Moore, Ratneshwar & Moore, 2012) or for commitment (Holmlund-Rytkönen & Strandvik, 2005). Relationship strength is often presented as a dynamic concept illustrating the continuous development in customer-supplier relationship (Bove & Johnson, 2001; Donaldson & O' Toole, 2000; Hausman, 2001; Moore et al., 2012), the degree of reluctance to end a relationship (Holmlund-Rytkönen & Strandvik, 2005), or the resistance to disruption in a relationship (Holmlund & Törnroos, 1997). It refers to ties between relational partners and reflects their ability to endure both internal and external challenges in the relationship (Hausman, 2001). In a relationship with strong ties (for example, social, technological, legal, geographical or ideological ties), the customer may tolerate lower levels of service quality (Storbacka, Strandvik & Grönroos, 1994). Therefore, bonds or ties between the companies work as buffers or exit barriers, so even a dissatisfied customer may stay in a relationship if the ties to supplier are strong enough. (Liljander & Strandvik, 1995). In addition, some scholars suggest relationship strength as an appropriate concept to illustrate business-to-business relationships especially in services with high levels of interpersonal delivery and continuous interaction (Bove & Johnson, 2001; Patterson & Smith, 2001), which is the case in security service. Previous studies have indicated slightly contradicting findings with regard to correlation between customer closeness and relationship strength. Barnes (2000) found positive correlation between the two, while Bove and Johnson (2001) point out that it may be possible for a business relationship to be strong without being close.

### 5.1.3 Guidelines for further analysis

As one looks at previous studies and the empirical evidence from the first phase of this study, it becomes increasingly evident that the service managers of this study share the prevalent concern of many of their colleagues: how to get closer to the customers and how to attain competitive advantage from close customer relationships. Taken together, the results of the first empirical phase of this study and the conceptualisations of customer closeness suggest that to be able to create value effectively for the customer and to reduce the invisibility of it, the service supplier should not only understand customer value better and communicate it more clearly to the customer but also align the relevant resources, competencies, and processes with corresponding customer resources, competencies, and processes (cf. Grönroos & Helle, 2012; Payne et al., 2008).

Drawing from the literature, this study addresses managerial perceptions of the company-level customer closeness in one business area; that is, how the security service managers see and interpret the closeness in the customer relationships of

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their companies. Therefore, this study adopts primarily the market view and the strategic view to customer closeness. This may involve interpersonal relationships between the managers and customers and marketing aspects, but they are not in the central focus of this study. For the purposes of this study, customer closeness involves suppliers understanding their customers better, keeping in contact with the customer, communicating customer value effectively, integrating the security service operations with the customer's processes, and adjusting to changing customer needs. This characterisation builds on the definitions of Jeong & Hong (2007) and Tu et al. (2004) and acknowledges that customer knowledge management, close supplier-customer contacts, communication and co-creation activities and flexibility are central elements in all four viewpoints to customer closeness in the previous literature.

The review of the relevant literature suggests that, although customer closeness was an emergent and intuitive core concept during the interviews, it is a problematic concept in the context of commercial relationships. This is because its use and definitions are not well established, and because it is not recommended as an appropriate concept to be applied in business relationships (Bove & Johanson, 2001). For the purposes of this study, other concepts are needed for representing it in the further steps of the analysis. To narrow the analysis service managers' value communication activities and supplier adaptations are selected as the theoretical concepts for this study. They represent the activities through which the security suppliers try to enhance closeness in the customer relationships. Next, previous literature on value communication and relational adaptations are reviewed.

### **5.2 Value communication as means to get closer to customers**

#### **5.2.1 Growing interest in communication of value**

As both theory-focused studies and empirical evidence suggest, there is mounting pressure for service suppliers not only to understand customer value better but also to communicate it more clearly for the customers. Over the last few years, value communication and value visualisation have gained growing interest from scholars in the manufacturing context (Kindström et al., 2012; Kowalkowski & Kindström, 2009), in customer co-creation of value (Gustafsson et al., 2012), and in the area of new technologies (Berente et al., 2011). Value communication has also been identified as an essential part of value-based selling (Terho et al., 2012) and reciprocal value propositions (Ballantyne et al., 2011).

This resurgence of interest in value communication may obscure the fact that communicating value well to the customer had already been recognised as an essential part of value creation more than 15 years ago (Woodruff, 1997). Since then, value communication has been seen as an important action for convincing customers of the benefits of service-based offerings. In a service context especially, value communication has been considered more difficult than in traditional product-

based business, on account of the intangibility of the outcomes (Kowalkowski & Kindström, 2009; Skoog, 2003). This may be the reason why service companies too often use pre-defined mental models of value that are inherited from product-based business, although these are a poor fit for communication of the value in a service context. Furthermore, empirical evidence has shown that suppliers need several distinct communication strategies and techniques to visualise and articulate value for the customers, since the needs for value communication change throughout the customer–supplier relationship life cycle (Kindström et al., 2012).

In the context of business-to-business security service, value communication is specifically interesting, since it falls somewhere between organisational communication (Hübner, 2007; Weick & Browning, 1986), marketing communication (Duncan & Moriarty, 1998), and risk communication (Covello et al., 1986). Organisational communication refers to structures, instruments, and practical activities that are used to create a favourable basis for the relationships with various stakeholder groups of a company (Hübner, 2007). Marketing communication, on the other hand, has traditionally been part of the ‘marketing mix’ (product, price, place, promotion), representing the fourth ‘P’, promotion or persuasion (Duncan & Moriarty, 1998). However, this traditional view has been challenged, and a more reciprocal approach to customer-supplier communication has been suggested, one that involves not only persuading customers with the qualities of products and services but also treating customers as equal partners and listening to the customer’s (and other stakeholders’) problems and needs (Gustafsson et al. 2012). In addition, the activities of informing, aligning, answering, and matching are suggested as important parts of marketing communication (Duncan & Moriarty, 1998). Furthermore, current understanding of both organisational communication and marketing communication emphasises reciprocal interpersonal communication and everyday encounters between individuals rather than widespread mass communication (Gustafsson et al., 2012; Olkkonen et al., 2000; Weick & Browning, 1986), underscoring the importance of middle managers’ communication roles in business relationships.

The ValueSse project has already provided empirical evidence on how security suppliers use marketing communication to concretise customer value and promote security products and services. Rajala et al. (2012) report analysis of security companies’ Web sites, marketing leaflets and brochures, and other marketing material. They conclude that security suppliers’ marketing communication is still mainly supplier-centred. This can be seen, for example, in the emphasis put on physical product features in the marketing materials, while examples and illustrations of customer benefits and added value are largely absent. Security suppliers have long traditions in product-based selling, and they are accustomed to visualising product-based value for the customer. Consequently, security is sold as a product instead of something that yields benefits for the customer and the value of which is created in use for each customer individually. To increase customer-orientation in marketing communication, Rajala et al. (ibid.) suggest that security suppliers should better illustrate the final outcomes that can be achieved via the security service.

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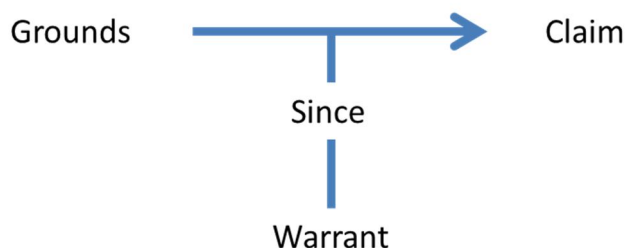
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While both organisational communication and market communication are designed to strengthen customer relationships and influence the customer's and other stakeholders' perceptions of the supplier and its offerings, risk communication refers to any purposeful exchange of information about risks between interested parties (Covello et al., 1986). It is intended to provide information about the relevant risks that is needed for making informed independent decisions regarding those risks. Risk communication has so far addressed mainly safety-related risks and public audiences, while it has not been used in security contexts and in private security markets. The need for more sophisticated risk communication practices is indeed evident in the security context: some authors criticise the private security industry for increasing the sense of insecurity by emphasising and exaggerating risks and threats and thereby generating demand and profiting from public fear and the desire for security (McMahon, 1998; Thumala et al., 2011).

### 5.2.2 Argumentation as a communication activity

Organisational communication processes are not only relevant to how suppliers and customers exchange information with each other. They also reveal how people think and how they construct the world around them (Watson, 1995). Argumentation is essential to both thinking and communication processes (Watson, 1995; Weick & Browning, 1986). People use arguments not only to persuade others but also to justify and explain to themselves what they do and why. Therefore, argumentation is always an intentional act with a purpose, and the aim is to provide support for a given claim through practices rooted in discourse (Corvellec, 2006).

The most frequently used method to analyse managerial argumentation is the Toulmin argumentation model (Brockriede & Ehringer, 1960; Johnson, 1981; Toulmin, 1958, 2003; Verheij, 2006). The simplest form of the model is presented in Figure 15.



**Figure 15.** Toulmin's argumentation model (modified from Verheij, 2006).

As Figure 15 shows, Toulmin's model is composed of three basic elements: claims, grounds, and warrants (Toulmin, 2003; Verheij, 2006). Making an argu-

ment begins with a person articulating a view, a claim, on a particular subject. This claim becomes the conclusion for the argument and the position that needs to be defended or justified. The rational basis and reasons on which the claim is founded form the grounds. The grounds may consist of certain facts, examples, or other evidence used to reason for, support, or defend the claim. The grounds represent not the general theory or common understanding but, rather, the context-specific facts that are used in the precise situation at hand. If the evidence supports the claim – which is not always the case: the grounds may be weak, irrelevant, or biased, providing only the faintest support for the claim – justification as to how the reported evidence actually leads to the claim is sought. This is referred to as a warrant. A warrant represents a general chain of reasoning that connects the grounds to the claim. Warrants can also show how the argument is connected to the wider social context and to traditions and practices that sustain the credibility of the argument.

In its simplest form, Toulmin's model suggests only a single reason behind an initial claim, but in the real world, argumentation is not this simple and straightforward. In practice, managerial argumentation is a much more complex and multi-layered process, one that can incorporate several chains of reasoning. Therefore, the breadth, depth, and substance of the argumentation need to be taken into account in assessment of the soundness of the reasoning (von Werder, 1999). Breadth is determined by the number of lines of argumentation, or how many separate chains of argument are put forward to support the claim. Depth refers to the number of layers of argumentation, or how each proposition is supported by new layers of backing. The substance of the argument can be evaluated through analysis of the use of supportive arguments and objective counter-arguments in relation to any given proposition (*ibid.*).

Toulmin's argumentation model (Brockriede & Ehringer, 1960; Johnson, 1981; Toulmin, 1958, 2003; Verheij, 2006) has been widely used in management studies. It has been employed in analysis of managers' arguments surrounding the organisational value of virtual worlds (Berente et al., 2011), to explore managers' argumentation capabilities (Gold et al., 2002) and the rationality of arguments in automotive industry (von Werder, 1999), and to examine how organisations utilise arguments to convince others of their reasons for being and their social licences to operate (Corvellec, 2006, 2007). These studies indicate that managerial argumentation is all about combining and balancing between factual evidence and persuasive rhetoric (*ibid.*). Argumentation rationalities are affected more by organisational forms and managerial schemas within each company than environmental characteristics (von Werder, 1999). This is why comparable companies within one industry may use different argumentation patterns.

This section of the literature review has presented the activities of value communication as a current and relevant topic and as a theoretical concept that can yield potential solutions that speak to the security supplier's main concern. The current literature suggests that analysing security suppliers' arguments surrounding customer value can reveal new viewpoints about how they think of customer value and how they see themselves as value creators in relation to the customer.

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Previous conceptual papers and empirical studies have indicated that Toulmin's argumentation model is simple yet effective for analysing argumentation in the organisational context. Therefore, this study approaches value communication in business-to-business security service through the value arguments that the security service suppliers expressed in the interviews.

### 5.3 Adaptations as means to get closer to customers

#### 5.3.1 Relational adaptations

The review of the central concepts of customer relationships reveals that adaptations, flexibility, and mutual adjustments are essential concepts in relationship management and a central feature of a well-functioning business-to-business relationship (van der Valk et al., 2008; Woo & Ennew, 2004), with the co-operation based on integration of processes and activities between the parties of the dyad (Hallén et al., 1991).

There are at least two different approaches to adaptations in the current management and marketing literature. First, some researchers take a more general approach and focus on organisational adaptations, which refer to a company's activities of adjusting to environmental uncertainty, change, and surprises (Chakravarthy, 1982; Denrell & March, 2001; Dutton & Dukerich, 1991; Lengnick-Hall, 2005). Many of these studies have been published as conceptual papers, and empirical evidence is scarce. Others take a narrower focus and concentrate on dyadic, relational adaptations, referring to mutual adjustments in buyer–seller relationships (Brennan et al., 2003; Schmidt et al., 2007; Williams, 2007, van Everdingen & Wierenga, 2002). These papers show empirical evidence on relational adaptations from various industries, including automotive, telecommunications, IT, transport, finance and pharmaceutical sectors. What is common to all the previous studies in this field that they address relational adaptations as both managerial activities and other investments (Ford, 1980) that the parties of the dyad are willing or forced to make on behalf of the partner.

Regardless of the wide interest shown in relational adaptations, the current literature lacks a uniform, clear definition of it. Current definitions representative of the work in recent studies are collected in the next table (Table 9). As can be seen from the table, the phrasings differ, but all the definitions share the view that adaptations are intended for fine-tuning the organisation to meet the needs and expectations of the business partner better.



**Table 9.** Summary of the definitions of relational adaptations in current literature.

<b>Definitions of relational adaptations</b>	<b>References</b>	<b>Perspectives</b>
The ways in which fit and balance are brought about between living systems	Hallén et al., 1991	Fit Mutuality
Co-ordinated and co-operative responses, across procurement and supplying units, to changes in exchange conditions	Gulati et al., 2005	Co-ordination Co-operation Mutuality Responsiveness
Efforts aimed at modifying or combining practices from a given source unit	Williams, 2007	One-sidedness
Behavioural or organisational modifications carried out by one organisation that are designed to meet the specific needs of one other organisation	Brennan et al., 2003	One-sidedness Responsiveness
Strengthening of bonds between two organisations through changes in relevant relationship attributes	Knoppen & Christiaanse, 2007	Mutuality
The modification of organisational attributes in order to improve the fit with the exchange partner	Knoppen et al., 2010	Fit One-sidedness
Any relation-specific changes or investments made by the parties involved that are aimed at facilitation of buyer–seller collaboration	van der Valk et al., 2008, p. 8	Collaboration

For the purposes of this study, the last definition in the table, offered by van der Valk, Wynstra, and Axelsson (2008, p. 8), is the most appropriate. In it, adaptations are ‘any relation-specific changes or investments made by the parties involved aimed at facilitating buyer–seller collaboration’. By this definition, the dyadic adaptations in buyer–seller relationships involve various investments on each side of the dyad in favour of the other party (Ford, 1980).

In the research to date, relational adaptations have often been characterised through dichotomies (Brennan & Turnbull, 1995; Brennan et al., 2003; Gulati et al., 2005; Knoppen et al., 2010; Schmidt et al., 2007). These dichotomies, along with relevant literature, are explained in Table 10.

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**Table 10.** Dichotomies of adaptations.

Dimension	Dichotomy		References
<b>Actor</b>	<b>Supplier:</b> Adaptive actions of the supplier	<b>Customer:</b> Adaptive actions of the customer	Brennan et al., 2003; Schmidt et al., 2007
<b>Formality</b>	<b>Informal:</b> Adaptations arranged to cope with the particular issues that arise as the relationship develops, beyond the terms of a contract	<b>Formal:</b> Contractual agreement between the companies or tactical adaptations	Ford, 1980
<b>Proactivity</b>	<b>Reactive, incidental:</b> Response to a perceived problem or requested by the partner, with joint reflection and interpretation of an incident	<b>Proactive, incremental:</b> Small but continuous changes in daily activities, tacit adaptation, an active element of the relationship-development process, initiation without request	Brennan & Turnbull, 1995, 1996; Knoppen et al., 2010; Schmidt et al., 2007
<b>Awareness</b>	<b>Intuitive, uncontrolled:</b> No planning in advance, with <i>ad hoc</i> adaptations	<b>Deliberative, controlled:</b> Deliberated decisions, with costs and benefits calculated	Brennan & Turnbull, 1996; Schmidt et al., 2007
<b>Uniformity</b>	<b>Replication and integration:</b> Alignment of actions, direct copying of a set of activities from the source unit	<b>Differentiation:</b> Creating organisational diversity, modifying and combining the activities from the source unit	Gulati et al., 2005; Williams, 2007
<b>Mutuality</b>	<b>Unilateral:</b> Individual companies that learn and act, a response to imbalance of power in the inter-firm relationship	<b>Bilateral:</b> Joint activities, a component of the trust-building process	Brennan et al., 2003; Hallén et al., 1991; Knoppen & Christiaanse, 2007; Knoppen et al., 2010
<b>Commitment</b>	<b>Passive:</b> Low resource commitment	<b>Active:</b> High resource commitment	Brennan & Turnbull, 1995
<b>Applicability</b>	<b>Unusual:</b> Suiting the needs of only one customer	<b>Usual:</b> Suiting the needs of many customers	Brennan & Turnbull, 1996
<b>Content</b>	<b>Tangible and hard:</b> Product, production process, logistics	<b>Tacit and soft:</b> Human resources, behavioural and organisational structures	Schmidt et al., 2007

As Table 10 indicates, relational adaptations can take many, quite different forms and possess a broad range of qualities. The dualistic way of thinking is effective in pointing out the differences within the chosen subject, but at the same time it tends to focus only on specific qualities or polar pairs of qualities, with more comprehensive and integrative analysis of relational adaptations remaining absent. For example, Schmidt et al. (2007) state that relational adaptations have been discussed mainly from too technical a perspective, and they request a broader approach.

Previous studies have reported contradictory results with respect to the association between relational adaptations and the strength of customer–supplier relationships. Some studies find that relational adaptations are positively correlated with enduring and stable relationships, commitment, and trust (Ford, 1980; Hallén et al., 1991; Sheng et al., 2010). The presence of adaptations has said to indicate the existence of a relationship in this sense, while lack of adaptations points to a transactional approach to purchasing and selling (Woo & Ennew, 2004). Others have pointed out that the formal and informal adaptations that a company is willing to make to meet the needs of the other company indicate company's commitment to the relationship (Ford, 1980). Commitment involves desire for continuity, preference for one's current partner, and willingness to invest resources in the relationship (Gounaris, 2005). There are also studies proposing that adaptations do not always indicate commitment and trust in a relationship and do not necessarily increase relationship strength (Brennan et al., 2003). Therefore, more empirical evidence of supplier adaptation, from many industries, has been requested. Brennan et al. (ibid.) emphasise the importance of analysing adaptations in various industrial contexts and especially within the service industry.

