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Regulating the private security industry in Tanzania: the effect of minimum wage order

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ABSTRACT

The principal objective of this paper is to explore the effect of minimum wage order as a form of regulatory mechanism for the private security industry in Tanzania. More precisely, it attempts to assess how minimum wage impact on the pricing of services to their consumers. It explores the background, comparative analysis of minimum wages, the current legal framework and interpretation of related legislation to support implementation and assesses compliance. The study that culminated in the paper was qualitative in nature, being based on the case study of the selected private security companies in Tanzania. For this end, this paper used observation, expert opinions, interviews and documentary review for getting both primary and secondary data. The findings of the study revealed that whereas the wage order is clear, there are extensive guidelines in the labour laws that require to be read together with it, leading to misinterpretation or deliberate omission due to their impact on the pricing. The set wage results in a selling price that is 4.3 times, even with a modest 10% profit mark-up. Compliance is very low, and enforcement is weak, leading to price undercutting and causes those willing to comply lax and follow non-compliers to survive in the market characterised with price wars. Consumer is conflicted in choosing cheap service providers and enforcing compliance with the minimum wage order for the welfare of guards. The study recommends improving regulatory oversight, more awareness training of PSC directors, simplifying the labour laws to avoid ambiguity, unifying minimum wages, regular audits and educating the consumers of the link between wage and pricing of service. It also recommends strengthening the capacity of trade associations to help in the regulation of their respective members.

Introduction

Private security industry is gaining prominence globally and contributes significantly to the national economies either directly or through enabling environment for other sectors to perform optimally by offering safety and security services. Weir (2018) defined a private security company (PSC) as a business entity which provides security services and expertise to private and public clients. Globally, we have seen tremendous growth by PSCs, both in revenue generation, and scope of services. was valued at USD.240.18 billion in the year 2020 and is estimated to generate revenues of USD 342.7 billion by 2026 (Azoth Analytics, 2021). It employs between 19.5 to 25.5 million people worldwide (Diphoorn, 2016) and holds up to 3.7 million firearms, with numbers being up to four times the size of police forces (Krahmann, 2017). The emergence of private security companies (PSCs) has been attributed to their capacity and expertise with the level of professionalism that endears them to the consumers of those services (Diphoorn, 2016; Holmqvist, 2005). Rapid urbanization, driven by expanding middle class especially in emerging economies, is one of the key factors driving the demand of security services in the market (Azoth Analytics, 2021).

Even though statistics from African countries are not reliable on this sector, it is indicated that the private security industry in South Africa contributes 2% of national GDP, making it the highest in the world (Abrahamsen and Williams, 2011). The sector is slowly being formalised with specific Acts of parliaments to regulate the actors, as seen in South Africa and Kenya, with establishment of Private Security Regulatory Authority, charged with registration, vetting, training standards and regulating conduct of PSCs and

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officers. Interviews with participants discovered that there is no such regulator in Tanzania. Instead, PSCs are still regulated by police under Community Policing Division.

Tanzania's private security sector is not clearly defined as there is no readily available information about it (Jaba, 2020). Despite the efforts by TPF to streamline the sector, there are still gaps in the regulation of the sector. The first challenge is to determine the actual size of the sector and actors in there. TPF indicates that companies given letters to operate were about 1,648 by the end of March 2023 (Interview, Dodoma, September 15, 2023). The respondent however admitted that there could be many PSCs operating without the requisite licenses. This study sought response from the Business Registration and Licensing Bureau (BRELA), an agency charged with registering businesses in Tanzania. The database is not easily retrievable and may not be comprehensive, given that some PSCs operate with licenses from municipalities they operate. The response from BRELA therefore was based on system query on PSCs with licenses from BRELA (58 PSCs) and PSCs with names that indicate that they are engaged in security business (498 PSCs).

The interview with TPF revealed that they usually issues letters to companies granting permission to operate. A person intending to operate a PSC is required to incorporate a limited liability company, register with Tanzania Revenue Authority (TRA) and get Taxpayer Identification Number (TIN) and VAT Registration Number (VRN). They are also required to register with the National Social Security Fund (NSSF) and Workers' Compensation Fund (WCF). They then get a letter from TPF permitting them to operate a PSC. With that, they go for trade license from respective municipal council and report to TPF Regional Police Commander to be allowed to operate in the region. Such permission comes with the requirement to have established an office that meets requirements specified in the IGP letter, for instance, having a standard armoury for safekeeping of firearms.

In the letter of permit, there are clauses which the applicant is required to adhere to in the course of operating the licensed PSC. Among other things, the directors are required to "Ensure good working condition of guards and pay requisite salary as per the wage order" and "Ensure all officers employed are registered with a pension scheme and copies of documents presented to TPF for verification.

The existence, legality, legitimacy and growth of PSCs require the establishment, strengthening and promotion of effective regulatory frameworks (Diphoorn, 2016; Krahmann, 2017; Berg, 2002; Holmqvist, 2005). Absence of effective regulatory frameworks in a country may pose serious challenges in improving professionalism, quality and standing of the private security industry (Gumedze, 2020). The crux of the private security sector's capacity to be a legitimate actor lies in the relative capacity of states to manage them and ensure it is compatible with the promotion of good governance (Holmqvist, 2005:9). Key amongst this is the welfare of their officers, through safe working conditions and decent remuneration. To ensure PSCs pay decent remuneration, governments set minimum wages through the minimum wage order.