Furthermore, researchers differ in their views on how adaptations are used for purposes of relationship-building. Schmidt and colleagues (2007) state that adaptations are applied mostly as a more reactive and passive means of problem-solving, while Brennan et al. (2003) take a more proactive approach, arguing that customer-specific adaptations have an important role in inter-firm relationship management, and that they are a vital component of the inter-firm trust-building process. What researchers agree on is that adaptations are more important for suppliers than for customers, and adaptations are utilised more frequently (Schmidt et al., 2007) and to a greater extent (Brennan et al., 2003) on the supplier's side. An adaptive supplier helps customers to reduce their acquisition and operation costs. In addition, supplier adaptiveness makes the customer's life easier and more convenient, by reducing anxiety about market and economic demands. Consequently, adaptiveness is a success factor in the supplier's relationship management, and it has potential to become the deciding factor in competition. (Menon et al., 2005)

### **5.3.2 Value creation in business-to-business service as an adaptation process**

Any discussion of value creation needs to be clearly positioned in terms of who creates value for whom (Haksever et al., 2004; Lepak et al., 2007). Academics are specifically debating who actually creates customer value in service context (Grönroos, 2011a; Vargo & Lusch, 2008): Is a service supplier the main creator of customer value, and can value be delivered to the customer, or is it the customer who creates value, with the service suppliers therefore unable to operate as sole value creators for them? Or is the value creation a shared process between the two, in which case what kinds of roles and responsibilities can be identified?

Some researchers (Payne & Holt, 2001; Prahalad & Ramaswamy, 2004b; Vargo & Lusch, 2004a) argue that co-creation is an essential part of service, and that companies cannot unilaterally create value: it is always co-created. According to the traditional view of value co-creation (explained, for example, by Ramírez, 1999), the supplier creates a value proposition on the basis of its best knowledge and understanding of what the customer wants and needs and what it perceives to be value. As the value proposition is accepted by the customer, the provider produces and delivers the value for the customer.

This traditional view on value co-creation has recently been challenged by several researchers (Grönroos, 2011a; Payne et al., 2008; Prahalad & Ramaswamy, 2004b) who argue that value creation and co-creation are distinct processes. The customer is seen as a more active player and in charge of its own value creation (Prahalad & Ramaswamy, 2004b). Value is created in the customer's value creation processes (Grönroos, 2011a), wherein the customer creates value for itself by means of the resources at its disposal (Grönroos, 2011b; Heinonen et al., 2010). The resources may be their own, provided by the suppliers, or other available resources. Therefore, customers may be able to create value for themselves independently, without any external assistance. However, if invited by the customer, the suppliers can have an assisting role in their customers' value creation processes. Suppliers may provide products, services, or other resources for the customer and enhance the value creation through positive interventions and development (Korkman, 2006). Grönroos (2011b) refers to this as value facilitation.

From the supplier's perspective, the value facilitation starts with an understanding of the customer's business; its processes, goals, and ambitions; and the meanings of the service in the customer's circumstances (Heinonen et al., 2010). Building on the current definition of service as beneficial activities brings the procedures, activities, tasks, and interactions between the service supplier and the customer to the focal point of value co-creation. According to Payne et al. (2008), the customer's value creation process can be defined as 'a series of activities performed by the customer to achieve a particular goal'. Customer practices and actions have corresponding actions on the supplier side. Therefore, it seems that it is important for a service supplier to be able to understand where and how the service offerings fit within the customer's activities and target-setting. In the best

outcome, the two complementary sets of actions meet in a way that helps the customer in the pursuit of its targets (Grönroos & Helle, 2012). This practice-matching is based on the process of adaptation between business partners.

We can conclude that relational adaptation is an idea that fits the research setting of this study well and is a good match also for the dyadic relationships in business-to-business security service. In light of the literature review, relational adaptations appear to be an interesting and current theoretical concept, appropriate for explaining the activities that security suppliers undertake to move closer to their customers. This study will focus on relational adaptations between security suppliers and their customer organisations from the supplier perspective.

### **5.4 Specific research questions elicited via the literature review**

As a result of the literature review above, two more specific research questions are formulated. These two research questions (RQ2 and RQ3) address the main concern of the informants of this study, their attempts to develop closer and stronger customer relationships and how the security suppliers' value argumentation and adaptations help them deal with their main concern.

The second research question (RQ2) targets value communication in security service. Results from the first phase of this study indicate that effective strategies of value communication may be especially important for security suppliers, since the core content of their service offerings is an intangible and subjective phenomenon whose meanings vary with the organisations and individuals concerned. Furthermore, the results indicate that both transitions from providing security products and systems toward integrated security solutions and the need for stronger service logic in security companies have increased the pressures to demonstrate the value of the integrated security solutions for customers clearly. Therefore a more customer-oriented approach to value communication could be beneficial for the security service suppliers. In addition, service suppliers need to provide reasonable grounds for their value propositions, if they are to convince the customers and stand out against their competitors. On the basis of these notions both from the empiria and from the literature, and honouring the ontological and epistemological choices of this study, the second research question is formulated as follows:

**RQ2: How do the security suppliers communicate the customer value of security service by means of argumentation?**

With this question, the analysis of the security suppliers' concerns continues from where RQ1 and the first empirical phase of this study left off. RQ2 digs more deeply and targets the value arguments that suppliers use to rationalise security impacts and business benefits in customer organisations. In addition, RQ2 entails an attempt to clarify the ambiguities of the customer benefits and sacrifices identi-

## 5. Expanding the theoretical framework

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fied during the first empirical phase. Because the data consist of the discussions between security service managers and the interviewers, managers' value arguments cannot be considered to be sales arguments or sales presentations in their purest form. With this respect, I lean to Watson (1995) and Weick and Browning (1986), who argue that managerial arguments are not only used to persuade others, but they are also able to reveal how people think of certain issues and how they explain to themselves what is happening around them. Therefore the arguments of security service managers expressed in the interviews can be considered as their illustrations of customer value and examples of the various ways in which they strive to convince others of the benefits of the security service.

The third research question (RQ3) takes a different standpoint and addresses relational adaptations in security service. Service systems are dynamic, and security environments are constantly changing, influencing also the customers' requests for security service. Therefore, service companies need to adjust to changing circumstances in the environment, if they want to keep up with customers' value expectations and value creation processes (Edvardsson et al., 2010). Once again, the perspective is that of the security suppliers. The concept of relational adaptations is especially relevant from the supplier perspective, since studies in the context of product-based business (Brennan et al., 2003; Schmidt et al., 2007) have indicated that suppliers adapt more frequently and to a larger extent than their customers. Therefore, the third research question for this study addresses relational adaptations in a security context:

### **RQ3: How do the security service suppliers use relational adaptations to get closer to the customers?**

RQ3 brings the concept of relational adaptations alive in the context of security service through empirical evidence. It emphasises security service suppliers' activities through which the security service are modified and adjusted to meet customer needs better and to create more value for the customer. Because the viewpoint chosen for this study is the security suppliers', I am not able to determine, or interested in analysing, the amount or type of customer value that the adaptations are able to create for the customer. These are a matter of the customer's perceptions. Instead, I am interested in finding out how the security service suppliers apply their current understanding of customer value to adjust their behaviour toward customers.

## **6. Results of the second empirical phase: Security suppliers' value arguments and adaptations**

### **6.1 Arguments surrounding customer value in security service**

The results of the argumentation analysis reveal how the security suppliers think of customer value and how they communicate it to others. The universal presumption behind all the service suppliers' value claims is that security service is beneficial and of value for the customers. When analysed more carefully, the argumentation can be seen as clustering around the two central categories that emerged in the first empirical phase of this study: corporate security and the customer's business benefits. These were formulated as the two key claims as follows:

1. Security service has positive security impacts in the customer organisation.
2. Security service is beneficial for customer business.

In the interviews, the two key claims were supported with various types of arguments. These will be discussed next in detail.

#### **6.1.1 Arguments related to security impacts**

To counter the commonplace accusations of providing only apparent supervision and monitoring of public and private spaces, the informants of this study clearly could highlight – perhaps after having been forced to learn to do so – the various integration points in customer processes at which they can support customers via valuable expertise, additional resources, and practical security solutions. These include activities supporting the customer's risk management process, including early risk identification, risk analysis, risk prevention plans, and measures and recovery actions to take in the event of security incidents, together with training and other security expert's service and emergency response service. These claims and their supportive grounds are summarised in Table 11, illustrating the depth and breadth of the argumentation. As the table shows, informants use several levels and chains of reasoning, each one adding a new layer of persuasion to

6. Results of the second empirical phase: Security suppliers' value arguments and adaptations

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the main argument. In the table, the levels are marked with indents and their connections are marked with the word 'Because'. Each level has several different claims that are supported with various grounds, facts, examples or other evidence.

**Table 11.** Security suppliers' argumentation in relation to security impacts.

<b>Security service has positive security impacts in the customer organisation.</b>	
Because	<b>All organisations have some needs for security.</b>
Because	<b>Previous customer cases have shown positive security impacts.</b>
Because	<b>Security professionals can provide customers with special security expertise.</b>
Because	Security is a complex phenomenon.
Because	Security systems are complex and difficult to use, and customers may not have adequate know-how to operate integrated security systems.
Because	Customer organisations have complex structures, several locations, and a wide variety of risks.
Because	Security measures need to comply with the relevant regulations and legislation.
Because	Security professionals have special training, skills, and ability to act appropriately when security incidents arise.
Because	Security officers have certain select rights that not all people possess.
But	In comparison to general rights, these rights are superior in only some respects.
Because	Security suppliers can make suggestions for security developments.
Because	Security suppliers have knowledge of industry-specific security issues and best practice.
Because	The customer companies do not have security experts of their own.
Because	<b>Security service helps customers to prevent security incidents.</b>
Because	Potential offenders are recognised early on.
Because	There is continuous monitoring and surveillance.
Because	Outsourced security services restrict potential internal offenders from operating.
Because	<b>Security service helps to restrict the negative consequences of security incidents.</b>
Because	The time for criminal activities is restricted.
Because	Potential and realised security incidents are identified, and sufficient recovery measures are started immediately.
Because	Security professionals have special training, skills, and procedures preparing them for security incidents.
Because	Security professionals have special training, skills, and ability to act appropriately in cases of security incidents.
Because	Insurance does not cover all costs.
Because	<b>Security service improves the security-awareness in the customer organisation.</b>
Because	Security risks are discussed more comprehensively.
But	Formal risk analysis is not conducted.
Because	Security issues are made more visible and less ambiguous.
Because	There are several reporting systems.
Because	<b>Security service improves the feeling of security.</b>
Because	Employees, customers, patients, and other visitors feel free from danger and threat.
Because	People know that there is someone to turn to if something happens.



The grounds support the claims through different warrants. The first three claims in the table search assurance from the external sources to the customer. They state that security is important for all organisations, some other organisations have already benefitted from the service and that security suppliers have knowledge and expertise that can be beneficial for the customer. The other claims in the table build on the tangible and intangible benefits that the customer organisation can gain from the security service.

The central claim in security suppliers' argumentation as to customer value is that their assistance with security issues and their security expertise enhance security in the customer organisation, as the following three quotes exemplifies:

*'With the products of us, and systems and associated service we try to prevent situations, where a customer needs to turn to a police or a fire brigade. If they need to do so, something has failed.'* [3:25]

*'They can feel insecure in the current situation, that it's not sufficient. Then they come to us for solutions, for how to do it properly.'* [39:48]

*'We usually start with the security manager, who has some kind of security need. We check the premises with him/her. He wants that everything is in order. Not necessarily that all the gadgets are brand new but that everything works, because it is his/her responsibility to ensure that.'* [14:69]

This line of argumentation considers risks to be uncertain events with adverse consequences and builds on an assumption that security service provides customer organisations with assistance in security risk management. The nature and magnitude of the consequences are not addressed, however; the focus is on the activities through which the adverse events can be prevented. In contrast to the claims about business benefits, those about security impacts do not address business effects as such – they deal with only the mitigation of risks itself.

In the interviews, the informants provided various types of data to support their main claim of positive security impacts. Many of the claims are built on general principles; ethical norms; or the notion of the necessity of security for all business, something that everybody finds self-evident without further evidence, as this quote exemplifies: *'The basic premise for all business should be the capability of continuing the operations no matter what happens'* [8:28]. Another example of the use of such a principle as the warrant is presented in the next quote, in which a business director takes the need for security risk management for granted for all organisations: *'I don't care if it's a football club or whatever, one of the conditions for the organisation's operation is security risk management. It's part of the business activities and not just about locking the doors. Actually, you get it because you need it. You need the security'* [46:33]. In the interviews, unfortunately, the informants did not explain in detail the contingencies and success factors contributing to the positive outcomes in the prior customer cases.

Furthermore, with regard to their customers and the universal need for security, security suppliers position themselves as external security experts, the need for which was commented upon by one of the managers as follows: *'After all, this is a*

## 6. Results of the second empirical phase: Security suppliers' value arguments and adaptations

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*field of business and concept with which the customer needs support from us'* [10:13]. Security suppliers define their expertise in terms of their competencies and other resources, which their customers do not have and which can be used to support customers in security management, as is summarised in the next quote: *'We are just one big risk management tool – our services and the products that we supply are one way for the customers to try to minimise the realisation of risks or the impact that follows. That's obvious, isn't it?' [27:49].* Among these special resources are physical security products, security knowledge, know-how, and practical experience, along with manpower and infrastructure, such as call centres and information systems. Security suppliers say that they can provide customers with the industry-specific best practices of the security management or with suggestions as to the optimal security solutions, as one of the informants stated thus: *'When something happens in their area of business somewhere in the world, we can inform them and ask: "Hey, have you taken this and this into consideration?" [28:50].* They also claim to possess up-to-date information on the latest security technologies and foreknowledge of potential security threats in the customer's business environment. In addition, many security services are restricted by law only to authorised security companies – i.e., guarding and crowd control services and monitoring rooms. The informants also highlight the speciality represented by the security systems and security expertise. Consider the following quote, for example: *'We are dealing with special systems, and you need training for that. Nobody knows how to use them without training, and when you use them, you have to do it right' [2:4].*

In the absence of statistical data and research-based evidence of cause–effect relationships between security service, reduced risks, and business benefits, security suppliers cite their practical experiences and stories from previous customer cases from various industries as references. They also practise active 'name-dropping' to validate their claims and refer to many influential customers by name. The customers that were most often mentioned by name were large and well-known organisations, typically stock-exchange-listed companies or public bodies with a nationwide presence. These references are usually positive success stories of security partnership between the customer organisation and the supplier, and they are used as examples of successful business cases with the intention being that 'if we succeeded with them, it is likely that we will also succeed with you'. Alongside these success stories, some negative examples and stories of failures were related, but these were typically less specific, anonymous generalisations, or long-lived security legends. Accordingly, their value as a persuasive claim is presumably only minimal.

In the analysis of the security suppliers' value claims, making the customer's life easier and increasing the sense of security became essential parts of supplier-perceived customer value. This was evident at the points of the interviews, where the informants emphasise tangible risk-related benefits that arise when they take on primary responsibility for security operations, and stress how the management of security makes the customer's life easier and more worry-free, as was commented upon in brief by one informant: *'Thanks to our service, the customer's*

*everyday life is easier and runs smoothly* [2:43]. With the right actions in response to situations that arise, the service suppliers keep the customer out of the undesirable circumstances and do the 'dirty work' for the customer: they limit access and screen entrants, keep intruders out, detect burglars, catch shoplifters, and resolve threatening situations involving aggressive visitors. In addition, they can provide information *ex post facto* on what has happened and why, help to identify the culprits, and aid in recovery and in resolution of matters. As a result, the interviewed security suppliers say, the customer is spared a great deal of harm and disturbance, consequently feeling safer and more secure. In their speech, the informants used several phrases illustrating their regard for customer feelings, such as 'nothing bad is gonna happen', 'the customer can sleep tight', 'we don't leave them alone with these issues', and 'they don't need to be afraid'. Some security suppliers can also provide quantitative evidence from prior customer cases with respect to these issues; as when one sales manager stated: '*according to one customer*] it has reduced absences and provides a safer work environment for them' [7:4].

### **6.1.2 Arguments related to business benefits**

The security suppliers' argumentation as to business benefits in the customer organisation are summarised in Table 12.

6. Results of the second empirical phase: Security suppliers' value arguments and adaptations

**Table 12.** Security suppliers' argumentation addressing business benefits.

<b>Security service is beneficial for customer business.</b>	
Because	<b>Previous customer cases have shown positive business benefits.</b>
Because	<b>Security service increases customers' efficiency.</b>
Because	Cost-efficiency is improved.
Because	Personnel costs are decreased.
Because	Operation costs are decreased.
Because	Energy savings are achieved.
Because	Customer processes are streamlined.
Because	Adjustments are made in security service.
Because	The customer's future business intentions are anticipated.
Because	<b>Security service helps customers focus on their core business.</b>
Because	Resources can be transferred from secondary tasks to the core tasks.
Because	Security suppliers take care of the security issues.
Because	The customer is able to conduct the support tasks more efficiently.
Because	Special security experts are available when needed.
Because	Flexibility for changes in volume can allow adjusting the security service to peaks in demand.
Because	<b>Security service guarantees business continuity.</b>
Because	Security incidents are prevented.
Because	Potential offenders are recognised early on.
Because	Outsourced security service restricts internal offenders from operating.
Because	Compliance with legislation is assured.
But	The demands for compliance often come from external authorities, not from the customer company itself.
Because	<b>Customer satisfaction is improved.</b>
Because	Deliveries become more reliable.
Because	Customers perceive themselves as taken care of and secure.

As Table 12 indicates, security suppliers do not have as rich reserves for the arguments addressing the business benefits that they have for the arguments addressing security impacts, and the layers of reasoning are fewer. Again, support

for value argumentation is searched from previous customer cases. In addition, economic aspects are used as warrants. Security service suppliers argue that their activities relieve customer organisations of the need to carry out security activities in-house. Alleviating this burden will increase the efficiency and reliability of customer organisations' business processes. The other obvious business benefits are created through activities aimed at protecting business assets from intentional incidents.

The arguments addressing the business benefits for the customer proceed from the fact that security incidents arising could cause interruptions and disturbances that may have damaging consequences for the organisation's business, in either the short or the long term. This is illustrated in the next quote, from a CEO: *'If something happens, one of the links in the chain breaks, it can result in huge, massive losses and damages for the company. In no time, there's a shutdown'* [21:43]. In comparison to the arguments as to security impacts, the emphasis here is on adverse consequences rather than causes, as the above quote illustrates.

By means of various security solutions, security suppliers claim to be able to help customers to guarantee their business continuity and ensure more reliable business operations. This intention is not only expressed in superficial sales talk; in some of the companies studied, it seemed to permeate all security service operations. It became evident in the interviews, when we asked the informants to describe the business idea of their company in their own words. In their answers, many informants put the customer's business benefits first and security only second. Consider the following quote, for example: *'Our key mission is to support and assist our customer in the development of their core business operations. And our role in the development of core business operations is to provide them with security service'* [47:15].