This study therefore seeks to explore the existing legal framework for minimum wages for the private security industry in Tanzania, a developing economy that has a vibrant private security industry. If focuses on PSCs offering manned guarding services. It attempt to make comparative analysis of mimum wages across the region and between Tanzania Mainland and Tanzania Isles (Zanzibar) and get practice from Kenya. It also assesses the minimum wager order, labour law requirements and compliance by the PSCs. It also assess the impact the minimum wages have on the pricing of the PSCs services to their consumers. The findings therefore bring new knowledge on effective minimum wage regulatory regime for PSCs in Tanzania.

Through this study, a deeper understanding of the minimum wage guidelines for the private security industry in Tanzania is gained. Being a labour-intensive industry, the minimum wage is a key driver to the pricing of security services and this paper examines this impact. An appreciation of the various regulatory mechanisms presents a perspective on what gaps the country needs to address to ensure that the private security industry is effectively regulated in the country and ensure that actors comply with the labour law. The study lays a foundation for an informed debate on the possibility of adopting good practices from other regulators of private security that will improve the regulation of the private security industry in the country. The ultimate goal is to enhance knowledge on challenges and opportunities for the promotion of effective oversight and accountability of the private security industry in the country.

The paper is organised as follows: the first part addresses the concept of minimum wage, then the background to the private security industry and its minimum wage. It will then seek to interpret it in the form of cost build up for different categories with requisite explanations as the findings from the study. It will then summarize the findings and conclude with recommendations.

Research and Methodology

This study adopts a qualitative research design, exploratory in nature, with abductive approach, employing case study research strategy. It was appropriate to enable us to understand the sentiments of the actors and analyse the documents in place to clearly demonstrate the regulatory framework, how the PSCs are interpreting the labour law in an effort to complying and hence effectiveness of the minimum wage order in the regulation of the private security sector.

Primary and secondary data was collected through key informant interviews and doctrinal research, on key documents and online searches. An extensive study of the minimum wage and labour laws was carried out, followed by the interviews on the sampled respondents. The study was conducted in 2023, just after the minimum wage order was issued and implemented. The study population was the PSCs who are members of the Tanzania Security Industry Association (TSIA), which indicates that their members are over 150, but active members, with paid up subscriptions are 50, as at the end of 2022 (TSIA, 2022). The study sampled eight PSCs selected through purposive and convenient sampling technique. This was deemed appropriate to avoid saturation. The unit of inquiry is the executives in those PSCs.

To ensure reliability and validity of the findings, expert judgment was used. The data collection instruments were pretested against the objectives too. Ethics consideration in this research was observed in compliance with the set ethical guidelines. The main issues for consideration included avoiding data fabrication in surveys, data falsification in surveys and plagiarism. In addition, participation in this study was on voluntary basis and during the interviews, the researcher emphasised participants on confidentiality in the whole process including the use of data, information and personal opinions as provided by participants. In this report, the names of institutions and people interviewed have been concealed to protect their privacy.

The study limitation includes the selection of samples. This was restricted to only eight and based in Dar es Salaam, the commercial capital, where about 70% of the PSCs have their head offices (TSIA, 2023). Even though efforts were put to ensure selected respondents were knowledgeable, many had non-commercial backgrounds, with limited legal and accounting skills to interpret the labour laws and wage order. The respondents sought assistance from their employed experts.

Theoretical Grounding

This study is built on the Economic Theory of a Legal Minimum Wage. This theory dates over a century ago, when Webb (1912) coined it after sixteen-year trial, largely out of humanitarian feeling that focused on five specially 'sweated' trades in the industrial part of Victoria. It was largely opposed that it was "against the laws of political economy". It was felt that it could cause the most hardly pressed businesses to shut down, that it would restrict employment, that it would drive away capital, that it would be cruel to the aged workers and the poor widow, that it could not be carried out in practice and so on and so forth (Webb, 1912). The result, however, showed that the wages had gone up from 12 to 35 per cent, the hours of labour invariably reduced and actual number of persons doubled (Webb, 1912). It therefore concluded that the legal minimum wage does not necessarily spell ruin for employers or for operatives. The capital kept flowing in during the period as well, an increase of 60% over the sixteen-year period and no sign of a reduction on profitableness (Webb, 1912).

The reaction from employers was positive, saying the fact that the minimum wage is fixed by law and therefore really forced on all employers: the security that the Act accordingly gives them against being undercut by dishonest or disloyal competitors, who simply would not adhere to the common rules agreed upon by collective bargaining. The theory made distinction between fixing and enforcing a minimum and fixing and enforcing a wage. Other medieval legislation had fixed both minimum and maximum wage. The legal minimum wage, however, gives an employer freedom to compete in any it pleases, subject to the minimum wage set. Webb (1912) argued that the legal minimum wage transfers the pressure from one element in the bargain to the other: from wage to work; from piece to quality. The vacancies shall be filled by the most efficient operatives available, leaving the less qualified out of the job, and hence the focus on quality. Legal minimum wage also leads to improved working conditions and hence a positive increase of production. There, it tends constantly to the selection of fittest and at the same time provide the mental stimulus and the material conditions necessary for functional adaptation to a higher level of skill and energy (Webb, 1912:981).

Mere existence of legal minimum wage in any industry promotes alike the selection of the most efficient factors of production, their progressive functional adaptation to a high level, and their combination in the most advanced type of industrial organization (Webb, 1912:981). And these results are permanent and cumulative.

Empirical evidence by many authors suggests that higher minimum wage has a small negative little effect on employment and unemployment (Mărginean and Chenic, 2013). Addison et al (2009) study concluded that a higher minimum wage stabilizes the mobility of workforce at minimum wage sectors. Low minimum wage not only results in workers leaving the covered sectors, but also results in reduction of new hires (Alaniz et al, 2011). In a study on why there is no effect of minimum wage on employment, Schmitt (2013), came up with other possible channels of reaction to a minimum wage increase. The paper identifies eleven such channels, but the most important are: reductions in labor turnover, improvements in organizational efficiency, reduction in wages of higher earners and small price increases. The others, such reductions in hours worked, reductions in nonwage benefits, changes in employment composition, efficiency wage responses from workers, reduction in profits, reduction in training, and increases in demand are not conclusive (Mărginean and Chenic, 2013). Given the little impact on employment and unemployment, Mărginean and Chenic (2013), suggested that research on minimum wage in future should focus on firm's profits and benefits in terms of welfare and reduced poverty. In addition, it should also be conducted on a national or regional level and probably consider sectors and their effect on other sectors. This paper therefore seeks to extend that debate with the possible impact of minimum wage sudden increase in Tanzania in 2023 on the pricing of PSC services.

Complaints about non-compliance to minimum wage order

The PSCs have been pointed out as notorious in non-compliance with the minimum wage order. This is not only restricted to Tanzania but also across the region. For instance, the simmering debate taking headlines in Kenya in 2024 is the action taken by the regulator – the Private Security Regulatory Authority (PSRA) as they move to enforce the regulations. Through Gazette Notice No. PSRA/001/2024, the regulator deregistered nine PSCs for, among other issues, failure or refusal to comply with the minimum wage regulation. This action followed the reaction of the PSCs objecting the directive by the regulator to implement a wage they had define vide Gazette Notice No. PSRA/005/2023. In that notice, PSRA had indicated that the wage for the guards ought to be KES.30,000.

It further issued a circular to all PSCs to implement the said wage and demonstrate that they would comply with the regulations by filling a form and submitting it within seven days.

A stay order had been issued in the matter brought before the Employment and Labour Relations Court (ELRC) petition No. E011 of 2024. The petitioner, among other things, had objected to the move by PSRA to set wage guidelines for PSCs, relying on the Private Security (General) Regulations published by the Minister of Interior and Coordination of National Government through Legal Notice No.108 of 2019, which was since been annulled by Parliament and the Minister confirmed vide Gazette Notice No.674 of 2020. A section of the industry applied to ELRC for judicial review of the move by PSRA to enforce the said wage guideline through application No. E043 of 2023.

Further, the Minister of Labour had issued a circular on 30th January 2024 clarifying that the Cabinet Secretary for Labour minimum wage is mandated, under section 46 of the Kenya's Labour Institutions Act, No. 12 of 2007, to publish the wages order after considering the report of the Wages Council and any advice from the National Labour Board. Accordingly, it issued Legal Notice No.125 of 2022 – the Regulation of Wages (General) (Amendment) Order, 2022. It specified the minimum wages for cities, municipalities and other areas. The PSRA notice did not take cognizant of these categories when it captured one minimum wage. The said Ksh.30,000 had incorporated a basic wage of Ksh.18,993, housing allowance of Ksh.2,850 and overtime allowance of Ksh.8,153. The industry's reaction was that if that was to be implemented, the selling price of a guard would be double that amount, considering compliance with other sections of the labour law and operating costs.

The foregoing shows that there is a problem of interpretation of the minimum wage order and it is not clear if the actors understand the actual impact of the wage on the price. Whereas PSRA is mandated to ensure that PSCs are compliant, it does not set the minimum wages as that is the reserved for the Cabinet Secretary responsible for labour. However, there is still need to educate the PSCs on the build up of cost, and PSRA attempted to do this. It was evident that PSCs do not fully comply with the full labour laws, many only paying the basic wage, hence charging the customers as little as Ksh.25,000, making implementation impossible, and hence the tussle with the regulator. This paper therefore attempts to provide indicative build up costs to help actors in Tanzania interpret the labour law well as they implement the minimum wage order and sell their services.

The Labour Standards for the Private Security Industry

Tanzania's Employment and Labour Relations Act, No.6 of 2004 (hereinafter referred to as the Employment Act), specifies the minimum standards, especially on wage determination[1]. This means therefore that an employer is free to exceed the basic standards under this law, and other collective bargaining agreement, other written laws regulating employment, wage determination or exemption, may offer better terms.

The number of hours of work is specified under section 19 of the Employment Act, but exempts employees who manage other employees on behalf of the employer and those in emergency situations. It sets the maximum continuous hours of work at 12 hours per day (in a 24-hour period). This means that guards deployed by PSCs would not exceed 12 hours of duty. A review of the practices during the study revealed that it is a conventional practice to have two shifts of 12 hours in a day. There are however some exceptions given by the recipients of the PSCs services where they have 3 shifts of 8 hours per day. Employees are permitted to work for a maximum of 6 days in a week, 45 hours in a week and 9 hours in a day. The law permits working on overtime as long as it is in an agreement and the maximum allowed number of hours in a four-week circle is 50. The rate for payment of overtime is one and one-half times the employee's basic wage. Where an employee is required to work at night (defined as the period between 2000hrs and 0600hrs), employer is required to pay at least 5% of the employee's basic wage per hour, and if the hours worked at night are overtime hours, the rate of 5% is applicable on the overtime rate[2]. The law permits averaging of overtime hours under a bargaining agreement, subject to not exceeding one year and 40 hours of work per week and 10 hours of overtime per week.