A closer look reveals two distinct lines of reasoning. Supportive, low-value security service has different value creation mechanisms and links to customer processes than high-value security expert's service does. Therefore, also the argumentation differs between the two. With regard to supportive security service, the most common argument is that outsourced security service frees customer resources and enables customers to focus on their core business and strategic goals, as this quote illustrates: *'They don't need to have these decentralised responsibilities for organising various matters. Instead, the customer can truly focus on what the company is there for and the goals it's trying to reach. And then there's this supporting band close at hand'* [20:11]. For other, more detailed claims, increased efficiency and reduced costs of personnel and operations are used as grounds, as the following three quotes exemplify:

*'They get rid of unnecessary paper-pushers, making the company more cost-efficient'* [49:16]

*'The customer doesn't need to hire people to do it, or buy any systems. How easy is that?'* [6:65]

## 6. Results of the second empirical phase: Security suppliers' value arguments and adaptations

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*'We can, for example, link the lights and adjustments of heating to our systems, to benefit the energy economy and help cut some costs' [49:30]*

The line of reasoning in the claims above is that, by outsourcing secondary tasks to security service operators, customers can achieve cost-effectiveness, flexibility of resources, and freedom to focus on their core business. The security supplier either takes full responsibility for the customer's support processes or provides resources that help the customer to plan and conduct the support processes. The warrant that links these grounds to the claim is the short time for the service to pay for itself, as this quote from one of the service managers illustrates: *'[T]his pays for itself in one to five years' [14:63]*. Some security suppliers are even able to support these claims with empirical evidence and quantitative data, as demonstrated in the next quote: *'We have managed to provide cost savings for the customer, and the numbers show that we have improved the customer service. This has required the ability to break free from the outdated role of security suppliers, to see the customer's various core processes and ask them, with an open mind, whether we could handle some of them' [18:28]*. In this quote, a service director shows additional conviction by illustrating how his company has re-profiled its position in relation to the customer and adopted an open-minded approach to the customer's future needs and business intentions. Reaching this point has necessitated the security supplier's proactive adaptation and development of new competencies, as the informant then details: *'Some two to three years in advance, we establish a link to the customer's operations' progress and known processes. And we have used, let's say, for years ahead, a quarterly principle for the planning of the development of our own operations and our own competencies, on the basis of the customer's future changes to operations' [18:27]*.

The second major line of argumentation emphasises the special security expertise of the security suppliers, and how this expertise can be used to resolve the customer's security needs created by external authorities. The authorities cited in the interviews range from state authorities to the owners of the company. A marketing director talked about how the supplier can help the customers with compliance with the legislation, for example: *'We have customers for whom compliance with the requirements set for their operations or compliance with the law and the authorities' regulations is demanding. Of course, we do things in collaboration with these customers and go through things, to help them meet the requirements' [13:71]*. Meeting the security requirements set by external authorities is often a prerequisite for business, as this quote from a sales manager illustrates: *'If there are too many public-order violations, calls to the police, or calls from the neighbours, you lose your alcohol licence. And there goes your business' [26:15]*. Although the linkage from the security activities to the customer's core business is straightforward in the cases above, the security suppliers admitted in the interviews that convincing an organisation of the business benefits can still be difficult, since the customer company itself may not assign high priority to security issues.

In addition, customer's company image and reputation were mentioned as aspects of business, to which security service can have a positive impact. These are

also aspects that cannot readily be measured in monetary terms and the consequences of which often extend beyond the immediate physical damage and tangible losses suffered, as this quote describes: *'For example, for a brokerage, some things simply cannot happen; it would be an image risk. If someone breaks into their premises and information gets lost – it would be a disaster for that company'* [30:43]. One key account manager spoke of the negative publicity that poor security can garner: *'We've had such cases, here in Finland also, and the risk of ending up in the headlines because security matters are not in order is getting higher all the time'* [10:64]. Other industry-specific examples were given from public transportation, where the number of security incidents and the ways in which they are handled may affect general public opinion about public transport and people's decisions to use it, and from the HORECA sector, wherein restaurants and bars with higher security incident rates may find it more difficult to attract capable workers and solvent clients. The interviewed security suppliers say that the presence of the security service may also have a positive effect on the customer's satisfaction, as this example given by a sales director illustrates: *'Each customer who comes into the grocery store and sees our people there is thinking: "Great, one of those customer service people is here, and, as a result, nothing that would threaten my safety, or the employees, can happen here. They are taking really good care of their employees"'* [20:41].

## 6.2 Adaptations in security service

### 6.2.1 Two key types of adaptive behaviour in security service

Two types of adaptive activities were found that are distinctive of security service companies. In one category are security suppliers that take, first and foremost, a customer-oriented stance toward adaptations, using adaptations merely to adjust to current customer needs. The input for the adaptations comes mainly from external sources and, especially, from the customers. These security suppliers' use of adaptations is reactive and customer-specific, primarily in response to particular customer requests. Following the literature (see e.g. Grönroos & Helle, 2012; Hallén et al., 1991), this study refers to the latter type of adaptive behaviour as inter-firm adaptation. In the second category are the suppliers for whom the inputs to the adaptations lie mainly within the organisation. Unlike in inter-firm adaptations, in which the customer and other stakeholders have power over the changes made in the supplier company, here the control over the adaptations rests within said company itself. These companies use relational adaptations actively to develop their service offerings, processes, and competencies and to achieve long-term benefits. They recognise the need for adaptations mostly on their own part, and the adaptation mechanisms are mainly internal. The adaptations are based on existing knowledge about customers and markets, and the suppliers try to learn from various cases and actively transfer experiences from one case to another. These adaptations are referred to as intra-firm adaptations in this study.

## 6. Results of the second empirical phase: Security suppliers' value arguments and adaptations

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To further discuss and analyse the adaptive behaviours of the security suppliers, two narratives were constructed from the interviews. Each narrative has a focal actor, whose identity is a relevant part of the story. These actors, called Juhani and Pentti, play the key roles in the stories. They are the ones who adapt and who also see others adapt – the others being their colleagues, a team or an organisation as a whole, and in some cases also the customer. It is important to remember, however, that both of the narratives are based on several individual interviews and neither of the focal actors represents any single interview or individual. Accordingly, Juhani and Pentti bear no direct resemblance to any one informant in this study. Rather, they are imaginary representatives of all the informants. This makes me the narrator, since these two narratives are told from my personal perspective and illustrate my interpretations of the relational adaptations rather than those of the informants. It is worth noting also that both narratives have been informed by all companies taking part of this study. Thereafter, there are no direct links between the narratives and specific security companies.

The two narrative reconstructions are presented in the next two sections of the chapter.

### 6.2.2 'Anything goes' – a narrative reconstruction of inter-firm adaptations

Juhani has 15 years of experience in the security industry, and he has always worked at the customer interface. He started his career in the security business as a part-time security guard with a small local security company while he was studying at a vocational school. After finishing his studies, he got a full time job as a team leader, and, several mergers and acquisitions later, he is now working as a sales manager for a mid-sized security company with a nationwide presence.

When I asked Juhani about the strengths of the current service operations at his company, he first placed emphasis on organisational flexibility, strong customer-orientation and ability to respond rapidly to customer needs: *'We haven't become stuck in our ways and rigid; we promise our customers that we are flexible and customer-oriented. What the customer does is of interest to us because we can't afford to lose the account. That's why we respond to the customer's wishes and needs fairly quickly'* [26:18]. Juhani also takes great pride in his company's flexibility and ability to handle numerous customer needs quickly. He sees this as a good way to acquire new customers and lure customers away from competitors: *'There are those cases in which they cannot find what they are looking for anywhere else, so they turn to us and we have it. After that, it's quite easy to build from there, to get more sales'* [30:58].

For Juhani, customer problems are like personal challenges. They test his expertise and competence in the security business, and that of his team. Juhani feels strong ownership of the customer relationships, which is indicated by his extensive involvement in service sales and his continuous contact with the customer after sales. Juhani prefers informal and communicative relationships with customers, and he tries to maintain frequent contact via his connections. He says



that it is important to call the customers now and then, just to ask how they are doing, without any further sales intentions or hidden sales agenda. Even the most informal phone calls may lead to something new that takes the relationship further: a new service idea, feedback, a claim, or a suggestion for a face-to-face meeting. Juhani is even willing to make personal sacrifices for customers. He takes customer calls even outside office hours and is flexible in his working hours in order to satisfy customer needs: *'The ability to react quickly, rapid deployment, various flexible services... For example, if a customer calls at midnight on a Sunday, saying: "Hey, we've been burgled; we need this and this", then we can handle the situation quickly and with flexibility'* [29:39].

The customer is the main source of adaptation for Juhani. When he gets a new customer, he first familiarises himself with the customer's business and tries to understand the case-specific security issues: *'When you sell a service these days, you can't just present some type of "do the rounds and get out" deal. We all have our own tasks. Whether it's a pharmacy, a hotel, or a clothing store, everyone has their own ideas to present. You need to go with the flow; it can't all be just one and the same'* [41:2]. He listens to the customer carefully and tries to form as coherent a picture of the customer situation as possible. Then, he matches the service offerings to the customer needs as well as possible: *'You define the profile, for the service, the service profile or whatever it's called. And the skills required. Next, I create this template in my head, and then I speak with the customer, to find out more information about what is actually needed'* [34:4]. This process often involves careful analysis of customer processes, several face-to-face meetings with the customer, a walk-through analysis on customer premises, or other measures that help the security supplier to understand the customer's business: *'The way I designed the alarm system for this place was like this: We went there with the owner, walked around. We had a floor plan with us. I asked him to show me their processes and what each of the machines was for and such. Then I said to him, for example: "What if there's a leak here? Wouldn't you like to know about it?" And we talked about where to install smoke detectors and motion detectors and other such equipment. That's the way to do it. It's not about protecting the shell of the building: What of it? It doesn't cost much. And taking the staff into consideration. They were really pleased about that'* [31:42].

Juhani operates in a dynamic and constantly changing environment, where he faces customer needs – partly anticipated, partly surprising – caused by various security incidents, including burglaries, vandalism, and other offences. Every incident is different, every customer case is different, and no standard solutions exist. Quick responses to the emergent security needs and solving customer-specific problems are what matter: *'We have to be innovative and able to create opportunities for the customers and to solve their problems. They don't do it for the fun of it; they pay pretty hefty sums at the monthly or annual level'* [12:2]. Each action needs to prove value for money. Therefore, Juhani does not believe in detailed service-process descriptions. Either they do not exist or they are not actively used. Following a pre-defined service process would be too inflexible and too slow for Juhani, who prefers to tailor the service content to each customer's needs: *'The*

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*customer doesn't have to commit to one specific service. In fact, the service itself doesn't even exist yet. There are only the tools for building the service. The way the customer gets the service is not through a ready-made concept – here's your package, delivered to your mailbox like a Christmas present – no, it's more about the diversity, being able to customise the service package for each customer, to meet their specific needs. It includes determining what is legally plausible and what is not; we bring our tools and tell them how to do it in practice. The idea is that you don't have to use a certain ready-to-use alarm device or a pre-specified security-guard service; it's more based on what we are authorised to do and what is feasible' [41:12].* Instead of referring to well-defined service processes that can be modified to suit any case, Juhani refers to previous customer cases that can be taken as a starting point for the next case: *'If the solution is something that I haven't offered to anyone before but it may have been offered to another customer in the same business field so it already exists – not the concept but a plan – and I can modify that plan to make it suit my customer's needs' [7:46].*

Instead of investing resources in advance planning and formalisation of service processes, Juhani sees his organisation as working hard for each case, although he is fully aware that this is not the most effective way to operate: *'Sometimes it's very challenging when pulling together one job takes 60 or 70 phone calls. And even that's not enough; after that, you need to get the people to do the job. You have to build it, plan it, everything. The whole structure' [32:40].* High customer-specificity unavoidably leads to overlaps and inefficiency, and Juhani admits that a more organised system is something that the company ought to have: *'It is kind of senseless. You run into this, by accident, when you're trying to find an answer to a question, for example, and there are three other people doing it too. You go through exactly the same process, everyone with their own Excels on their own computers. And each of them spends 15 minutes on that same task. But when you think about it, if you have 10 questions, that's 10 times 15 minutes. It seems pointless somehow' [23:17].*

Juhani is motivated to help the customer in any way he can. Impossible customer requests or timelines do not exist for him, even if the solution required is not found in the normal service offerings of the company: *'From playing cards to out-board motors, no matter what the customer needs, we can arrange it. For example, one security manager was wondering how he could hire a car for himself. "Is this for you?", "Yeah", "Well, OK then; hold on one second", and then I hired a car for him' [31:56].* Special products are acquired and subcontractors used, if necessary, as the next quote illustrates: *'I will even sell combine harvesters to the customer if that is what they will order. Then we just buy the service from somewhere separately' [4:31].* For Juhani, it seems very difficult to set boundaries to the service content. When I asked about this, he answered: *'You can't draw any lines really. You have to judge each situation separately. I mean, there aren't any limits really; we do as much as we can, and we do what we can to help. People ask us questions, such as where to get decent ear-protectors. "Well, what type of protection do you need?" Of course, there are limits, if there's a lot of people and only one of you, it's not possible to start looking for stuff for people' [33:25].* Fear of

losing the customer prevents Juhani from saying 'no'. He said: '*On the other hand, you can't say "no", because next time, they'll call someone else*' [32:39].

In this highly dynamic environment, Juhani sees customers as a kind of agent of change or catalyst for change, as agents who are actively involved and interested in security service deliveries and who offer valuable comments and feedback on service successes and failures: '*In my opinion, the best customers are the ones who have a lot of demands... Even if you're handed a shit sandwich by the customer, you feel safer, despite being embarrassed on your way out. It's about the path that you're walking together, where the limits are. I think it's much better than having everything seem OK on the outside and the customer not telling you anything, or something like that. Honest opinions, development, their needs, and so on: that's how you know if something's wrong, if something needs fixing, and then you fix it. You move things forward; it's a kind of development path, and the customer won't have the need to make any changes*' [12:21]. At first sight, a passive and easygoing customer might appear to be a low-maintenance customer for any service supplier, but Juhani says that with too 'easy' a customer one slowly becomes too lazy and the service does not advance anymore. An actively involved customer acts as a coach for the service staff and forces the service supplier to re-evaluate the service processes continuously: '*The customer has actually driven us to develop our processes related to reporting, communications, and everything else. And because of the scope of this account, nearly every worker in each area has to, or gets to, visit the customer at some point – they have to – and then things begin to gel*' [14:24].

Juhani is also willing to give customers more power in service operations, as the next quote illustrates: '*Then we have these accounts where we hold regular quality control meetings with the customer and they have determined in advance the issues that need to be reviewed. For example, we have to submit monthly reports on the realisation of response times... Well, it takes up quite a bit of your time, so if all the customers would demand this type of service, then the prices would have to be increased in order for us to recruit more people*' [8:36]. In this case, Juhani's company has accepted a quality control practice suggested by the customer even though it is perceived as impractical, expensive, and not suitable for wider use. One possibility here is that customer control over the adaptations may become too strong, if the customer gains too much power over the service content and processes: '*We were 15 minutes behind the whole time. We weren't in control; the customer was. If we needed to call the customer to inform them how something needs to be done, we didn't get a chance, because the customer would call us first, and then we would end up getting negative feedback*' [14:9].

Juhani believes that a single contact person who is fully aware of all the customer's information is what the customer appreciates the most. In his close relationship with the customer, Juhani also takes the active role of an external security consultant, and he makes suggestions as to how customers could improve security for themselves. Not all interactions with the customers necessarily result in new sales: consultative visits or expert comments are used to strengthen the relationships without additional charge, as the following quote illustrates: '*They let me*

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*know when they have a problem, and I can tell them: "OK, there are these types of routines, these types of security systems. For a small investment, you get this and this technology. You'll have the safest workplace there can be without building an East German prison' [40:8].* In his consultancy, Juhani tries to see the big picture from the customer's side and attempts to find the optimal solution for the customer's situation, even if that solution does not necessarily feature any security service delivered by his company. This way, Juhani builds trust in the relationship and tries to deliver a sustainable security solution for each customer: *'Sometimes, the customer visits a security industry trade fair or reads a trade magazine, and they see a device and decide they need to have it. But when I go through the site with the customer, I can show them how they can change their work routines, for example, and then they don't need to spend any money on that device' [40:18].* This is one of the few cases in which adaptive security service does not mean that the service supplier tries to solve all the customer's problems by selling the customer every possible security service and system. The supplier suggests some adjustments on the customer's side instead. In his expressions, Juhani is also very emphatic in his dealings with customers and shows understanding of the customer's circumstances at many points in the interview: *'It's the customer who has the problem, after all, and their peace of mind needs to be restored somehow, so that at least they know what they will do the next time a situation like that comes along' [41:17].*

Juhani feels a strong sense of personal responsibility for the customer, and in the worst case he may experience personal disappointment if, after all the work, the customer ends the relationship: *'What upsets me the most, I mean seriously, is that I know the level of our service quite well, and I know the others' level as well, so it's pretty annoying, when I know that there is nothing we won't do for the customer and then someone else comes along who has a slightly lower offer but provides very poor service. And what do you know? He gets the customer' [24:60].* It is true that the customer gets personalised service from Juhani, but what is sometimes absent is organisation-wide support for the service. Within his organisation, Juhani positions himself as a middleman between the customer and the service staff. In this position, he sometimes becomes a bottleneck for the flow of information, and members of his team may not always be adequately informed about the customer cases, especially because not all informal customer contacts are documented. This results in Juhani feeling frustrated when his colleagues do not act in accordance with all of the detailed promises he has made to the customer.

### 6.2.3 'Selective flexibility' – a narrative reconstruction of intra-firm adaptations

Pentti's background is very similar to Juhani's. He has worked in the security business for more than two decades. Pentti has a technical education, and he has worked also as a mechanic, product development manager, and project manager, all at the same firm, in which he is now a key account manager for large industrial

customers. While Juhani's adaptive behaviour stems from work at the customer interface, Pentti starts adaptations from internal premises alone: *'We can use our own products and solutions to meet quite a wide range of needs'* [11:4]. He believes that when the internal service processes are in good shape, the company is more able to satisfy the customer. Therefore, the focus of change should be on internal integrity, on more interactive service production, and on more effective use of customer information. Service descriptions must be in place, and the service staff needs to have clear instructions in how to do the job. While Juhani is anxious to meet all customer needs, Pentti is more concerned with developing high-quality service, which then will attract companies and keep the customer satisfied. While Juhani's attention is on external customer needs, Pentti focuses more on internal developments: *'If we can supply a system that functions reliably, can be maintained, and is relatively easy to use, then probably those things are what satisfies the customer's needs'* [13:37].