Under Section 24 of the Act, employee is entitled to one day rest per week, with at least 24 hours interval before the next working week. Where an employee is required to work during the rest day, the employee is required to be paid double the hourly basic wage for the number of hours worked. This is also applicable where employee works on a public holiday[3].

An employee is entitled to a paid leave of at least 28 consecutive days in respect of every leave circle (given as 12 months)[4]. This therefore means that a security officer works for 11 months in every year of employment. Such leave is taken within six months after the end of the leave circle, or 12 months after the leave circle if the employee consented and justified by operational requirements. Employees are paid on prorata should the employment contract be terminated or expires. For PSCs, the manpower is planned to have officers take leave as they accumulate. This means that for every 11 officers, there is one on leave, and hence this is gathered for in the costing.

PSCs need to factor in emergencies when planning for manpower. Sudden gaps occur in the course of operations. But in addition, there are entitlements in the labour laws that creates additional manpower requirements, for instance, sickness and maternity. Section

[1] Cited under section 11.
[2] See Section 20(4).
[3] See section 25.
[4] See section 31.

32 of the Act grants an employee sick leave with full pay for the first 63 days, half pay for the second 63 days. Subject meeting the requirements of section 33, an female employee is entitled to 84 days' paid maternity leave or 100 days if the birth is for more than one child. Male employees are entitled, under section 34, to a three days' paid paternity leave. Therefore, for any given number of employed staff, PSCs make a provision based on experience to be on standby and fill gaps reported from deployment sites to stand in for officers calling in sick, either temporarily or for long periods.

The Act (under part E and F) stipulates stringent procedure to be followed when laying off employees. PSCs often suffer on this and it is evident from the numerous cases of unfair termination pending in the judicial mechanisms, according to the respondents. They explained that contracts with customers come with stringent terms and conditions and sometimes reject guards from their sites. Some guards get involved in thefts and other discipline cases. Whereas many PSCs attempt to comply with the termination procedures, they find themselves with liabilities from the rulings of the judicial mechanisms. These are often hard to predict and end up eating into the PSCs' bottom lines.

Upon termination, an employee is entitled to notice period or pay in lieu, as provided under section 41. Given the sensitive nature of security services, it is rare to give notice as it might create risk of loss of assets and hence termination of guards comes with payment, of not less than 28 days. Subject to the conditions stated under section 42, a terminated employee is entitled to severance pay of 7 days for every year of service. The employee terminated is also entitled to transportation, including for personal effects and family, back to the place where the employee was recruited, provided for under section 43. These provisions need to be factored in when costing for the services and the PSCs will make provision in its books during the continuance of the contract with their customer and hence utilised the provision when settling final dues to the terminated employees.

The Minimum Wage Order in Tanzania

Minimum wage in Tanzania has been in existence for long now. Tanzania has a set minimum wage per sector, which is revised periodically. The set wage is only the minimum and employers are encouraged to exceed that, and those already paying are required to maintain those higher levels. It is important to note that Zanzibar also has a different set of labour laws and hence a different regime in setting minimum wages. PSCs operating in both territories in Tanzania must comply with two different sets. The focus of this paper is on the minimum wage order for Mainland Tanzania.

The Minister of State, Prime Minister's Office (Labour, Youth, Employment and Persons with Disability) published the Government Gazette Number 687 of 25/11/2022 as required by the Labour Institutions Act CAP 300 R.E 2019. The New Wage Order came into effect on 1st January 2023 and was published on the 25th of November 2022. It revoked the Wage Order Government Notice No. 196 of 2013.

In that wage order, the private security services sector is required to pay TZS.222,000 for what is termed as 'international and large companies' and TZS.148,000 for 'small companies'. The order does not define the cut-off of small and large, neither does it define criteria for being categorised as 'international'. Respondents raised concern about this and pointed out that it leaves many PSCs to pay the lower salaries, yet they are larger that PSCs perceived to be 'international'. For instance, one local PSC had over 16,000 employees, yet observing minimum wage meant for 'small companies', yet some 'large or international companies' had less than 1,000 employees. They suggested that the law should have clearly indicated the criteria to use in categorizing a PSC as international, since all of them are locally incorporated. In terms of size, at least the Minister should have given a threshold, say of using number of employees or revenue turnover or scope of geographical operations or any other measures that can clearly be delineated and applied.

The other concern raised by the respondents is that the minimum wage level for the two categories means that the first lot pays a wage which is 50% higher than that of the second lot, yet they compete in the same market. This makes an unlevel playing field and gives an unfair advantage to the 'small' PSCs. On the side of employees, some directors felt that being paid significantly less wage legally yet doing similar jobs of guarding for instances, just because your employer is categorised as 'small' is unfair labour practice. They called for uniformity and fairness and this breaches the principle of equal pay for similar types of work.

It is important to note that the minimum wage for Zanzibar applies to all sectors of the economy, as opposed to have several sets of minimum wage depending on the sector. There has been contradiction of application, with some PSCs claiming that some opinions indicate that the minimum wage for guards should be for the sectors they are guarding and not for the private security sector. This means, if a guard is deployed to a mine, they should get a minimum wage for the mining sector, because they are in the same area as those employed directly by the mine but doing similar jobs. Segregating them per employer and not duties therefore may be interpreted as a form discrimination. Some respondents suggested that perhaps the wage ought to be categorised per region, with those in cities earning more than those based in rural areas due to the cost of living – food, rent, transport, education, health etc. This is the practice in the minimum wage order for Kenya. Currently, that wage order in Tanzania does not take into consideration such factors.

Lastly, the minimum wage order of 2022 had a significant increase and required to be implemented within a very short time – only one month. The increase was 48% from the level it was in the wage order of 2013. Directors felt that this was a significant and drastic increase, coming at a time when they had existing contracts some of which had fixed rates, making either to accept losses or quit. The director pointed out that even contracts form government agencies were not negotiable, despite the wage order coming from the government. It was deemed against the public procurement rules to change the terms of the contract and pay higher prices having been awarded the contract. The recourse was to surrender the contract, and have it retendered, without guarantee that it will come back. The time given to implement could not accommodate such moves given that the order came around festive season some customers had closed and could only report back mid of January 2023 when it was already implemented. Respondents indicated that they continued paying old rates in contravention of the wage order, while some ended the contracts for the customers who could not increase the rates for their services as a result of the sudden increase. This led to retrenchment of employees and since there was no time to comply with the labour laws in retrenching, many of the PSCs now have cases in the Commission for Mediation and Arbitration (CMA) (Interview, 15 September 2023).

The Revolutionary Government of Zanzibar, through the Commissioner of Labour, also issued a minimum wage order on 27thSeptember 2023, vide Circular No.43 of 2023, issued under Section 96 of the Employment Act No.11 of 2005, to be implemented from 1st May 2023. It increased the wage from TZS.300,000 to TZS.347,000 for all private sectors employees; not only for PSCs. There is a provision to have 'small companies' pay lower, which was TZS.180,000 and not rises to TZS.250,000. Unlike mainland, there is a clear criterion provided under The Minimum Wage for Small Institutions Regulations to grant a company as 'small'. One is required to apply to the Minister with justification and there is a criterion in the wage order that includes turnover, the highest pay for employee amongst others. Once granted, the certificate expires after three years, and one is required to reapply again with justification for renewal. Some directors suggested that this could be a good practice Mainland Tanzania could adopt. PSCs were still negotiating the contracts with the customers during this study.

Other Legal Requirements with cost implications

In addition to the interpretation of the labour law and the minimum wage order, there are several legal and regulatory requirements concerning the welfare of employees which have impact on the cost of delivering security services. Key amongst these pertains to health and safety. Occupational Safety and Health Authority (OSHA), established under the Occupational Health and Safety Act No. 5 of 2003, is a government institution in charge of ensuring safety in places of work. Noting that the PSCs deploy their officers in line of duty where they are exposed to various threats to their health and safety, the provisions of regulations from OSHA are critical. The interviews with the directors of PSCs reveal that they are required to comply with various provisions, including personal protective equipment (PPEs) in places of work. The requirements from TPF on uniforms are therefore enhanced by OSHA regulations such that where officers are deployed in sites they need PPEs, then that applies. These include, but not limited to, safety boots, reflective jackets, safety helmets, gloves, dust masks, eye protection glasses, ear plugs, overalls, and raincoats. The provisions serve to ensure zero injuries in places of work and OSHA conducts checks periodically.

The interviews reveal that the requirement to have medical examination before and after duty is a burden to the PSCs as to cost. Directors revealed that they are forced to pay TZS.75,000 for each employee, on entry and annually, and on exit. Given the nature of business, which have low margins, such levies just to conduct tests is a huge cost to the PSCs. An employer is required to obtain OSHA compliance certificate annually, but after undergoing place of work audit and all staff subjected to medical examination by OSHA. The challenge mentioned is that even examination by ordinary hospitals is not accepted by OSHA and they demand to carry out. The directors see this as another form of tax, given that the said examination is not detailed. In addition, employers are also required to provide OSHA training to their employees as part of the compliance and such training is expensive, ranging from TZS.300,000 to TZS.1 million. Interviews revealed that none of the PSCs had current OSHA compliance certificates, but some PSCs demonstrated that they had made an effort to meet some of the requirements, common of which was registration of workplace. A few had been subjected to OSHA audit of workplace and they revealed that they were fined heavily in what they termed as unclear criteria of judgment. What was evident is that education on the actual requirements was low. Many suggested that OSHA should conduct awareness training and more so, be considerate in handling sector issues.

Some directors opined that their employees are not even based on the PSCs workplace but deployed in their customers' premises providing services there. However, they indicated that OSHA insists that examinations be carried out on all employees on payroll, whether they are based in the PSC office or outside. One director disclosed that their PSC had 3,400 employees, but only 24 were based in the office with the rest deployed across the country in customer premises. If the PSCs is to be compliant, then they need to incur TZS.75,000 X 3,400 officers which is TZS.225 million, which is about 2.5% of its annual turnover. Given that there is a high employee turnover in private security and exiting staff needs to be subjected to exit medical examination, the cost is even higher. And this is just for medical tests, before mandatory training and audits which he revealed resulted in assessment of examination and penalties amounting to TZS.12.5 million. Despite the requirement to have compliance certificate during tenders, it is impossible to comply. The directors suggested that the fee ought to have been considerate of labour-intensive market, reiterating that the PSCs 'sell people' and any levy on people makes their rates uncompetitive.