While customers' specific requests are the main trigger of adaptations for Juhani, Pentti bases the adaptations on more general market information and industry-wide trends, alongside his firm's intentions and strategic goals. In his search for service that would better meet customer needs, he uses various external sources of information and continuously scans the emerging security issues in the environment and tries to interpret their meaning for his customers. Internal brainstorming sessions are organised, at which the experiences of the service staff are collected and discussed. Also used is public material, such as public research studies, industrial statistics, insurance figures, and daily news reports. Just as Juhani does, Pentti has plenty of development ideas, and the ideas pour in from various sources, but Pentti does not accept all of the new ideas and adopt those as-is. The data are first handled internally, their practicality and applicability are carefully evaluated, and only the best ideas are filtered to the customer interface: *'We need to think more about what we should do to meet the customer's challenges or to respond to their five-year demand scenario, or perhaps even look 10 years ahead'* [20:54]. When it comes to new service ideas, Pentti appreciates systematic procedures for idea collection and development, and he also expects to see the benefits of the new service not only for the customer but also to the supplier: *'New ideas should be continuously considered, also in terms of our own opportunities. The reason I'm saying this is that it needs to be systematic and disciplined, so that once you have some input, it isn't just discussed in passing, as it often is, and then these matters don't get systemically processed or considered. No decisions are made. The ideas don't lead to projects, or surveys, or anything, and this concept of turning the idea into cash, a step-by-step process, doesn't become realised'* [18:10].

Pentti maintains stronger control over adaptations than Juhani does, and he takes a more coherent view of adaptive practices, extending across the entire organisation: *'Agility. Of course, it requires leadership, the same way eventing dogs need leadership'* [28:21]. He appreciates control over the new service ideas and flexibility toward customer requests: *'If the service commitment is to do what has been agreed upon and then some, well, sometimes the "then some" can go a*

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*little too far. I mean, you end up doing things for the customer that weren't actually agreed on, in which case, without an agreement, there are no price tags, and then the customer won't pay you for it. This needs to be put into balance' [27:45]. Pentti tries to reach a balance between flexibility and stability, and he sees overly flexible service production as a threat to continuity and service quality. He is also more concerned than Juhani about the costs and risks related to product and service modifications: 'The message is that this and that are needed but our product isn't quite appropriate as-is. They want us to make some changes to it. Then we see whether we can make the necessary changes, revise the operating model. But, of course, there are always risks involved when a product has been designed to function in a certain way. There's a process and a process description, and every time you start taking the process apart, you have to do things manually, and that always depends on a human being, on someone's memory or the like. Things get forgotten, don't work, or end up being reused in an inappropriate way... So it's always more cost-effective to build a completely new package. Because machines have specific functions' [11:52].*

Pentti is not interested in single-case solutions, and new ideas are usually not implemented for a single customer alone. Pentti told me that, instead of acquiescing to all requests, he tries to evaluate the appropriateness of the adaptations in terms of practicality, efficiency, and profitability both for his company and for the wider customer base. Instead of single-case solutions, Pentti likes to see more profound service innovations that can be marketed to a wider audience: '*And then this seed, which goes into the innovation process or programme from whatever source, are we able to see it in a broad enough context, or do we see it only from a micro-management perspective, as a small feature added to an existing issue or a small part of some existing need?' [18:8]. He not only listens to the customer requests but also is active in endorsing new products and services for the customer. Sometimes it takes a lot of time and effort to fit customer requests and company resources together: 'You also need to clarify and make sure that the customer is aware what they have purchased, and us as well, so that we understand what the customer is planning to use the system for. Both parties need to be clear on whether the system is feasible and can be used in the manner intended. It takes some effort to come to an agreement; so that by the time it all starts you are doing what you are supposed to be doing' [5:22]. When I asked Pentti whether the customers would like to have more customised solutions, he answered: 'Well, they are selling their own products the same way we do, right, and they don't customise their products. Or if they do, then the price tag is totally different too. Of course, we can do custom work, but it's impossible to estimate how much time and money it requires' [16:43].*

For Pentti, customisation means service modularity: customer-specific service packages are built from pre-defined service modules, which may include security guarding and other human-produced security service, security technologies, and related services. These ready-made packages are then marketed to various sectors, and each organisation is expected to find the service package that suits it best: '*This is very clear for the customer that "this is exactly what I need". When the*

*customers go to the Web site they can find it themselves'* [28:36]. Thus Pentti gives customers more autonomy in service selection and use: he builds the service packages, reporting platforms, and information channels for customer use and then expects customers to act in the intended manner. Where Juhani invests in customer-specific case building and doing a specific job for the customer, Pentti invests in pre-planning and service design, and in building self-service platforms for the whole customer base: *'If we do something sector-specific that our service provision covers, having a ready-made solution, it's more cost-effective. In order to do it, you need to invest quite a lot in development work. But, then again, it's worth doing, because it's something you can benefit from'* [9:18]. Pentti has noticed that many customers too delineate service in line with these traditional service modules, dictating strict boundaries for service suppliers. Pentti told me about customer cases wherein all of the products and services were specified in the call for offers in a very detailed manner, with all of the suppliers expected to follow the specification to the letter: *'We have buyers who say that they only want the traditional security-guarding service, you know, "by the book". According to some level that they have defined, and they don't want even to discuss anything else'* [18:30]. With such situations, Pentti feels that all the work his company has devoted to process development and staff training means nothing to the prospective customer.

The pre-defined service modules do not offer strong potential for differentiation. Therefore, Pentti considers the service staff to be his fine-tuning instrument – the better his company succeeds in recruiting and staff management, the more customised service the customer gets. The service modules are standardised, but the service staff have to be flexible and able to adapt to diverse customers and environments: *'When you outsource people, and you provide them with training for various positions, and you tell them from the beginning that flexibility is the word of the day, that's how you play the game... I hire people, and mould them to look how they need to look'* [38:6]. The service staff also offer an opportunity for distinguishing the service from competitors': *'What we aim to do is, if the customer is used to company X, from which they bought some service earlier, and that company does things a certain way, we want to come in and do things a little bit better'* [13:13]. Still, the staff are selected and trained primarily in accordance with internal service processes and internally defined needs – not in view of customer-specific needs as in Juhani's case.

Pentti refers frequently to several external documents and industry-wide standards – as found in legislation, collective agreements, customers' calls for offers, service contracts, and product-warranty clauses – that restrict the possibilities for adaptation: *'If you agree in the tender phase that there are such-and-such quality requirements, joint monitoring, and assessments, it would make the cost impact also clear in advance, at least on some level, so that everyone would understand and commit to it. I mean, our customer would commit to it and there would be some type of monitoring during the contract paper and period. That would make sense. Because the uglier option is that we look at this say "OK", and then we invest in it and bring in emphatic people with good language skills and plenty of systems, we organise training, and everything is reflected in the price. Then,*

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*somebody blindsides us from the right [and] agrees to provide the exact same things – but doesn't. And we don't have this, how do you call it, this culture where you would look to the contract at that point' [27:46]. In the same breath, Pentti accepts that there is some prejudice against the legislation and other norms, and that they are used as an excuse for doing less adaptation: 'In many ways, we are personally responsible for these prejudices. It's like we wear blinkers, and we easily go to the law and say we can't do this, or to our collective agreement, which is unfortunately inflexible. So maybe we need to be more open-minded; it might help us find new ways of doing things' [17:14].*

Pentti has set much stricter boundaries for the service he is willing to sell than his counterpart Juhani has. Pentti is in the security business and is not interested in non-security service. He also forces the contact to decide what he or she wants, and if the needs fall outside Pentti's offerings, the contact needs to find someone else to do the job: *'Do you want a guard or a cleaner? Make up your mind' [40:43]. What Pentti offers a customer is security-related service only, and he sees security as at the service core. All additional tasks and services may simply interfere with this core task: 'For example, in the supermarkets, things have gone a little too far. So much extra work has been pushed onto the guard [...] [and the] main task is to push the shopping baskets and trolleys around [laughter] [...]. And, as a result, when something actually happens, you're in some parking hall. Or some celebrity arseholes walk in, and they wonder where the guard was – why he or she didn't follow them' [42:11]. Market pressure for additional service is still quite strong: 'It feels like you should be able to provide the customer with whatever they need. And in the field, the drive seems to be very much to do just that' [5:6].*

Pentti has less tolerance for the 'short order' approach than Juhani does, and he likes to have enough time to prepare for the launch of the service [38:14]. Unlike Juhani, who tries to help the customer in any possible way, Pentti is more focused on the service contract and how the core service can be provided in the optimal manner: *'You can always sell free labour, but you should look at what the package includes first. If you start handling things on behalf of all possible parties, independently and just help out, well, that's not the right way. If you start doing that, it's a suicide before long' [8:19].*

While Juhani sees many issues through the customer's eyes, Pentti adopts the service staff's perspective. He is concerned with ensuring that what is promised to the customer can, in fact, be produced: *'For me personally, it has been important the whole time that everything get done in accordance with Production's terms and conditions...' [17:36]. 'We need Production; we have to be on good terms with them. We can't just sell whatever we'd like. If Production stops supporting us, our job gets a whole lot harder' [17:38]. It is also important for him that his staff know what is expected from them, all conduct the job in a similar manner, and all cases are handled as planned.*

As a downside of this introverted view, Pentti recognises the distance between the customer information and new service development. Unlike Juhani, who is able to transform customer ideas directly into new services, Pentti faces more gaps in the information flow from the customer to the service-development work.



And if the new services are developed too far without customer input, the results may not be attractive to customers: *'At times, even though we listen to the customer, we find ourselves guilty of envisioning these grand plans, with our heads in the clouds, and without any customer contact. I'm not talking about myself here. But without any customer contact, we envision these grand schemes and such. But I think it's about listening to the customer – at some point, you need to get the customer involved, or the people who actually interact with the customers. That's where the need comes from. Sure, we can come up with all kinds of things, but what does any of it matter if the customer has no use for it?' [17:42].* Unlike Juhani, whose biggest challenge is to fit all of the customer inputs into the service processes, Pentti finds the greatest challenge to be that of getting the service processes to deliver output to the customer: *'I think our biggest rival is us, and whether we are able to release what we do to the customer interface, or whether we just mutter amongst ourselves inside the company walls' [13:73].*

#### **6.2.4 Summary of the security service suppliers' adaptive behaviours**

The two narratives indicate several general principles that determine all of the relational adaptations in the security service business. First, emergent and uncertain situations are implicit in all security services. Consequently, service delivery must be adaptive to many foreseeable events but also to diverse unforeseen happenings. In purchasing security service, customers anticipate that something might happen that may threaten the security of the people, processes, or premises, and the security service is purchased to prevent these events from happening or at least diminish their harmful consequences. Therefore, situational adaptiveness is an inherent feature of security service. Second, because of the supportive nature of the security service, the distribution of power between customers and security service suppliers is often unbalanced, with the customers having power over the suppliers. This power imbalance is exacerbated by the homogeneous and competitive nature of the security markets: If the customer's needs are not met, the customer will switch supplier – a concern arising from the fact that security service offerings are very similar and customers therefore find it difficult to distinguish suppliers from each other. Therefore, the informants of this study share a view that they need to be more or less adaptive and flexible in order to create value for the customer, and relational adaptations become a prospective competitive factor. In this sense, the adaptiveness means listening to customer requests and trying to find the optimal solution to meet customer needs. On the other hand, the security business is highly regulated, and, for example, the forms, content, place, and visibility of security service are regulated by legislation, which restricts the adaptations.

The most adaptive security service suppliers are willing to do almost anything for their customers, and they are ready to provide service far beyond the core security service offerings. They are even ready to hire a car for the customer, who has only to ask. Others draw stricter lines and decline to perform any service tasks that are not covered by the security contracts. Whether or not these additional

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tasks should be carried out seem to provoke many feelings and active debate in the security industry. Arguments for more adaptive security service stress the utility of a more customer-oriented approach. Arguments for less adaptive security service, in contrast, state that the core security content of the service is jeopardised if the additional service tasks are given too much attention.

The interviewed security suppliers seem to adapt in their customer relationships to some extent, but what initiates or triggers the adaptations vary. Two patterns of adaptive behaviour are recognised: inter-firm adaptations and intra-firm adaptations. The former are used to respond to specific customer needs, while intra-firm adaptations are more general in purpose and are responses to common market trends and anticipated changes in the markets. The former can be characterised as more incidental adaptation, while the latter involve more incremental adaptation. What these two types of adaptive behaviour share is their aim: both involve attempts to match the service offerings better to customer needs. The two approaches differ in that inter-firm adaptations emphasise adjustments and flexibility at the customer interface, with minor changes in service processes, while intra-firm adaptations primarily focus the adjustments on the firm's own service performance and service processes, and, as the suppliers learn themselves; they are better able to provide customers with more adaptive security service.

As these two types of adaptations were analysed in view of the dichotomies of relational adaptations presented in Table 10, the conclusions shown in Table 13 were drawn.

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**Table 13.** Two types of relational adaptations in security service.

	<b>Inter-firm adaptations</b>	<b>Intra-firm adaptations</b>
<b>Formality</b>	<b>Informal:</b> Adaptive behaviour of service workers as a response to emergent situations or customer requests, performing extra tasks beyond the contract's scope. Not necessarily documented – 'whatever the customer asks, we deliver'.	<b>Formal:</b> Adaptations that are limited to existing service offerings. Well-defined service processes. Details documented, negotiated and agreed upon in the sales stage or at separate meetings. Service staff as a fine-tuning instrument.
<b>Proactivity</b>	<b>Reactive, incidental:</b> Reacting to customer calls or emergent incidents, with the incident triggering the adaptive process or behaviour – 'whatever happens, we take care of it'.	<b>Proactive, incremental:</b> Continuous scanning of the external factors that may influence the customer's security, with preventive actions performed accordingly. Investments in training and quality management.
<b>Awareness</b>	<b>Intuitive, uncontrolled:</b> Individual adaptations, person-specific practices, freedom to perform as one feels is best, with adaptations made to satisfy the customer, no matter the cost.	<b>Deliberative, controlled:</b> Company-wide practices addressing how to adapt to customer needs, deliberate decisions on when to adapt and to what extent, with estimation of the adaptations' cost-effectiveness.
<b>Mutuality</b>	<b>Bilateral:</b> Adaptation by both parties, with the supplier active in giving the customer suggestions for security improvements	<b>Unilateral:</b> Merely one-sided adaptation, with adaptations on the customer side being negotiated in the service-planning phase.
<b>Commitment</b>	<b>Passive:</b> Waiting on duty for something to happen, with front-office operations and customer-specificity prioritised and only small changes in the back office. Few people involved. Adaptations directed toward the customer. High situational commitment.	<b>Active:</b> Changes visible to the customer at the front office in the form of the service offerings. Profound changes in service processes in the back office, with considerable resources allocated to the customer case, supervisors involved, and adaptations directed toward one's own processes.
<b>Applicability</b>	<b>Unusual:</b> Classified, with customer-specific solutions and no knowledge transfer bringing practices from front to back office.	<b>Usual:</b> Industry-wide adaptations, with ideas transferred from one case to another within the organisation.
<b>Content</b>	<b>Tacit and soft</b> Adjusting behaviour and style. Selection of service workers on the basis of their personality and on customer needs.	<b>Tangible and hard</b> Adjusting contract terms, service content, resourcing, and technical security systems. Selection of service staff on the basis of their additional competence in service processes.

## 6. Results of the second empirical phase: Security suppliers' value arguments and adaptations

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Those security suppliers displaying a propensity toward inter-firm adaptations tend to develop more informal relationships with their customers than do those leaning toward intra-firm adaptations. The informal relationships are often built between two individuals, who may stay in contact for a long time. These individuals are given, or have taken, the role of contact person between the two organisations constituting the dyad, and they typically take great personal responsibility for the relationship. Through frequent contact and informal interactions, they also learn to know their business partner well, which is a vital element in inter-firm adaptation. Those security suppliers with a more intra-firm approach to relational adaptations tend to have more formal customer relationships, wherein customer meetings are arranged as pre-planned schedules and agendas dictate. They prefer transferring all customer-initiated contacts to call centres, and security technologies are used to advance self-service options.

## **7. Discussion**

The two main goals of this chapter are to summarise and interpret the results of this study and to uncover emergent patterns that were not immediately apparent in the three phases of the study. The emergent patterns help us to form a more coherent and more abstract picture of the main findings than the specific results from the two empirical phases do. Such synthesis is particularly necessary for this study because the findings are split across two distinct research phases (addressed in Chapters 4 and 6). The reason is that the study follows the classical grounded theory approach and I wanted to make the conceptualisation process more visible to the reader and report on the analysis in chronological order.

On one hand, the interpretations of the empirical findings describe the relevance of the results in relation to the original purpose of this study and its research questions. In the course of this study, a set of three research questions was constructed, and the sections of the work that follow explain how they were answered in this study. On the other hand, the interpretations of the empirical findings establish how the results compare with previously published research. The answers to the research questions provide stimuli for dialogue with other studies, in anticipation of support or contestation from previous research. The dominant discourses in the research disciplines of security and business-to-business service are taken as points of comparison for the findings of this study, and the theoretical contribution of the current study is discussed. In addition, some new interesting viewpoints are raised from the literature on emergent strategies as alternative interpretations.

### **7.1 Security suppliers' multiple perceptions of customer value**

The first research question is general in nature. It addresses the title and the main topic of the study – supplier-perceived customer value in business-to-business security service – and follows the ontological and epistemological assumptions of it, remaining true to the informants' personal perceptions. RQ1 does not specify the topic in detail; instead, an open viewpoint is adopted, in line with the classical, Glaser' version of the grounded theory approach. The first research question,

addressed in the first empirical phase of the study, was formulated in the following manner at the beginning of the study:

**RQ1: What concerns do security service suppliers have with regard to customer value?**

As a result, the first empirical phase of the study produced illustrations of six distinct concerns of the security suppliers. The two first of these (concerns about security issues and business benefits) address the essence of customer value in security service and are well in line with current literature on private security service (Challinger, 2006; Klauser & Ruegg, 2012). In addition, the emphasis on both the security issues and the business benefits supports the current trend according to which the analysis is seen as required to go beyond the security risks itself, because private security service no longer has a single focus on crime prevention and other security-related operations (Hayes-Jonkers et al., 2011). The next two concerns of the security suppliers (concerns about service quality and price) are consistent with the current literature on customer value in service (Macdonald et al., 2011; Zeithaml, 1988), which has pointed to several similarities and overlaps between value and quality while still acknowledging the two as separate concepts. Furthermore, price (or transaction costs) is an essential part of value equations (Zeithaml, 1988), although it only partly covers the sacrifices that customers face as a trade-off for the benefits. Finally, the last two concerns of the security suppliers (concerns about competition and customer relationships) are in line with current literature on value in business-to-business settings (Ulaga & Eggert, 2006), which has indicated that customer value is created in customer–supplier relationships and that it is always relative to what the competition offers.

In spite of the fact that all the concerns revealed in this study have previously been discussed in the literature, the results of this study still hold some novelty value. All six concerns emerged simultaneously and in an overlapping manner from the interviews with the security practitioners. These rich empirical findings show how accustomed security suppliers are to the current, actually quite modern, vocabularies of customer value, service logics, and customer relationships, and how confident they are with these, indicating wide applicability of the concepts among the practitioners. Also, the findings indicate that the managers' perceptions of value are not limited to the traditional trade-offs between customer benefits and sacrifices. Instead, customer value is a much more comprehensive and multilevel concept for them. Other literature has not provided this richness of illustrations of managers' perceptions of customer value, though separate studies have covered some parts of the whole. Furthermore, although security issues are increasingly dealt with in various research streams, previous academic studies examining the service logics and customer value in business-to-business security service are almost non-existent, indicating an important source of novel insight in this study.

Further analysis of the first empirical phase of this study revealed that security suppliers' concerns about customer value are characterised by thoughts of supplier efficiency and value-based differentiation. Supplier efficiency (Möller &

Törrönen, 2003; Vargo & Lusch, 2008) represents the traditional, transaction-oriented security business, where security products and man-hours are exchanged for money without further consideration of additional value and customer benefits. Value-based differentiation (Ulaga & Eggert, 2006), on the other hand, represents security suppliers' current intentions and pursuit of more customer-oriented security business and new value drivers for the customer. This dualistic view of customer value illustrates well the current flow of servitization (Vandermerwe & Rada, 1988) in the security business and the on-going transition from product-based security services and standardised manned services toward more customer-oriented security solutions (Slater & Narver, 1998). In this study, the customer-orientation is also witnessed in customer closeness as the main concern of the participants. Previous studies indicate that customer-orientation often involves close supplier-customer relationships that provide deeper insight into customers' desires (ibid.).

Security suppliers' concerns about value were also compared along the lines of the informants' work roles. The results showed that all groups of managers held multifaceted perceptions of customer value, with all of the groups expressing all six concerns, at least to some extent. Each of the six manager groups emphasised different aspects of customer value, and their concerns were consistent with their work roles: CEOs emphasised value relative to competitors', directors emphasised the business benefits for the customer, sales managers emphasised relational aspects, and so on. While this is not a surprise as such (the informants only behaved in accordance with their work roles), it clearly indicates how readily multidimensional perceptions of customer value can be identified even within one fairly well-bounded industry. Furthermore, the multidimensionality of the supplier-perceived customer value imposes great pressure on coherent value communication in the security business.

The security suppliers are in the position of providing business support service for their customers. This position was verified both by the current literature (Fitzsimmons et al., 1998; Wynstra et al., 2006) and by the comments of the security suppliers themselves in this study. These suppliers perceive being placed in the confining box of 'support service' as a restricting brand, from which they try to find an escape. The most promising way out of the box seems to be enhanced customer closeness. Through closer customer relationships, security suppliers try to understand their customers better to be able to integrate the security service operations with customer's processes, and consequently increase the importance of the security service to the customer's business success.

These considerations suggest the following propositions:

**Proposition 1: Security suppliers hold multifaceted perceptions of customer value, characterised by supplier efficiency and value-based differentiation.**

**Proposition 2: Security suppliers' emphasis on both supplier efficiency and value-based differentiation indicates an on-going transition from**

**standardised security service toward more customer-oriented security service and the associated intention to get closer to the customers.**

**Proposition 3: Customer closeness from the perspective of business support service suppliers involves understanding customers better, keeping in contact with the customer, communicating customer value effectively, integrating the security service operations with the customer's processes, and adjusting to changing customer needs.**

### 7.2 Security suppliers' arguments related to customer value

The second empirical phase of this study involved two separate and more specific research questions. These research questions emerged from the literature and address value communication and relational adaptations, the most relevant theoretical concepts in possible further explanation of customer closeness as the main concern of the participants and the core category of this study.

The second research question (RQ2) addresses security suppliers' value communication practices and specific argumentation surrounding customer value. It takes the results of the first empirical phase of this study as a starting point for looking more closely at the security suppliers' claims about how they actually can contribute to the customer's processes. The second research question was formulated as follows:

**RQ2: How do the security suppliers communicate the customer value of security service by means of argumentation?**

Showing consistency with previous studies, which indicate that the examination of arguments in management research is a good way to make managers' assumptions visible and to analyse how managers formulate strategic issues (see, for example, Sillince, 2002), the answers to RQ2 provide illustrations of security suppliers' argumentation activity. The analysis adopted Toulmin's argumentation model (Toulmin, 1958, 2003), which has not previously been used in the context of security service or even in a service context in general. In this study, it was used to identify security suppliers' value claims in the interviews and to analyse the premises on which those claims were built.

The strength of the argumentation depends on form and content, and it is influenced by the context (Sillince, 2002). In this study, the form is related to the grounds on which the security suppliers build their value claims, and how well the various types of warrants link the grounds to the claims. Looking at the claims, one can identify two distinct types, one considering the security impacts of security service in customer organisations and the other considering business benefits that customers can gain via security service. Both of these claims were supported with facts of many sorts. These included for example, empirical evidence from previous customer cases, some quantitative evidence, and various personal perceptions of anticipated effects.



With regard to the value claims, the personal perceptions of the managers are reinforced by 'the crowd': that is, the logic applied in the argumentation was very similar across all the informants. Furthermore, the main claims of the informants are obviously consistent with the concerns of the security suppliers (discussed in chapters 4 and 7.1), since both parts of the analysis build on the same data. The similarities between different phases of the analysis and used methods only strengthen the argument that these concerns and these claims are the ones that matter the most to the informants of this study.

The analysis revealed some general principles, taken for granted, that managers perceive as so evident that they were accepted as true without controversy. For example, the statement that security is necessary to all organisations appeared axiomatic without proof or practical examples. It is interesting to note how the security suppliers considered these principles to be self-evident without questioning their premises and appeal among customers. This finding corresponds well with the prime value approach to security, according to which 'security is a prerequisite for the enjoyment of other values such as prosperity, freedom, or whatever' (Baldwin, 1997, p. 18). As Baldwin points out, however, this common view is fallacious, since absolute security is not achievable, it is not even obvious that people (or organisations, for that matter) would seek it, and allocating all resources to security is impossible. This misconception or even misuse of the notion of security as a prerequisite has also been a central concern in current criminological studies (Zedner, 2003a), which have taken quite a critical stance toward ever-increasing securitisation.

As for positioning in relation to previous studies, the present work provides empirical evidence from business-to-business security service, where the setting is different from that of traditional security studies. In business-to-business settings, organisational customers evaluate the value of security service and determine the worth of that value for their company, thereby making their own decisions on whether the private security service available is legitimate and beneficial for them or not. In their context, security can be considered just another organisational objective, competing for scarce resources (Baldwin, 1997), one that has to be justified similarly to other objectives. An interesting open question is whether use of the general principles, or axioms, of security as a prerequisite actually helps the security suppliers to communicate their views and to convince customers of the value of their security service. As Baldwin suggests, a more advanced approach addresses security as marginal value. Considered in the business-to-business setting, it indicates that a certain amount of security is needed in any organisation but that the value of additional security service depends on many contingencies, such as current amounts of security, perceived deficiencies in security, the security environment and anticipated threats, and organisation-specific issues and characteristics of the industry. Therefore, more customer-specific argumentation as to value is needed.

At this point, the question is not one of whether previous research lends support to the value claims found in this study. What is important, instead, is that the claims reveal how security suppliers think about customer value, what things are

important to them, and how they communicate their thoughts to others. In addition, their argumentation indicates several integration points through which they try to link the security service activities to customer processes and thereby get closer to their customers. Some of these points are the customer's support functions, risk management and business continuity management processes, security incidents before and after they have been realised, and the customer's service encounters with their own clients. Although the results are specific to B2B security service, they support both the current understanding of service as value creating activities (Grönroos, 2011a; Payne et al., 2008; Vargo & Lusch, 2004b) and Grönroos's notion of service suppliers as value facilitators for customers (Grönroos, 2011a).

These considerations point to the following propositions:

**Proposition 4: Security suppliers' value claims are clustered around security impacts and business benefits, both of which were justified on various types of grounds.**

**Proposition 5: In their value communication, security suppliers refer to security as prime value, and addressing security as marginal value could open new possibilities for more customer-specific argumentation.**

**Proposition 6: Argumentation analysis is a suitable yet scarcely used method for analysing managerial perceptions of customer value.**

### 7.3 Security suppliers' relational adaptations

The third research question (RQ3) of this study pertains to relational adaptations in security service. Adaptation emerged in the literature as one of the theoretical concepts that may have potential for further explaining security suppliers' value creating activities and their attempts to get closer to their customers. Consequently, the third research question was formulated thus:

**RQ3: How do the security service suppliers use relational adaptations to get closer to the customers?**

The answer to this question was given in the form of narratives. The narratives illustrate security suppliers' two different standpoints on relational adaptation, referred to as inter-firm adaptations and intra-firm adaptations. This study provides empirical evidence backing up earlier conceptual analyses of relational adaptations (Grönroos & Helle, 2012) and lends support to previous empirical studies in this field (van Everdingen & Wierenga, 2002; Viio, 2011).

Organisational flexibility and adaptiveness are generally considered to be assets for a firm, providing organisations with potential for differentiation (Gulati et al., 2005). It is usually thought that a supplier's adaptive behaviour in dyadic customer relationships benefits both parties (Menon et al., 2005). With its two narratives of relational adaptations, this study partly concurs with this view. In the narrative of inter-firm adaptations, it is evident that the relationships between security

service suppliers and the customers may become closer and more personal than in the case of intra-firm adaptations, suggesting that specific adaptive behaviours actually can bring service suppliers closer to the customers and provides them with means to differentiate themselves from their competitors. From a customer's perspective, inter-firm adaptiveness may also appear to be more satisfactory, at least at first sight and for the short term, since the supplier is more responsive and willing to fulfil customer requests than are the suppliers with a more intra-firm approach to adaptations. In addition, the proponents of intra-firm adaptations clearly lacked first-hand customer information and, therefore, were at risk of developing sophisticated security solutions with marginal customer appeal.

There is also the other side of the coin. If supplier adaptiveness is excessive, as might be visible at some points in the inter-firm narrative, the central focus of the service in question is lost. Service development may become reactive and short-term in focus, leading to adaptive rather than generative learning (Slater & Narver, 1998). The supplier becomes a puppet who moves when a customer pulls a string. At the same time, intra-firm adaptations may have some advantages that inter-firm adaptations do not have. Intra-firm adaptations are more coordinated and focused than inter-firm adaptations, and they acquire and evaluate information from various sources in a systematic and anticipatory manner. Therefore, intra-firm adaptations represent a market-oriented business, while the inter-firm adaptations represent rather customer-oriented business (*ibid.*).

Furthermore, the analysis revealed a relationship between inter-firm adaptations and informal customer–supplier relationships. This is consistent with previous research (Ford, 1980), which has indicated that strong personal relationships between individuals in two companies tie in with mutual problem-solving and informal adaptations between the companies. Receiving support from Hausman (2001) this study indicates that inter-firm adaptations are either a cause or an effect of informal relationships: If the customer relationship gradually grows closer and more trusting, the customer opens its security portfolio to the supplier, who, consequently, becomes more willing to do something extra for the customer. At the same time as the parties get to know each other better, the supplier may start to identify new security needs, for which the supplier then tries to find an adaptive solution, and also the customer becomes more aware of the security service supplier's capabilities and resources. Or, if the security supplier signals willingness to engage in adaptive behaviour toward the customer from the beginning, it may help the customer to trust the supplier from the start, with the adaptiveness leading to a more informal relationship over time.

Methodologically, this study continues the tradition of dichotomies in relational adaptations. One of the most frequently referenced early dichotomies, with five dimensions, was published by Brennan and Turnbull (1995). This study produces an updated version of the dichotomies and uses it as a lens for analysis of the emergent adaptations.

The dichotomies are convenient to use and easy to understand, but they may offer too simplistic a view of the complex social process of adaptation. In practice, managers and managerial practices are not this black-and-white, following the

principles of one or the other. Instead of seeing relational adaptations as at the ends of a pole, one should approach them as points along a continuum. Both ends of the pole are essential in description of organisational adaptation, but neither of them exists in its purest form in practice. These notions are in line with the view of Hrebiniak and Joyce (1985), who expressed opposition to dichotomies of adaptations. They argue that overly simplified models and conceptual constructions of mutually exclusive, competing explanations are insufficient to capture the complexity and richness of organisational behaviour. They also call for greater emphasis on integration rather than differentiation of views.

Albeit this study takes a dichotomic approach to adaptations, it also introduces narratives as an illustrative method to analyse adaptations. This study suggests that narratives can be used as a tool toward a more multifaceted approach to organisational adaptations, which not only include several dimensions of dichotomies but also explain and illustrate the interrelations among these dimensions. As a result, organisational adaptiveness should be seen as a context-dependent continuum, along which both supplier and customer need to find the balance between mutual flexibility and control over their own business operations.

These considerations suggest the following propositions:

**Proposition 7: Security suppliers use relational adaptations to get closer to the customers and to differentiate themselves from their competitors.**

**Proposition 8: Support service suppliers need to find an appropriate balance between inter-firm adaptations and intra-firm adaptations.**

**Proposition 9: Excessive adaptiveness may reduce cost-efficiency and hinder service processes' development in the long run.**

**Proposition 10: Dichotomies do not fully capture the complex nature of relational adaptations; more interpretative and illustrative methods of describing and analysing relational adaptations are needed.**

### 7.4 Theoretical contribution

The theoretical contribution of this study is fourfold. The study adds to the discussion of who perceives value for whom, of which business contexts are considered, of how the service content influences the perceptions of customer value, and of which qualitative methods are used to analyse value in business-to-business services. With regard to the first of these four elements, the study addresses supplier-perceived customer value and provides empirical evidence especially of the managerial perceptions of customer value. With respect to the second element, the study contributes to research on business-to-business service by examining dyadic customer–supplier relationships in business support service and customer closeness within. As for the third element, this study adds to the discussions on security service, presenting security as challenging service content. Finally, this study presents rather unusual selection of research methods.

Bringing well-established theories of service research, value creation and relationship management to new playing field of business-to-business security service does not in itself constitute a contribution to the theory, however; the new settings need to show something new about the old models and theories (cf. Whetten, 1989). In view of this, the theoretical contributions from these four perspectives are discussed in detail below.

#### **7.4.1 Service supplier managers' perceptions of customer value**

This study aims at understanding service suppliers' perceptions of customer value. Building on the notion that the realised customer value is most assuredly the customer's to determine, the vast majority of earlier studies take the customer perspective on value (see Lapierre, 2000; Liu, 2006; Macdonald et al., 2011, for example). It would be disingenuous to claim that the supplier perspective has been totally ignored in previous research, and indeed several studies have addressed how suppliers use feedback on customers-perceived value in their service development (Anderson & Narus, 1998; DeSarbo et al., 2001; Evans, 2002), how responsive suppliers are to customer needs (O'Cass & Ngo, 2011), and how suppliers propose value changes for the customer (Beverland et al., 2004). Nevertheless, previous literature has not addressed how the service suppliers themselves perceive customer value, what meanings they give to it, and what means they use to handle it. The present study is an effort to fill this gap.

In conceptual terms, this study has an exceptional setting of emergent and theoretical concepts and their interrelationships. Consequently, the well-established definitions that take value as a trade-off between multiple benefits and sacrifices (Zeithaml, 1988; Lapierre, 2000; Ulaga & Chacour, 2001) are largely omitted in this study. At the beginning of the study, the departure from the traditional definitions of customer value was a conscious choice made in line with the key principles of the grounded theory approach. This was shown in the interviews, for example, where the definitions of value or its determinants were not asked from the informants. In the course of the interviews, it was recognised that the service suppliers themselves did not use trade-off-based models of value to illustrate their viewpoints and that they did not distinguish between customer benefits and sacrifices. Instead, explaining what they do in practice with respect to customer value, they employed a definition of value as the capacity of a service to satisfy the needs of, or provide a benefit to, the customer (Haksever et al., 2004). This was seen, for example, in the ways in which the customer benefits were emphasised and sacrifices underrepresented, as discussed earlier by Murtonen and Martinsuo (2012).

Furthermore, the concepts of value communication and relational adaptations emerged from the literature and led this study to approach customer value through the activities that the suppliers use to convince the customer of the value and to adapt to customer needs. This activity-based approach fits in well with the current understanding of service as beneficial activities (Grönroos 2011a; Vargo & Lusch, 2004a) and with studies that acknowledge activities as the most detailed type of

## 7. Discussion

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supplier-customer interactions (Holmlund & Strandvik, 1999). In addition, focusing on supplier activities may reveal new effects that these activities have on the customer side (Haksever et al., 2004). Therefore, this study proposes that traditional trade-off models of customer value, with their focus on multiple customer benefits and sacrifices, may not adequately capture all the various features of the supplier-perceived value. In contrast, an activity-based approach provides a more comprehensive, interpretative, and integrative view of customer value in B2B settings.

Previous studies taking a supplier perspective on customer value have indicated that assessing customer value is difficult for business executives and, therefore, their communication of value to the customer is deficient (Hinterhuber, 2008). Previous studies in managerial argumentation have indicated that, although argumentation plays a significant role in managerial action, managers still have difficulties in articulating clear and convincing claims with alternative justifications (Brockriede & Ehringer, 1960; Verheij, 2006). This study recognises these challenges. Nevertheless, the findings clearly indicate that the security service suppliers were confident in the abstract concepts of customer value, understood what constitutes it, and were able to analyse the various points of possible integration with the customer's value creation processes. Even the arguments used in communication of customer value were varied, though still more multifaceted grounds and warrants could have been utilised. Therefore, this study challenges Hinterhuber's ideas of managers' difficulties in assessing and communicating customer value. The main difference between this study and that of Hinterhuber is that this study approaches customer value through service activities, while Hinterhuber focuses on product features and the customer benefits that result therefrom. Accordingly, the results of this study suggest that turning the focus from the features of products and services toward activities that the service suppliers conduct for the benefit of the customer may open new possibilities for more interactive and effective value communication.

The findings of this study have demonstrated how managers in the security business engage with customer value. It has revealed how they think and what they actually do with it. These findings lend support to the current research on middle managers' roles in strategy-making, in which middle managers are seen as mediators between day-to-day activities and the organisation's strategy (see, for example, Balogun & Johnson, 2005; Floyd & Wooldridge, 1992; Guth & MacMillan, 1986). The term 'middle manager' is based not on these individuals' position in the organisational chart but, instead, on their knowledge of operations coupled with their access to top management (Wooldridge et al., 2008). In the strategy-modification process, Floyd and Lane (2000) position middle managers as facilitators of organisational flexibility and as sensors of the information from the markets. More recently, the focus has been shifted toward more autonomous and active managers, who are responsive to the changes in the business environment (Andersen, 2004) and influence the company's strategic renewal through their actions and application of practices (Ikävalko, 2005).