The other key regulatory requirement for employers regarding employee welfare is the Workers' Compensation Fund (WCF). This was established under The Workers' Compensation Act. Cap.263 R.E. 2015. Its objective was to provide adequate and equitable compensation for employees who suffer occupational injuries and in case of death, their dependants. It was also to provide rehabilitation after work related injuries and promote prevention of occupational accidents and diseases. The Act requires employers in the private sector to contribute 1% of gross emoluments of employees on a monthly basis to the fund, from July 2016. This rate was later revised to 0.6% and recently revised further to 0.5% to match the employers in the public sector. The interviews with directors of PSCs revealed that many do not comply fully with registration and remittance of dues, apparently because the burden is too heavy. Again, a discussion with many PSC operators revealed that the level of awareness of the WCF requirements was low.

The interviews revealed that the WCF process requires reporting of the incident as it occurs, but the employee has to be treated and a claim is lodged when the treatment is complete. This gives the PSCs the burden of sustaining the employee even when out of duty, paying medical costs and retaining them in the payroll until they are sure there will be no further expenditure, then claim. They suggested that the claim process should be fast and some suggested that the injured employees should be the burden of the fund right from the injury date, to avoid cashflow strain on PSCs, which are struggling to sustain. One director revealed that out of his 640 employees, 12 were injured but still on payroll, 4 of which had been out for over 2 years, yet they are required to keep paying them and claim in future. The director said also that the receipts of expenditure sometimes fade and makes them lose the claim, because WCF insist on tax receipts which is often printed in low quality paper and ink, fading easily.

Some directors suggested that WCF should sign MOUs with hospitals to treat employees injured on duty and lessen the burden on employers. One director also revealed that even though he understands that the fund works like insurance, he said that the rate of contribution is so high compared to the potential claims. He disclosed that since inception, he had contributed TZS.43 million to the fund, but all his potential claim comes to about 6.3 million. He opined that if all employers have the same claim ratio, then the fund is hugely unproportional to the mandate it has, and the rate of contribution should be lowered further. Some directors indicated that they had insurance covers – the Group Personal Accident, the Public Liability cover, and group medical covers. The WCF being mandatory ought to have given consideration for employers with existing covers to achieve the same aim.

Another concern that came out was that workplace injury, even though covered by WCF, does not stop the employee from suing employer for injury sustained. This still forced employers to have common law cover, just in case of such claims. The WCF covers specific treatment, specified compensation for injury or death, the salary paid during the injury absence, but not the compensation for being suit as a result of that injury. Neither the award nor the cost of suit is entertained by WCF, which is an exposure. It was also revealed that despite the Employment Act given room to separate with a sick employee, after the first 63 days on full pau and the next 63 days on half pay, it appears that workplace injury has different interpretation and employer is stuck with employee.

The last part assessed on employee welfare is the pension and medical cover. At the moment, the PSCs are required to register with the National Social Security Fund (NSSF), a fund established under the NSSF Act Cap. 50 R.E. 2018. The PSCs are required to remit 20% of an employee's gross earnings, on a monthly basis, with 10% coming from the employee. There are huge penalties for noncompliance, which is five times the amount due. Interviews with directors of PSCs show that many do not comply fully and even some do not remit dues on time, citing cashflow issues. This makes them accumulate huge penalties. NSSF has medical benefits and employees are required to enroll and select a hospital of choice for self, spouse and up to four children. Many PSCs lose on this given that one needs to be up to date in remittances to have their employees benefit. NSSF also has the last expense that covers funeral and unemployment benefits of up to six months when one loses employment.

On retirement, one is paid a lumpsum and a pension formular based on the last earnings, provided that one has contributed for the last 15 years. The directors indicated that since guards hope from one job to the other frequently, they lose out as there are gaps in contribution. The recent introduction of unemployment benefits triggered mass absconding so that they claim NSSF and once they receive that, they come seeking to be reinstated. Sometimes some guards opt to sue employers in CMA, even when they absconded willfully. PSCs are therefore experiencing high turnover of staff since that introduction.

Key taxes and levies on PSCs

Some key taxes and levies assessed, in addition to those of OSHA, WCF and NSSF appearing in the foregoing section, include corporate tax, Value Added Tax (VAT), Skills Development Levy (SDL), withholding tax and municipal levy. All VAT registered persons are required to use Electronic Fiscal Devices (EFDs) of else face stiff penalties of 200 to 300 currency points (1 currency point is currently TZS.20,000) or a jail term of up to 3 years or both. Corporation tax is levied at 30% on the total income of the corporate, after deducting allowable expenses. This is payable quarterly in advance. The SDL is charged at 4% of gross emoluments of employee for Mainland Tanzania and 5% in Zanzibar. This is payable within seven days after the month of salary deduction and returns to TRA made after every six months.

VAT standard rate is currently 18% of the sales value in Tanzania Mainland, but 15% in Zanzibar. The threshold for registering for VAT in Mainland is TZS.100 million per annum and TZS.50 million in Zanzibar. However, anyone dealing in professional services must register regardless of the turnover. Security services were included as part of professional services under S.83 of Income Tax Act, through the Finance Act of 2016. VAT is remitted on every 20th day of the following month after the tax period. The withholding tax is deducted at source and remitted to TRA. PSCs had a lot to say about this. It appears that their objection to being included as professional services was not heeded. They had argued that theirs is labour intensive market and about 85% of what they charge their customers goes into salaries of officers and hence their fee is only 15%. That is to cover support services, and they are left with about 5%, with many barely breaking even. With this 5% withheld by customers, they are cash trapped and the calculation of what they ought to pay as corporation tax is far less than the amount withheld. This means the PSCs are forever in tax credit with TRA. They suggested that this needs to be reviewed and only the proportion of consultancy needs to be subjected to withholding tax.