This study shows how the managers undertake several patterns of action in value communication and relational adaptations in the evident hope that closer

and stronger customer relationships will result. When certain behaviours or sets of decisions occur repeatedly over time, they slowly establish an emergent organisational strategy (Mintzberg, 1978, 1987; Mintzberg & McHugh, 1985; Mintzberg & Waters, 1985; Mintzberg et al., 1976). Understanding strategies as 'patterns in a stream of actions' (Mintzberg & McHugh, 1985, p. 161) brings the idea of strategy-making downward from the corporate level to the level of concrete operations, moving the focus from planning and thinking to primarily making and doing, and enables looking at strategy-making from the perspective of the individual. Thus, the findings of this study indicate that the security service managers have adopted customer closeness as a strategy for raising their profile in the eyes of the customer and breaking free from the status of support service supplier.

Despite the extensive amount of research into emergent strategies, some gaps in existing literature can be identified that provide opportunities for the present study to complement previous studies. First of all, most of the empirical studies on emergent strategy to date have been situated within manufacturing industries (Gebauer et al., 2010; Mintzberg, 1978; Titus et al., 2011), business-to-consumer markets (Regnér, 2003; Rouleau, 2005; von Koskull & Fougère, 2011), and the public sector (Fellessen, 2011; Jarzabkowski, 2003; Jarzabkowski & Seidl, 2008), whilst widespread business-to-business services have been left almost untouched in this field of research. Therefore, this study contributes to the body of research by showing how managers in a service company continuously scan the customer interface; strive to understand and interpret the needs of the customer; and, on the basis of their own perception of customer value, undertake activities that they believe to be beneficial both for the customer and to themselves. The hope is that these illustrations provide those studying emergent strategies with a breath of fresh air from a sector of industry that has not been covered in this area of research before.

Finally, the roots of service research are deeply planted in marketing, and the majority of research on customer value in business-to-business services still adopts a marketing perspective. Consequently, most of the papers widely referred to have been published in marketing journals, and many of them date from the last century (to name a few: Lapierre, 1997; Parasuraman, 1998; Payne & Holt, 1999; Raval & Grönroos, 1996; Zeithaml, 1988). More recently, growing interest in business service can be identified in operations research (see, for example, Aranda, 2003; Johnston, 2005; Roth & Menor, 2009). While I greatly appreciate qualified marketing and operations research, I still feel that research into business-to-business services would benefit from more attention to higher-level management research and current streams in strategic research, especially. This study has involved endeavours to build the analysis on a multidisciplinary research base encompassing literature from various relevant fields. These include marketing studies, service operations studies, management studies, and studies of security and criminology.

### 7.4.2 Customer closeness in business support service

This study highlights several characteristics of business support service that separate it from higher-value business service and underscore the importance of customer closeness. These are power imbalance, value persuasion, requisite adaptiveness, invisibility of the service content, and various integration points between supplier and customer. Previous studies have already indicated that customer–supplier relationships in the context of business support service are characterised by dependence and a power imbalance (Anderson & Weitz, 1989). Similarly to many other fields of business support services, security markets are highly competitive, and customers tend to perceive security service as of a secondary nature, a factor contributing to the customer’s power over the supplier. In unbalanced relationships, customers are able to get suppliers to undertake activities that they would not normally carry out (*ibid.*). This was evident also in the relational adaptations described in the present work. Furthermore, in an unbalanced relationship, the supplier needs to be more persuasive and convince customers of the value of the service. Strong value arguments are needed for counterbalancing the cost considerations (Fitzsimmons et al., 1998).

Security is only one example of the highly varied service content delivered by business support service companies. Nevertheless, it is probably one of the most difficult types of service content to manage: it is an invisible, intangible, and subjectively perceived concept; it is usually associated with uncertain negative consequences of both internal and external factors; and its worth is difficult to measure in monetary terms. In addition, it is generally accorded low priority by customers. How does this unique setting influence the current understanding of customer value in business support service? Security suppliers are continuously negotiating between the invisible presence of their service and the desire for visibility of value. To solve this dilemma, they try to find new ways to make the customer value more noticeable and evident for both themselves and the customers. In addition, shifting the focus from this intangible service content and toward the practical activities undertaken to produce that content may help business support service suppliers to determine how they can be integrated into customer processes, how to make the service content more visible, and at which points their activities are most valuable to the customer. Taken as a whole, the findings of this study suggest that it is a central challenge, and simultaneously the primary need, for support service suppliers to find new ways to concretise value of their service to the customer, and at the same time, maintain and enhance customer closeness.

Finding appropriate definitions from the current literature to explain customer closeness in theoretical terms and to develop it thematically proved to be a problematic task, however. The problem was not a lack of suitable concepts or absence of conceptual or empirical papers examining this issue but, on the contrary, an overabundance of theoretical concepts explaining close and strong customer relationships. Concurrently, the existing concepts turned out to illustrate only certain features of a customer–supplier relationship and did not cover it in the general



sense that the question set in this study demands. The currently favoured definitions of customer closeness (Bove & Johnson, 2001; Homburg, 1993; Nielson, 1998) capture mainly the interpersonal interactions in customer–supplier relationships, while the empirical analysis of this study reveals that customer closeness is a much broader concept from the service supplier’s perspective. This study proposes that it is related to understanding the customer’s business, finding multilevel interaction points, and integrating service activities into customer processes. Developing the concept of customer closeness further is beyond the scope of this study, however. Nevertheless, the study can contribute to the literature on customer relationships in business-to-business services by pointing out the deficiencies of the current concepts for explaining the overall ambitions of the suppliers in their strivings toward closer customer relationships.

The results of this study, taken as a whole, suggest that value creation and customer–supplier relationships in a specific business-to-business service cannot be adequately analysed without accounting for the service content in question, particular activities, and other specific features of the service at hand. Limiting the analysis of this study to customer benefits and sacrifices only would have probably yielded a very different picture of the value in business support service. Looking backwards to the results of this study, this view would have probably been incomplete, since the connections from customer benefits and sacrifices to the customer’s core business are distant and mediated. Similarly, limiting the analysis of customer closeness to interpersonal relationships would have not fully captured the essence of customer closeness in business support service from the viewpoint of the informants of this study. Therefore, this study suggests that, while the concept of customer value and of customer closeness may be similar across boundaries between industries, full understanding of the essence of these concepts in any given context necessitates more context-specific approaches.

### **7.4.3 Customer value in security service**

This study is a valuable supplement to the existing body of both conceptual and empirical research examining private security companies and security professionals. Unfortunately, the previous studies in this field draw quite a bleak picture of private security service, from the bottom to the very top. On an operational level, security service workers are seen to face verbal abuse, threats, and assault in their work (Button, 2003). Sociologists have challenged the reputation, credibility, and quality of private security service, drawing attention to poor education standards, lack of special skills, dishonesty, ‘grudge purchases’, and mis-selling (Thumala et al., 2011; van Steden & Sarre, 2010). The gloomy catalogue continues: private security companies have been accused of maximising profit rather than protection (Zedner, 2006) and of having limited moral legitimacy while offering only superficial improvements in moral credibility, transparency, impressions of deliberative qualities, and accountability (Østensen, 2011). On a political level, several studies have raised concerns about the continuous commercialisation of public

## 7. Discussion

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security and the increasing influence of private security companies in shaping and managing public security issues (Berndtsson, 2011; Zedner, 2003b). It is worth noting, that these studies have a strong influence on the current understanding of private security service both among practitioners and scholars, because other viewpoints to security – from managerial and business perspectives particularly – are largely missing from the current literature. This study is an attempt to provide an alternative view.

Although I was aware of the above concerns before beginning the study, I tried to keep these presumptions in the background, draw my own picture of the private security industry, challenge the dominant views of private security business and provide an alternative view on security as activities. From my perspective, security service is as any other business-to-business service, and security activities are as any other service activities aimed at producing benefits for the customers. I agree with Lucia Zedner in that the outcomes of security service and the customer value from them are difficult to determine, but, at the same time, I was interested in finding out whether focusing on security service activities instead of on security service outcomes would lead to a new picture of customer value in business-to-business security service.

What emerged was a picture a lot brighter than the one drawn by the previous studies. What I see in that picture are security professionals who are committed to their work and willing to do anything for their customers. Trustworthiness, honesty, and loyalty are highly appreciated, and all of the suppliers aim for long-term customer relationships. Educational standards are low – both the managers themselves and I admit that – but this deficiency is offset by long and continuous careers in the security industry. Risks and threats are fundamental parts of the business, but, since the focus in the context of this thesis is on corporate security, the central question is of business continuities rather than fears and anxieties of private citizens or issues of nation-wide security. The informants of this study has a high risk awareness, but it is applied more for early identification of potential adverse events and rapid response than in frightening customers with non-existent risks; as one informant told me: *'we security sector people, we keep thinking about it all the time, we keep a much closer eye on things, when the customer is going like round and round, and we are monitoring the environment and the people and everything in a broader sense all the time, and we have the training in the background and are consciously aware of risks and the like'* [23:60].

This study shares Thumala et al.'s (2011) notions about security professionals' desire to raise the industry's profile, respond to the concerns of the sceptics, and generate new business. In addition, both studies acknowledge how difficult it is to measure something with as much worth as security on market terms. How these two studies differ is in the means used to legitimate the industry and the selling of security. Thumala and colleagues (ibid.) found that security suppliers were reluctant to use market terms to justify their business, and that they provided only vague descriptions of what actually is sold when security is exchanged for money. This conclusion is supported by Krahmman (2010), who argues that private security companies legitimise the security business by referring to a growing range of

known and unknown dangers, against which background continuous risk management actions are needed. This will lead inevitably to more commercialised, individualised, and reactive risk management. In contrast to the work of both Thumala et al. and Krahnann, the informants of the present study provided well-thought-out and detailed descriptions of the market value of security service, albeit with an admission that estimating the value in monetary terms is almost mission impossible. Still, they devoted a great deal of time to discussing various benefits for the paying customer and other stakeholders, as well as the motivating factors behind the customer's purchase decisions. In addition, the content of the security service was clearly articulated in the form of diverse service activities providing support for various business processes in the customer organisations.

One possible explanation for the differences between the present study and the work of Thumala et al. (2011) is that the latter study is positioned in B2C security markets<sup>14</sup> in the US, where the security environment and the nature of the security business are different from those in Finland. Positioning this study in Finnish business-to-business security markets provided me with a relatively stable and low-risk security environment, small and homogenous security markets, contract-based customer–supplier relationships, and formal security-purchasing decisions. Another point of difference may be found in the powerful concepts of customer value, value creation, value communication and argumentation, and relational adaptations. These well-established concepts proved to fit the security suppliers' world well, helped me analyse the essence of security in the eyes of the security suppliers, and provided a rich picture of customer value in a security context. In addition, this study indicates that taking an activity-based approach to security service delivery and customer value advances security service development and may aid in giving the public profile of the whole security industry a makeover. One may hope it also makes the value of security more visible than it currently is.

Furthermore, I truly believe that the picture drawn in this study is not naïvely over-positive, since many of the worries identified in previous studies have been recognised in this work also. These include lack of transparency, difficulties in determining and justifying the concrete service outcomes, and the existence of unethical practices within the security business. At the same time, many good practices were identified that offer a different viewpoints to the concerns above, such as genuine customer-orientation and different forms of adaptations, requests for more formal quality-control systems, and the wide variety of concrete value creating activities. In addition, the more positive, business-oriented view of private security firms portrayed in this study finds support from some previous conceptual and empirical studies. White (2011), for example, states that the growth of the private security sector is not only a result of political decisions and ever-spreading securitisation but also an indicator of good business skills and economic rationality:

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<sup>14</sup> This is not stated explicitly in the original article, but all of the comments and references are made in relation to individual citizens' security needs.

security companies have read the market's logic correctly and reacted efficiently to the growing demand. Additional support is found from Button (2007), whose empirical study indicates that, although public perceptions of private security are highly negative, stress ineffectiveness, and are not reassuring, the business customers of private security companies still perceive it as high-value and important, and from van Steden and Nalla (2010), who conclude that the public image of contract security guards is neutral or positive, whether people are surveyed in an American, Asian, or European context. The current research is a valuable addition alongside these studies.

As can be seen from the citations in this chapter, the most relevant security studies are fairly recent, signifying quite short and narrow research traditions. The strongest academic discipline in relation to the field of security is that of international relations, sociology and criminology, while studies of corporate security have focused mainly on operational issues in the private security sector, with less academic ambition. Thus, corporate security studies and security-related international relations studies (sometimes referred to as traditional security studies) have remained woefully unconnected (Stapley et al., 2006). The present study has taken small steps from corporate security toward these traditional security studies by examining studies from both disciplines.

### **7.4.4 Methodological contribution**

This study adopts a wide range of qualitative research methods bound together by the grounded theory approach, which provides methodological enrichment to the fields of service research and security research. Grounded theory, qualitative coding techniques and narrative analysis already have established their position in the arsenal of qualitative research methods, while the concept maps and the argumentation analysis have gained less attention in previous research.

In this study, the concept maps were used to summarise the verbose illustrations of managerial concerns. Concept maps were first developed for educational purposes (Novak & Gowin, 1984), and they were used in evaluation of changes in students' understanding of science concepts and then as a tool for teaching science (Maxwell, 2005). Only recently have new applications for concept maps in qualitative research been indicated, and researchers have reported on experiments with concept maps in qualitative data collection (Wheeldon & Faubert, 2009), analysis of qualitative interview data (Kinchin et al., 2010), analysis of open-ended survey responses (Jackson & Trochim, 2002), and development of conceptual frameworks (Maxwell, 2005). In service context, concept maps hold potential for wider use, for example, to illustrate and compare the perceptions of different actors in different contexts.

This study brings the argumentation analysis to the fields of security and service research, and provides empirical evidence of its suitability and contribution to value research. In addition, argumentation analysis provides this study an alternative way to analyse interviews.

## **8. Conclusions and recommendations**

### **8.1 Summary of the study**

Although customer value in the various fields of business-to-business services has been extensively studied in the past few decades, managerial perceptions of customer value have remained relatively unexplored. This study has discussed the concept of supplier-perceived customer value in detail. Furthermore, the vast majority of previous research into business-to-business services concerns itself with knowledge-intensive services, other areas of professional services, or business-to-consumer services. This study has introduced private security service as an important and interesting field of business support service, thus increasing the variety in the sectors of industry covered in current service research.

The purpose of this study was to explore how security service suppliers perceive customer value in business-to-business security service. This purpose was addressed through three research questions and by means of multiple qualitative methods, the selection of which was guided by the grounded theory approach. The study used 50 qualitative interviews with security supplier managers as the empirical data. The analysis process was centred on two empirical phases. In the first of these, open coding and constant comparison revealed six customer value-related concerns of the security suppliers. Concept maps were used to summarise the lengthy verbal illustrations of the qualitative results. As a result of the analysis, security suppliers' pursuit of becoming closer to the customers was identified as the main concern of the informants, and it became the core category for the study that guided the later phases of the analysis.

After the first empirical phase of this study, the relevant literature was reviewed to expand the theoretical framework of the study and to reveal alternative explanations for the empirical findings and the core category. As output of the literature review, four different viewpoints to customer closeness were identified from the earlier studies. In addition, value communication and relational adaptations were selected as two theoretical concepts that could further explain the core category. In the second empirical phase of this study, these two concepts were analysed from the data as two central activities, which suppliers could use to achieve customer closeness. The research process employed Toulmin's argumentation model and dichotomies of relational adaptations as its theoretical models. The theoretical

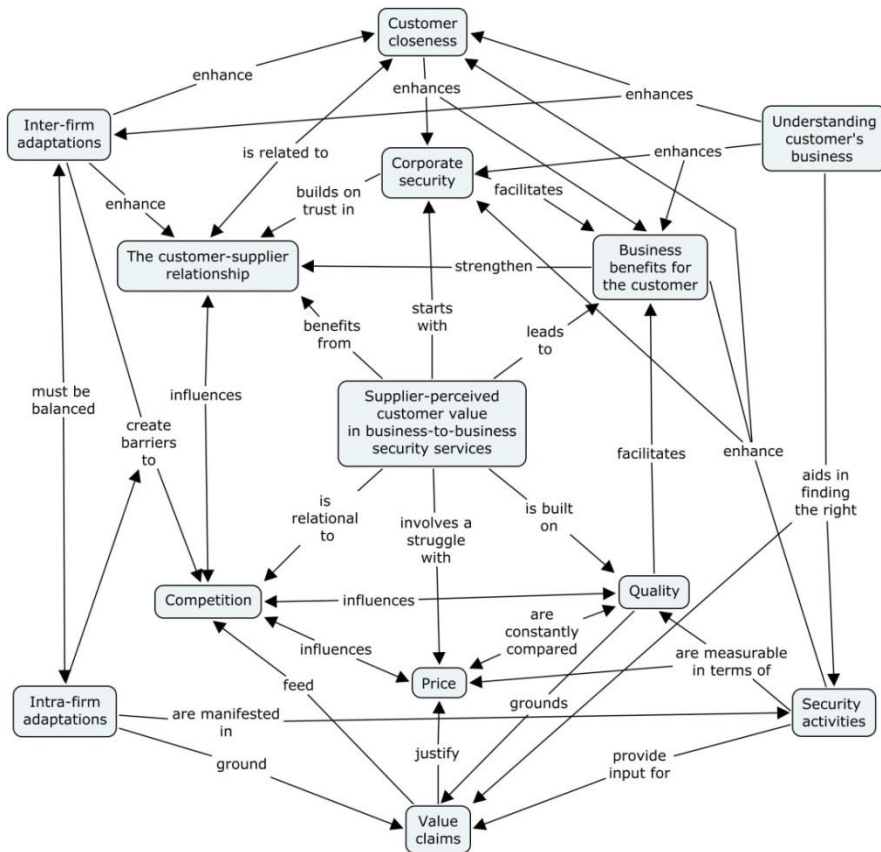
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coding involved systematic searching of the data, and constant comparison aided in identifying patterns that security suppliers used constantly in their arguments as to customer value and to adapt at the customer interface. With regard to value communication, security suppliers' value claims were analysed, and with regard to relational adaptations, two quite distinct narratives were constructed from the data.

As a result, this study provides rich illustrations of supplier-perceived customer value in business-to-business security service. Security suppliers perceive themselves as not only preventing security incidents and protecting customers against adverse events but also providing customers with a wide variety of business benefits. Nevertheless, they associate customer value not just with customer benefits; it is linked also to the current competition, with the aspects of price and quality taken into account, and different manager groups holding slightly different perceptions of it. Managers' value argumentation was found to cluster around security impacts and business benefits for the customer. Furthermore, it was found that security suppliers use two separate adaptation strategies to get closer to their customers: Some focus on customer-specific inter-firm adaptations with informal personal relationships, while others rely on more controlled intra-firm adaptations and service process development based on general market information. On the whole, adopting an activity-based approach to customer value, this research has constituted an attempt to turn the focus from the phenomenon of security as an abstract service outcome and shed light on the concrete activities undertaken to produce that outcome.

Condensed into a single concept map, the key findings of this study are shown in Figure 16.



**Figure 16.** Depiction of the supplier-perceived customer value in business-to-business security service.

As can be seen in Figure 16, the portrayal of the supplier-perceived customer value in business-to-business security service has developed and become more complex in the course of the analysis. It now is depicted as consisting of 12 inter-related concepts, on two levels, with various interconnections. The inner circle of Figure 16 represents the concerns of the security suppliers, which were analysed in the first empirical phase of this study. The outer circle of Figure 16 represents six central concepts that emerged from the literature and from the analyses conducted in the second empirical phase of this study.

With regard to theoretical contributions, this study is one of the first to apply the term 'supplier-perceived customer value', and it presents managers' multifaceted perceptions of customer value. The results challenge the applicability of the general trade-off models and equations for customer value and point to a need for more integrated, context-specific and activity-based approaches. This study shows the importance and specificity of customer closeness to business support service

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suppliers and discusses the features that separate business support service from other business services. It suggests that support service suppliers can use their multidimensional perceptions of customer value to develop strong value argumentation and a purposeful selection of inter-firm and intra-firm adaptations, the activities of which can enhance the closeness of the customer-supplier relationships. Furthermore, approaching customer closeness empirically from the supplier perspective and taking into account the specific characteristics of customer-supplier relationships and multilevel interaction points and integrated activities within, the study calls into question the prevailing definitions of customer closeness. This research is also one of the first attempts to introduce the concepts and models of service science in the context of the private security business. The results clearly show how security suppliers' argumentation surrounding customer value is oriented toward common market terms, and how vividly the supplier representatives discussed various aspects of customer value. This provides an alternative to the dominant view of private security suppliers in the current literature.

### 8.2 Practical implications

According to the criteria set in the original work of Glaser and Strauss (1967), grounded theory must be both pragmatically useful and credible. Pragmatic utility refers to the results of a well-conducted grounded theory study being of use in the everyday practice of people on the ground, not just among scientists. A well-grounded theory should suit the real world. It should be able to explain what has happened, predict what will happen, or interpret what is happening. The theory must be relevant to a number of conditions and situations in the sense that it must correspond to the emergent core problems and processes of the people concerned. In addition, a good grounded theory must be modifiable so as to be able to respond to new data. Finally, it should also provide people with a degree of control over the everyday situations they are likely to encounter (Glaser, 1978; Glaser & Strauss, 1967; Locke, 2001).

For security service suppliers, this study provides a few ideas worth considering. The first of these is related to the activities needed for tackling the slippery concept of customer value in business-to-business security service. The results of this study suggest that a comprehensive and activity-based approach can capture well the various managerial views of customer value. The six concerns presented as output of the first empirical phase of this study are akin to six lenses through which we can look at the various activities that contribute to customer value in security service. Looking through these lenses helps us to understand the versatility in security suppliers' viewpoints on customer value. Thus these lenses serve as tools and interpreters, and, although the pictures formed through the lenses may contain some distortions and imperfections, together they provide a colourful illustration of the value in security service. Choosing only one of these lenses would offer merely a partial picture of the phenomenon. Bringing the lenses together, however, enables both the suppliers and their customers to understand the



value in the security service better; find the optimal balance among different perceptions; and, one hopes, actively develop their mutual understanding of value in a desirable direction.

This study posits customer closeness as the main concern of the business support service suppliers and examined it accordingly. In addition, the work relates it to suppliers understanding their customers better, keeping in contact with the customer, communicating customer value effectively, integrating security service operations with the customer's processes, and adjusting to changing customer needs. Value communication activities and relational adaptations are selected as the theoretical concepts of this study, and they are further discussed in the second empirical phase of the study. From the managerial perspective, this study presents the abstract concept of customer closeness as activities than can be practically executed, developed and measured. It is my hope that the results of this study inspire managers to evaluate their viewpoints and activities with regard to customer closeness and to validate the findings of this study in practice.

With regard to value communication activities, this study encourages security service managers to review the arguments they are using to convince customers of the value of the security services. The findings of this study highlight how the value arguments reflect the perceptions, attitudes and beliefs managers actually hold for customer value, and how the value communication signals these to different audiences. Thereafter, managers could consider more carefully what arguments are used for which target groups. Particular attention should be put on the arguments that are now used as self-evident truths.

With respect to relational adaptations, the results of this study are both encouraging and cautionary. Flexibility and adaptability are beneficial for service suppliers and customers alike, and they are a good way to find new points for integration between the customer's processes and security service processes. In a security context, responsiveness and proactivity are especially critical success factors. Traditions of practice-based development of service processes and the constant need to respond rapidly to whatever security incidents arise have probably kept the security suppliers as agile as they are. A different way of considering the situation is, however, that excessive adaptiveness may shift the emphasis from long-term business development to short-term problem-solving. As in so many other areas of life, striking a happy medium between the two extremes is the best way to proceed.

Albeit adopting a supplier perspective, this study has some good news to offer for customers of security suppliers too. It portrays security suppliers as customer-oriented, adaptive professionals who are willing to find the right security solution for each customer. It reveals detailed illustrations of security suppliers' thoughts about security service and customer value in ways that have never been reported upon before in published works. I hope that the customers appreciate this openness. However hard the security suppliers try, they cannot on their own generate high customer value for customers; the customers themselves need to participate in this process. This thesis comes one step closer to the customers from the supplier side, and I hope that customers, in turn, are willing to take a step toward the

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security suppliers and try to understand their point of view, adjusting their own preconceptions and desires associated with security service.

### 8.3 Evaluation of the research process

#### 8.3.1 Methodological aspects

There are four parallel and interconnected stories in iterative grounded theory studies: 1) the story told in the process data, 2) the story told in the process theory, 3) the story told as process knowledge, and 4) the story about the research process (Orton, 1997). In this study, the story from the process data is brought to life by giving the voice to the security managers, providing detailed information on who they are and the circumstances in which they work, examining their problems with regard to customer value, and bringing their own words into the study in the form of narratives and verbatim quotations. The story told in the process theory, on the other hand, has several distinct story lines, drawn from service research, sociology, and management studies, which together form a plot for the development of the theoretical lines of the dissertation. In this study, these individual threads are woven together, providing previously unexplored and interesting, even experimental, points of departure, from which the current understanding of customer value in business-to-business security service can be expanded.

Writing the story told as process knowledge proved the most difficult part of this thesis project. What new knowledge has been produced? What is the grounded 'theory' in this grounded theory study? What is the new theoretical model that brings together the process data and process theory of this study? With regard to the concept of theory, I look to Bacharach (1989, p. 496), who defines a theory as 'a statement of relations among concepts within a set of boundary assumptions and constraints'; to Glaser and Strauss (1967, p. 32), who emphasise theory as process and as an ever-developing entity; and to van de Ven (1989, p. 488), who embraces the contradictions between the current theories and encourages researchers to examine these conflicts in order to improve the existing theories. The theory in this study emerges at the juncture of several contradictions and some new relationships among the old concepts.

The first contradiction is to be found between the current theoretical definitions of customer closeness and empirically informed notions of how it is perceived by the managers. To resolve this conflict, at least in part, this study proposes that customer closeness in business support service can be addressed as suppliers understanding customers better, keeping in contact with the customer, communicating customer value effectively, integrating security service operations with the customer's processes, and adjusting to changing customer needs. This approach develops from the previous conceptions of customer closeness, which mainly emphasise close interpersonal relationships (Bove & Johnson, 2001; Homburg, 1993; Nielson, 1998). The other contradiction is to be found in the conceptions of customer value. The findings of this study indicate that managers hold very multi-

faceted perceptions of customer value that are not limited to the traditional trade-offs between customer benefits and sacrifices, thus expanding the earlier definitions of value in business-to-business service. The third key contradiction can be found between the views that previous studies and the current study take on private security companies. In comparison to several previous studies, the present study draws a much brighter and more positive picture, providing an alternative viewpoint on the security business.

Furthermore, this study posits new interrelationships among the concepts of customer value, value communication, relational adaptations, and customer closeness. It suggests that more sophisticated value communication activities and a purposeful mix of inter-firm and intra-firm adaptations can move suppliers of business support service closer to their customers. This theory gains strength from the differences between business-to-business services and business-to-consumer services, from ambiguities between customer-perceived and supplier-perceived value, from tensions between current sociological studies and private security practices, and from discrepancies between how the security service suppliers perceive security service and how their customers currently seem to see it.

Finally, the story about the research process has followed the specific guidelines laid down for grounded theory studies (Jones & Noble, 2007). According to these guidelines, grounded theorists must first clarify whose version of grounded theory they subscribe to, Glaser's or Strauss's, and remain true to the procedures of that tradition throughout. Second, grounded theory studies should always generate a core category. Third, they also should always employ all the essential procedures for joint collection, coding, and analysis of data; theoretical sampling; constant comparisons; development of the categories and properties; systematic coding; memoing; saturation; and sorting.

In this study, the research process followed all of the above suggestions except two. Joint collection, coding, and analysis of data were not fully achieved, and, therefore, theoretical sampling (Glaser, 1978, p. 36) could not be used. Adherence to theoretical sampling would have meant that the selection of data sources would have been controlled by the emergence of the theory, and that prior interviews and coding would have influenced future interviews. This path was not followed in the current project. Some of the data collection and initial analysis occurred simultaneously, as the company-specific interviews were transcribed and read immediately after the interviews, before and simultaneously with interviews in the other companies. This was only preliminary analysis, however, applied in company-specific feedback sessions only, not for this thesis. The empirical analysis for this study began no earlier than a year after all of the interviews had been conducted. Although the lack of theoretical sampling does not render the empirical data outdated or weak *per se*, adhering to this pre-defined set of data did limit the choice of theoretical concepts and data sets.

Why, then, was further empirical material not collected beyond this point? The main reason for this was to limit the analysis and maintain a firm grip on the data. I had a direct route of access to dozens of qualitative interviews with customers of the companies participating in this study, and these could have been useful as a

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comparison group to validate the findings of the study, but this was considered to go beyond the scope of the thesis project. Pulling those interviews into the study would also have increased the workload involved in this study excessively. Furthermore, the original dataset was considered rich enough to uncover security suppliers' perceptions of customer value. In addition, the schedules of the companies, and the interviews' position within a large research and development project, meant that all interviews had to be planned and organised well in advance. In any case, it is worth asking whether the collection of data from additional security service suppliers – or, for that matter, from other business support service suppliers – or the use of the available customer data could have produced conceptualisation more trustworthy than the ones in this study.

### 8.3.2 Trustworthiness of the study

This study adopted a set of criteria proposed by Lincoln and Guba (1985) for examining the trustworthiness of qualitative research. These criteria are credibility, transferability, dependability, and confirmability. Wagner et al. (2010) have further discussed the applicability of these four elements in grounded theory studies. Next, these criteria are described in brief and discussed in relation to the current study.

Credibility (Lincoln & Guba, 1985; Locke, 2001; Wagner et al., 2010) of qualitative research is achieved when the results are believable from the perspective of the subjects under study. It is equivalent to internal validity of quantitative research. Several activities were undertaken to ensure the credibility of this study. First, the selection of research methods was conducted in accordance with ontological and epistemological assumptions appreciative of the subjective perceptions of the managers. The ontological and epistemological assumptions were also taken into account in formulating the research questions for this study. Furthermore, the sample for this study can be considered appropriate (Morse et al., 2002), consisting of the companies and informants best representing the topic explored.

Inviting informants to review and 'member check' the results of a study is sometimes suggested as part of best practice for validating the credibility of qualitative research (see, for example, the work of Silverman, 2007). In grounded theory, this is not a suitable technique, however, since grounded theory studies are always generated from large datasets, of which the informants are empirically unaware. In addition, the final outcome of a grounded theory study no longer speaks with the voice of the informants. Rather, it is 'a general abstraction from their doings and their meanings that are taken as data for the conceptual generation' (Glaser, 2002, p. 25). To reflect the initial findings from the interviews of this study, a company-specific summary of the interviews was presented at each company no more than a month after the interviews. In addition, all companies received the summative presentations in written form. The summaries included the main company-specific findings emerging from the interviews, the researchers' interpretations of the initial findings, and further suggestions for the company. Most of the interviewees were present at the presentations, and the results provoked lively discussion but

no major objections. Therefore, it can be stated that the interviews and the researchers' initial interpretations of them represented the informants' voice well. Nevertheless, the whole data set of this study was not discussed with the informants, nor the final results of the study.

In a grounded theory study, especially one following interpretivist epistemology, one dimension of credibility is the researcher's own subjective experience and role in the study (Locke, 2001; Morse et al., 2002). Can the researcher convince the readers of the conclusions from his or her position? Prolonged engagement has been proposed as one activity for answering this question in the affirmative (Lincoln & Guba, 1985). In the present study, I met with all of the informants personally, many of them dozens of times over the last three years. I have lived through the research process. I have personally collected a large body of empirical data, from which I tried to compose the richest categories possible, and I personally performed all of the coding and other analyses for the study. In writing this thesis, I have brought the readers into the heart of the research setting, by describing the research process in detail, introducing the informants and their companies, providing thorough descriptions of the methods used, illustrating the empirical material collected, and explaining the paths toward the conclusions drawn. All along the way, I have tried to make my standpoint and preconceptions as visible as possible, and to be open to multiple theoretical influences. In the course of this process, my motto has been this: 'Let the data speak.' How well I have succeeded in these tasks is the reader's to decide (Glaser & Strauss, 1967, p. 230).

Transferability (Lincoln & Guba, 1985; Wagner et al., 2010) of qualitative research is analogous to quantitative criteria for generalisability. It has to do with the question of whether findings from the sample in question can be transferred to a broader population or to more general theoretical propositions. Grounded theory studies are transferable to new theoretical propositions rather than to new populations (Wagner et al., 2010). The transferability of a grounded theory is directly proportional to the level of abstraction of the whole research process, as stated by Corbin and Strauss (1990): 'The more abstract the concepts, especially the core category, the wider the theory's applicability.' On the other hand, the transferability depends on the thickness of the description (Dyer & Wilkins, 1991; Langley, 1999). The thicker and richer the illustrations and the suggestions are, the easier it is for others to judge the transferability of these ideas to other situations and contexts.

Since this study is focused on one industry only, and the results are achieved through comparative analysis of informants within the same substantive area, the theory generated in this study is substantive in nature. A substantive grounded theory is generated for a substantive or empirical area from data within that substantive area and population, whereas a formal grounded theory is developed for a formal or conceptual area and built on data from various substantive areas (Glaser, 1978). Thus, a formal theory addresses more abstract and general issues, being indefinitely expandable, but also a substantive theory, albeit more controlled and limited, may have important general implications and relevance and become 'a springboard or stepping stone' for a formal theory (Glaser & Strauss, 1967, p. 79).

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Although security service displays many unique features, the core category in this study, getting closer to customers, is general and transferable in nature. I believe that managers in all sectors of industry share this concern, which makes the core concept highly applicable to other fields of industry. The means through which the main concern was resolved in this study are applicable more generally too. The ever-increasing emphasis on service and customer value is forcing all fields of industry to face these issues. However, the methods suitable for analysis of customer value in one context might not be applicable in others, and this is not adequately taken into consideration in current studies. Therefore, instead of asking researchers to transfer the findings of this study directly to other industries, I encourage them to boldly go where no man has gone before, to explore new and interesting fields and aspects of industry, to embrace their unique characteristics, and to develop new context-specific models to capture the phenomenon of customer value to the fullest.

Confirmability (Lincoln & Guba, 1985) of qualitative research is the analogue of objectivity in quantitative research. It refers to the degree to which the interpretations and findings of a study can be confirmed by others (Wagner et al., 2010). With its interpretivist research philosophy, this study builds on the assumption that research is influenced by the researcher's personal perspective. Therefore, triangulation of researchers (Eriksson & Kovalainen, 2011) was not considered applicable in this study, and, therefore, there was no cross-checking of the coding with other researchers here. Instead, I asked two co-researchers, who are very familiar with the informants and all seven of the companies, to review the final version of the manuscript and identify whether my interpretations are plausible. In addition, detailed descriptions of how the findings are grounded in the data are provided in the text, numerous verbatim excerpts of the data are used to illustrate the reasoning, and the coding process, the development of the categories, and the emergence of the main concern are described in detail. Triangulation of methods and triangulation of theories (ibid.) were used to validate the findings and to deepen the understanding of the key concepts in the study. The grounded theory approach was employed in the context of multiple qualitative research methods, and a wide range of literature, from several disciplines, was reviewed for finding alternative interpretations to the findings.

Dependability (Lincoln & Guba, 1985) is one area of weakness of grounded theory studies (Wagner et al., 2010). It corresponds to the concept of reliability in quantitative studies, referring to the repeatability of the study. This indicates whether it is possible to replicate the study and whether replication will lead to the same results. Usually, grounded theory studies are considered reproducible in that they are verifiable (Corbin & Strauss, 1990). The emerging theoretical propositions can be tested, and new data can be compared to the data of this study for any modification of the theory (Glaser, 2007). Nevertheless, as with all social phenomena, it is very difficult to create another research setting and conditions that allow one to re-create all of the original findings in a similar manner. Furthermore, the essence of grounded theory, a constant comparative method, 'is not designed (as methods of quantitative analysis are) to guarantee that two analysts working inde-

pendently with the same data will achieve the same results; it is designed to allow, with discipline, for some of the vagueness and flexibility that aid the creative generation of theory' (Glaser & Strauss, 1967, p. 103). Answering these warnings, transparency was provided in the research process for this study, to allow the reader to inspect the process. The transparency was achieved by means of detailed descriptions of the empirical material, data-collection methods, and analysis process, and through further illustration of them with tables and figures.

### 8.4 Limitations and avenues for further research

As any research does, this study has some limitations. All researchers build on the work of others, however, so the limitations of the study may provide interesting new directions for forthcoming research. We now consider the four most central limitations of this study (both contextual and methodological), on the basis of which some suggestions for future studies are given.

From a global perspective, an inherent weakness and a limitation of this study can be found in the fact that private security service is approached from a Finnish perspective only. I acknowledge that the field of private security is very different in other European countries (van Steden & Sarre, 2007) and in the US, not to mention for the private security companies operating in Afghanistan and other developing countries. A few of the main differences are related to the tasks assigned to private security companies, the strength of the local public police, the security technologies available, the use of firearms, and the maturity of the customers' security governance. On account of these differences, the relationships between private security companies and their customer might differ almost completely between certain geographical and cultural areas. Regardless of these differences, however, security service certainly has value of some kind for the customers, regardless of country or culture, and the basic questions connected with value are still valid: Value for whom? From which activities? On what terms? Proved by what?