According to the respondents, efforts to pursue via tax refunds bear no fruits, since tax audits PSCs are subjected to result in huge assessments which eat up the tax credits. The tax audits are conducted with the presumption that PSCs evade taxes, and hence must get huge findings. Directors revealed that this behaviour makes the business so uncertain given that it does not matter how financial audit was conducted, the TRA auditors will ignore that and resort to constructing their own figures using primary documents like banks statements.

The SDL is a levy that PSCs have long objected to. It appears that all employers have issue with the rate levied, which currently stands at 4% of gross emoluments of employees. Their argument is that it increases the cost of doing business. This levy is meant to finance Vocational Education and Training Authority (VETA). It is, however, also financing Higher Education Students' Loans Board (HESLB). The issue was that the employers were not benefiting directly from this. PSCs indicated that they recruit grade 7 and form 4s, who do not benefit from these funds. PSCs train their own security officers but there is no support from either of the institutions benefiting from SDL they contribute. Some directors suggested that employers need to be allowed to claim from the fund for specific trainings given to their employees, like what is happening in Kenya. Employers through Association of Tanzania Employers (ATE), where PSCs are represented through Tanzania Security Industry Association (TSIA), have been pursuing reduction from 4% to 2%. This lobbying is yet to succeed.

PSCs are also subjected to municipal service levies, which is based on 0.3% of the revenue turnover. This is covered under the Local Government Finance Act, Cap 290 of 1982. This is a charge imposed by Local Government Authorities (LGAs) on corporate entities or persons conducting businesses. Respondents suggested that the government should consider centralizing collection of the levy in a way that property tax is now being collected. In a way, that will simplify processes and encourage compliance. They also called for the creation of a central point of data collection that would provide a strong tool for enforcement of the legislation requirements during audits/review by the collecting Authority. In addition, they urged for efforts to be made to eliminate disputes between LGAs and businesses.

The other point raised was the advertisement fee that TRA took over from LGAs. Where it was meant for advertising companies, it has now covered everyone and any form of sign about the company is deemed as advertisement and a levy of between 20,000 and 80,000 is charged per square meter depending on the type of the advertisement material and design. This also includes the signs on the vehicles. This appears to contradict the directive from police for each PSC to clearly mark their uniforms, offices, places they offer services and vehicles. The vehicles for patrols are critical to have inscription of the security company as the patrols serve to reduce changes of crime and they usually coordinate with police where they provide their officers to jointly do patrols with PSCs officers. A vehicle to be used has to be clearly marked as a security vehicle, but the requirement to pay from a different authority discourages this.

Costing of Guard Services

Having assessed the legal requirements pertaining to minimum wage, this section attempts to quantity each provision of the law. The impact of the minimum wage order has two sets: for international and large companies and for small companies. The table below breaks down the buildup of costs, interpreting the legal requirements and average operation costs, according to the respondents, to arrive at the ideal price for the services of a guard. The guard, without a firearm, is assumed to be only earning basic, and no additional allowance, other than those specially provided for in the Act. The guard is also assumed to be working for 6 days per week and a maximum of 12 hours per day, hence a guard post has two shifts per day.

Table 1: Costing for Guarding Services for Large or International Companies

Unarmed Guard based minimum labour law requirements in TZS				
		Rates as Per the 2013 Wage Order		Rates as per the 2022 wage order
-			Remarks	
Guard Gross earnings		TZS		TZS
Basic pay		150,000	Earned in 7.5 hrs per shift	222,000
Guards overtime pay		152,308	4.5hrs per shift and public holidays	225,415
Total guard earnings - gross	A	302,308		447,415
Rest days per month		4.3		4.3
Other Guard benefits				
Annual Leave Travelling Allowance		1,042	25,000/= after every 2 years	1,042
NSSF - Employers Contribution - 10%		30,231	10% as per the law	44,742
Skills Development Levy 4%		12,092	4% as per the law	17,897
Workers Compensation Fund		1,512	0.5% as per the law	2,237
Medical costs		4,500	Average on actual	13,422
Total other Guard benefits	B	49,376		79,339
Total guard benefits	A+B	351,684		526,755
Other direct costs				
Training cost		15,000	Average on actual	15,000
Uniform – full kitting		30,179	Average on actual	39,233
Insurance GPA		4,600	Premium paid as per the law	4,600
Severance pay		2,917	7 working days p.a	4,317
Total Other direct costs	C	52,696		63,150
Sub Total direct costs	A+B+C	404,380		589,904
Standby guards	D	11,233	1 for every 36 guards	16,386
Off Reliever - 1/6	D	67,397	Guard works 6 days per week	98,317
Annual Leave Reliever - 1/11	D	36,762	Leave reliever 1 for every 11 guards	53,628
Total direct costs		519,771		758,236
Overhead allocation	E	80,000	Average on actual	104,000
Breakeven point	A+B+C+ D+E	599,771		862,236
Unit Price with Profit Mark-up - 10%		659,748.	Added 10% mark-up for profit. Return to the investor	948,459.
Profit margin		9.1%		9.1%