The second limitation is that the study addresses only dyadic customer–supplier relationships. Although all business relationships are essentially dyadic exchanges, they are not isolated from the environment but constantly defined and shaped by the social networks within which all organisations are embedded (Gulati, 1998). In this study, limiting the analysis to dyadic customer–supplier relationships was both a conscious decision and a delimitation determined by the data. In the interviews, the informants did not highlight the role of their business networks, or that of their technology suppliers, service subcontractors, or other actors in their social networks, so the networks did not become an emergent theme in this study. Security suppliers' attitudes toward their competitors were considered, however, in the extent to which they were present in the interviews. Although focusing only on dyadic relationships may be old-fashioned, I consider this to be only a minor deficiency of the study. As Möller and Törrönen (2003, p. 114) have said, 'being able to manage one business relationship well is a necessary learning step towards being able to work in a net of complex relationships'.

## 8. Conclusions and recommendations

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The third limitation of this study arises from the decision to bound the study by the field of service suppliers and to leave customer-perceived value to the side. Several researchers argue that taking into account only one side of the dyad, that of either the supplier or the customer, provides an incomplete picture of supplier-customer relationship and value created within and reduces the understanding of these complex phenomena (Holmlund & Strandvik, 1999; O’Cass & Sok, 2012). In addition, it is commonly agreed that value is always defined and perceived by the customer, and that it is created in the customer’s processes as the customer uses the products and services. Therefore, the customer perspective on value creation is crucial. This thesis portrays only the service supplier’s viewpoint and, therefore, needs to be complemented with studies tackling the customer-perceived value of business-to-business security service. However, with this population of research, this study acknowledges that also the service suppliers have various different perceptions of and roles with regard to customer value that are interesting and worth studying in their own right. This study gives the whole floor to the security service managers and hears them speak.

In view of the limitations described above, several possible future research questions can be identified that address the main themes of this study. Previous studies have already hinted at some of these. The questions and the studies lending support to them are as follows:

1. What does customer closeness mean in different business settings and contexts? This study has challenged previous definitions of customer closeness (Bove & Johnson, 2001; Homburg, 1993; Nielson, 1998) and provided empirical evidence of how managers perceive it from the perspective of business support service. Further empirical analysis of the determinants and meanings of customer closeness is needed.
2. How do differences in national cultures, security environments, and the practices of private security companies affect supplier-perceived customer value in business-to-business security service? Some international comparisons of the security business have been carried out by van Steden and others (van Steden & Sarre, 2007; van Steden & Nalla, 2010), but they do not consider business aspects of security industry, not to mention more detailed aspects of customer-supplier relationships and customer value in security context.
3. How would applying a network view change the main conclusions of this study? To my knowledge, the business networks in the security business have, so far, been discussed only by Dupont (2004, 2006). It would be interesting to find out how the findings of this study from the dyadic customer-supplier relationships apply in more complex supply networks of security.
4. How does supplier-perceived customer value compare to customer-perceived value? Previous studies of these issues are rare (Lefaix-Durand & Kozak, 2010; Matanda & Ndubisi, 2009), and more empirical evidence is needed. For me, this is a very inspiring question, and I try to find answers to it in my later research.



To sum up, I hope that this study with its seldom-researched sector of industry and exceptional conceptual framework, together with its unprejudiced choice of qualitative research methods, will inspire other researchers and encourage them to address the multifaceted issue of customer value in business-to-business service from new and interesting viewpoints.

## Epilogue

This thesis began with an excerpt from James Spradley's book *The Ethnographic Interview* (1979). That excerpt guided me as a researcher to take the informants' perspective and relax my preconceptions about the themes to be studied. The goal is described in Spradley's words thus: '[B]efore you impose your theories on the people you study, find out how those people define the world' (ibid., p. 11). As the study proceeded, the prologue began gaining additional meanings. I recognised that if I position any of my informants, instead of myself, as the speaker in this excerpt, I get an interesting view of more customer-oriented security service: security suppliers trying to understand their customers' viewpoints and asking them for guidance. Furthermore, when I position you, the reader, as narrator here, I gain yet another interesting perspective regarding this thesis. I hope I have succeeded in guiding you through the methodological minefield of grounded theory, engineered a description of all the fine nuances of security service, managed to express my appreciation for the informants of this study and the work they do, come off well in expressing the joy and inspiration I received as I carried out this study, ultimately succeeded in convincing you with my theoretical contributions, and put a bit of a smile on your face.

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## Appendix A: Informants

	Position	Work experience in the security industry (years)	Length of the interview		Author present at the interview <sup>15</sup>
			Minutes	Pages	
1	CEO	24	63	27	YES
2	service director	14	47	12	YES
3	regional director	29	73	19	YES
4	sales manager	24	71	18	YES
5	project manager	21	49	14	YES
6	key-account manager	15	46	12	YES
7	sales manager	30	66	18	YES
8	key-account manager	22	84	19	YES
9	service manager	20	52	13	YES
10	CEO	19	83	32	YES
11	service manager	20	81	24	YES
12	business manager	10	77	20	YES
13	marketing director	9	82	22	YES
14	service manager	20	84	24	YES
15	development manager	35	73	21	YES
16	regional sales manager	3	61	20	YES
17	regional sales manager	5	61	17	YES
18	service director	25	74	21	NO
19	service manager	20	88	25	NO
20	sales director	3	88	23	YES
21	CEO	18	73	23	YES
22	technology manager	3	72	16	NO
23	administration manager	4	72	20	YES
24	operations manager	11	75	26	YES
25	operations manager	19	73	26	YES
26	sales manager	3	77	27	YES
27	CEO	12	76	16	NO
28	business manager	19	71	16	NO
29	technology manager	5	44	17	YES
30	sales director	15	69	28	YES

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<sup>15</sup> Those interviews at which the author was not present were led by Taru Hakanen (VTT) or Arto Rajala (Aalto University), and they followed the same general interview outline as all the other interviews.

	Position	Work experience in the security industry (years)	Length of the interview		Author present at the inter- view <sup>15</sup>
			Minutes	Pages	
31	service manager	19	92	25	YES
32	business manager	27	72	21	YES
33	operations manager	10	53	18	YES
34	sales manager	36	38	12	YES
35	business director	15	69	25	YES
36	development manager	15	25	8	YES
37	CEO	2	61	20	YES
38	operations manager	10	55	13	YES
39	CEO	10	61	18	YES
40	service manager	10	62	17	YES
41	service manager	11	74	18	YES
42	operations manager	10	60	19	YES
43	CEO	19	50	13	NO
44	service manager	20	61	17	NO
45	service manager	23	48	12	NO
46	business director	15	45	13	NO
47	development manager	10	34	13	NO
48	technology manager	20	43	12	NO
49	regional sales manager	26	48	16	NO
50	service manager	25	34	9	NO
	<b>Average</b>	<b>16.2</b>	<b>63.8</b>	<b>18.7</b>	
	<b>TOTAL</b>	<b>810</b>	<b>3,190</b>	<b>935</b>	

# Appendix B: Interview outline

## 1. Introduction

- Introductions
- Outline of the research project
- Permission to record the interview, confidentiality issues
- General guidelines: personal opinions, no official statements, freedom for colloquial style

## 2. Background

- Title and position in the organisation
- Education and work experience
- Current job description and main responsibilities

## 3. Service business

- Business idea of the company
- Core areas of business
- Current offerings in the interviewee's own words
- Current market position
- Future developments

## 4. Customer view on service

- The customer's motivation for purchasing security service
- Service success and failure
- Effectiveness of the service
- Relationships between products and services
- Strengths and weaknesses in current service

## 5. Competitive security markets

- Differentiating factors in service processes and operations
- Customers' supplier selection criteria

## 6. Further comments

- Needs for service development
- Other current issues or additional questions

## **7. Wrap-up and conclusion**

- Open questions
- Reporting on the results
- Company feedback on the interviews
- Thanking the interviewee



Title	<b>Supplier-perceived customer value in business-to-business security service</b>
Author(s)	Mervi Murtonen
Abstract	<p>Although customer value of business-to-business service is by definition determined by the customer, it is essential also for the service suppliers to understand the value of their service for the customer. In business support service, service suppliers' thorough understanding of customer value is particularly relevant, since the market is often highly competitive, price-sensitive and customers tend to perceive business support service as of a secondary nature. Alongside other business support services, the field of business-to-business security service is witnessing all these challenges. In addition, they are dealing with security as a service content that is often related to intangibility and subjectivity and reactive and reluctant service procurement. In spite of their relevance for various industrial sectors, the concepts of supplier-perceived customer value, business support service, business-to-business security service and security as service content have remained relatively unexplored in previous research, however, which increases the relevance of the current study.</p> <p>The general aim of this study is to increase the understanding of supplier-perceived customer value in the context of business support service. The more specific purpose is to explore how security service managers perceive customer value in business-to-business security service. Adopting a qualitative research process and following the research approach of grounded theory, the work consists of two interlinked empirical phases and uses personal interviews with managers from seven security companies as the research data. The first empirical phase examines security suppliers' concerns about the customer value. It introduces six different concerns and concludes that customer closeness is the main concern of the informants of this study. After that, the theoretical framework is expanded and the study is situated within the body of related literature. The literature review leads the second empirical phase of this study to explore how the theoretical concepts of value communication and relational adaptations are used to enhance customer closeness in business-to-business security service.</p> <p>The results of this study show that security suppliers hold multifaceted perceptions of customer value, characterised by supplier efficiency and value-based differentiation. Through enhanced customer closeness the security suppliers try to shift the focus away from transaction-oriented customer relationships and differentiate from their competitors. Customer closeness involves understanding customers better, keeping in contact with the customer, communicating customer value effectively, integrating security service operations with the customer's processes, and adjusting to changing customer needs. The results also indicate that business support service suppliers could use their multidimensional perceptions of customer value more effectively to develop stronger value argumentation and more purposeful selection of inter-firm and intra-firm adaptations.</p> <p>The theoretical contribution of this study is fourfold. First, the study provides empirical evidence of the managerial perceptions of customer value, which are not limited to the traditional trade-offs between customer benefits and sacrifices. Second, this study adds to the discussions on business support service, and highlights the importance of the service content in the analysis of value creation and customer relationships. Third, this study is a valuable supplement to the existing body of both conceptual and empirical research examining private security companies and security professionals. Finally, this study presents rather unusual selection of qualitative research methods. Managerially, this study provides both the security suppliers and their customer companies with new knowledge of value in business-to-business security service and discusses the activities through which both value and customer closeness can be enhanced.</p>
ISBN, ISSN	ISBN 978-951-38-8015-6 (Soft back ed.) ISBN 978-951-38-8016-3 (URL: <a href="http://www.vtt.fi/publications/index.jsp">http://www.vtt.fi/publications/index.jsp</a> ) ISSN-L 2242-119X ISSN 2242-119X (Print) ISSN 2242-1203 (Online)
Date	September 2013
Language	English, Finnish Abstract
Pages	185 p. + app. 4 p.
Keywords	customer value, business-to-business service, security service, grounded theory, customer closeness
Publisher	VTT Technical Research Centre of Finland P.O. Box 1000, FI-02044 VTT, Finland, Tel. 020 722 111



Nimeke	<b>Palveluntuottajien kokema asiakasarvo yrityksille suunnatuissa turvallisuuspalveluissa</b>
Tekijä(t)	Mervi Murtonen
Tiivistelmä	<p>Asiakas on lähtökohtaisesti se, joka määrittää palvelun tuottaman asiakasarvon. Silti myös palveluntuottajien on tärkeää ymmärtää, mistä asiakasarvossa on kysymys. Yrityksille suunnatuissa liiketoiminnan tukipalveluissa palveluntuottajan ymmärrys asiakasarvosta on erityisen tärkeää, sillä tukipalvelumarkkinat ovat usein erittäin kilpailtuja, hinta on tärkeä ostokriteeri ja asiakkaat pitävät tukipalveluita toissijaisina oman liiketoimintansa kannalta. Muiden tukipalveluiden tapaan myös turvallisuuspalveluissa nämä edellä kuvatut haasteet ovat arkipäivää. Lisäksi turvallisuus palvelun sisältönä on haasteellinen aineettomuutensa ja subjektiivisen luonteensa vuoksi, ja turvallisuuspalveluiden hankinta on usein reaktiivista ja asiakkaalle vain välttämätön paha. Tämä väitöskirjatutkimus luo uusia yhteyksiä monien sellaisten ilmiöiden välille, joita ei ole kattavasti tarkasteltu aiemmissa tutkimuksissa. Näitä ovat esimerkiksi palveluntuottajien näkökulma asiakasarvoon, tukipalvelut yleisesti tarkasteluna, yritysten hankkimat turvallisuuspalvelut yhtenä erityisenä tukipalvelumuotona ja turvallisuus palvelusisältönä.</p> <p>Tämän tutkimuksen yleisenä tavoitteena on lisätä ymmärrystä palveluntuottajan kokemasta asiakasarvosta yritysasiakkaille suunnatuissa tukipalveluissa. Työn yksityiskohtaisempaan tarkoituksena on tuottaa uutta tietoa turvallisuuspalveluyritysten yllmän ja keskiöjohdon kokemasta asiakasarvosta. Menetelmällisesti tämä tutkimus noudattaa aineistolähtöistä teoriaa ja hyödyntää laadullisen tutkimuksen menetelmiä. Työ koostuu kahdesta aineistolähtöisestä vaiheesta, jotka käyttävät seitsemässä turvallisuuspalveluyrityksessä toteutettuja haastatteluja tutkimusaineistonaan. Ensimmäinen aineistolähtöisen vaiheen tulokset muodostavat kuusitahois- sen jäsenyyksen turvallisuuspalveluiden tuottajien kokemasta asiakasarvosta. Lisäksi asiakasläheisyys tunnistetaan keskeiseksi haastateltavien toimintaa ohjaavaksi tavoitteeksi. Kirjallisuuskatsaus laajentaa työn teoreettista pohjaa ja linkittää ensimmäisen aineistolähtöisen tutkimusvaiheen tuloksia aiempiin tutkimuksiin. Kirjallisuuden pohjalta johdetaan kaksi tarkentavaa tutkimuskysymystä, jotka liittyvät palveluntuottajien arvo- väittämiin ja adaptaatioihin eli siihen, miten he mukauttavat omaa toimintaansa suhteessa asiakkaan toimintaan. Työn toisessa aineistolähtöisessä vaiheessa pohditaan, miten palveluntuottajat rakentavat arvoväittämien ja adaptaatioiden avulla voimakkaampaa asiakasläheisyyttä turvallisuuspalveluissa.</p> <p>Työn tulokset osoittavat, että tukipalveluiden tuottajien käsitys asiakasarvosta on monipuolinen ja laaja. Arvo- käsityksiä määrittävät toisaalta palveluntuotannon tehokkuus ja toisaalta erottautuminen kilpailijoista asiakasarvon avulla. Palveluntuottajat halusivat päästä lähemmäs asiakkaitaan ja siten muuttaa tuotteiden vastikkeelliseen vaihdantaan perustuvia asiakassuhteita nykyistä vuorovaikutteisemmiksi. Asiakasläheisyys koetaan myös keinoksi erottautua kilpailijoista. Asiakasläheisyydellä tarkoitetaan tässä tutkimuksessa palveluntuottajien ymmärrystä asiakkaistaan, jatkuvaa yhteydenpitoa palveluntuottajan ja asiakkaan välillä, asianmukaista ja tehokasta asiakasarvon viestintää, palveluprosessien kytkemistä asiakkaan liiketoimintaprosesseihin ja sopeutumista asiakkaan muuttuviin tarpeisiin. Tutkimuksen tulokset osoittavat, että tukipalveluiden tarjoajat voisivat hyödyntää laaja-alaista ymmärrystään asiakasarvosta arvoväittämien vahvistamiseen ja monipuolistam- miseen. Lisäksi olisi tärkeää löytää oikea balanssi palveluntuottajan sisäisten ja asiakasrajapinnassa tapahtuvien adaptaatioiden välille.</p> <p>Tämän väitöskirjatutkimuksen tieteellinen kontribuutio on nelitahoinen. Työ tuottaa uutta kokemusperäistä tietoa palveluntuottajien arvokäsityksistä, jotka tässä tutkimuksessa poikkeavat perinteisistä asiakkaan koke- miin hyötyihin ja kustannuksiin perustuvista arvomalleista. Toiseksi tutkimus esittelee turvallisuuspalvelut yhtenä erityisenä yritysten tukipalvelumuotona ja korostaa palvelun sisällön merkitystä arvomuodostuksen ja palveluntuottajien ja asiakkaiden välisten suhteiden analysoinnissa. Kolmanneksi työ tuottaa uuden palveluläh- töisen näkökulman aiempaan turvallisuustutkimukseen. Lisäksi työssä hyödynnetään varsin ainutlaatuisia laadullisten tutkimusmenetelmien palettia. Yritysten näkökulmasta tarkasteltuna työ tuottaa uutta tietoa sekä turvallisuuspalveluiden tuottajille että heidän asiakasyrityksilleen arvon ja asiakasläheisyyden vahvistamisen keinoista.</p>
ISBN, ISSN	<p>ISBN 978-951-38-8015-6 (nid.)            ISBN 978-951-38-8016-3 (URL: <a href="http://www.vtt.fi/publications/index.jsp">http://www.vtt.fi/publications/index.jsp</a>)            ISSN-L 2242-119X            ISSN 2242-119X (painettu)            ISSN 2242-1203 (verkkojulkaisu)</p>
Julkaisu aika	Syyskuu 2013
Kieli	Englanti, suomen kielinen tiivistelmä
Sivumäärä	185 s. + liitt. 4 s.
Avainsanat	customer value, business-to-business service, security service, grounded theory, customer closeness
Julkaisija	VTT PL 1000, 02044 VTT, Puh. 020 722 111

## **Supplier-perceived customer value in business-to-business security service**

Although customer value in all services is by definition determined by the customer, it is essential also for the service suppliers to understand the value of their service for the customer. This study explores supplier-perceived customer value in business-to-business security service and uses 50 interviews with security supplier managers as the empirical data. The study adopts a qualitative research process and follows the research approach of grounded theory. The results of this study reframe customer value and customer closeness and discuss how they can be enhanced in the context of business support service.

ISBN 978-951-38-8015-6 (Soft back ed.)  
ISBN 978-951-38-8016-3 (URL: <http://www.vtt.fi/publications/index.jsp>)  
ISSN-L 2242-119X  
ISSN 2242-119X (Print)  
ISSN 2242-1203 (Online)