Table 2: Costing for Guarding Services for Small Companies

Unarmed Guard based minimum labour law requirements in TZS				
		Rates Per the 2013 Wage Order	Remarks	Rates Per the 2022 Wage Order
Guard Gross earnings				
Basic pay		*105,000*	Earned in 7.5 hrs per shift	*148,000*
Guards overtime		*106,615*	4.5hrs per shift and holidays	*150,277*
Total guard earnings - gross	A	*211,615*		*298,277*
Rest days		*4.3*		*4.3*
Other Guard benefits				
Annual Leave Travelling Allowance		*1,042*	25,000/= after every 2 years	*1,042*
NSSF - Employers Contribution - 10%		*21,162*	10% as per the law	*29,828*
Skills Development Levy 4%		*8,465*	4% as per the law	*11,931*
Workman’s Compensation - 0.5%		*1,058*	0.5% as per the law	*1,491*
Medical costs		*3,150*	Average on actual	*4,440*
Total other Guard benefits	B	*34,876*		*48,732*
Total guard benefits	A+B	*246,491*		*347,009*
Other direct costs				
Training cost		*10,000*	Average on actual	*10,000*
Uniform - boots,caps,belt,id, rain coat,		*25,000*	Based on current prices	*30,000*
Insurance GPA		*2,300*	Premium as per the law	*2,300*
Severance pay		*2,042*	7 working days p.a as per law	*2,878*
Total Other direct costs	C	*39,342*		*45,178*
Sub Total direct costs	A+B+C	*285,833*		*392,187*
Standby	D	*7,940*	1 for every 36 guards	*10,894*
Off Reliever - 1/6	D	*47,639*	Guard works 6 days per week	*65,364*
Annual Leave Reliever - 1/11	D	*25,985*	Leave reliever	*35,653*
Total direct costs		*367,396*		*504,098*
Overhead	E	*65,000*	Average on actual	*78,000*
Breakeven point	A+B+C+D+E	*432,396*		*582,098*
Unit Price with Profit Mark-up - 10%		*475,636.*	Added 10% mark-up for profit. Return to the investor	*640,308*
Profit Margin		*9.1%*		*9.1%*

The above templates generate iteration of costs from the basic minimum wage stated in the wage order and how each item in the labour law and other taxes contributes to the selling price for a guard. The overtime wage is slightly higher than basic wage rate. This is because a guard earns the basic wage within 45 hours allowed in the Act per week. Given that they work for six days and rest one day, they work for a maximum of 7.5 hours in a day to earn the basic pay. But since the shift takes 12 hours, the extra 4.5 hours is paid at the rate of 1.5 times the hourly rate. This hourly rate is calculated by dividing the basic wage by 4.333, times the number of hours ordinarily worked each week, as stipulated in the First Schedule of the Act. According to the circular by the Association of Tanzania Employees (ATE), Tanzania has 18 gazetted public holidays in a year. Each public holiday is paid at twice the normal hourly rate. There are some one or two additional announcements in a year declaring holidays and this has not been considered. The overtime cost indicated in the table therefore covers the normal overtime per shift and the public holidays, spread out per month. Night allowance has not been considered and hence this table is for a day guard.

Other direct costs for a guard is what had earlier been explained from the labour law and other statutory requirements. An employee is expected to be paid TZS.25,000 after every two years for leave travel. This has been spread out per month in the calculation. NSSF, SDL and WCF as as per respective laws. Medical cost is taken into account from the average incurred and included what OSHA charges. It also has normal emergencies which are unavoidable. Whereas PSC employees, being members of NSSF, enjoy the NSSF medical benefits at no extra cost, some customers demand membership of NHIF, which requires employers and employees to contribute 3% each on gross pay on a monthly basis. Respondents also indicate that a universal health coverage was on the cards and will require all employers to comply. This has therefore been included in calculation. Many PSCs are still required to have a common law liability cover for injuries, other than those covered by WCF. The premium for Group Personal Accident (GPA) has therefore been included.

On average, the resultant price is way above what the companies are charging their customers. This means therefore that this is the root cause for their non-compliance. The resulting price excludes the Value Added Tax, which is currently 18%. The price arrived at considered only a modest profit, marking up the cost by 10%, which translates to a profit of 9.1%. By all means, this is a low return on investment, given that the current interest rate for bank loans range between 18% and 24%.

Furthermore, the gross amount of the invoice is subjected to the 5% withholding tax, meaning that the actual to the PSCs is 95% of the selling price. If we take for instance the small companies, where the actual profit is TZS.58,000, and hence if this has no adjustment to arrive at taxable profit, the corporate tax at 30% ought to be TZS.17,400. However, the 5% withholding tax at source is TZS.32,000. This means that what goes to TRA is almost double the tax that is payable. A PSC is expected to file apply to TRA for refund, which, according to the respondents, it neither realistic nor achievable. This fact subjects them to cashflow problems as they are still expected to pay other types of taxes even as they wait for the outcome of the refund application.

As explained before, even in the above scenario, most PSCs will still face cashflow challenges due to the timing difference between payment of stringent commitments, taxes, including VAT and collection from customers. The largest burden on PSCs, according to the respondents, is the inability for their customers to settle their invoices on time. According to the respondents, the biggest culprits are the public institutions, which sometimes delay up to six months or even a year.

To ensure optimal operations, PSCs set up offices and equip them with facilities to offer oversight of their operations round the clock. They need office personnel to cover different sections and ensure smooth operations of the PSC. The establishment cost, including for vehicles to aid in patrols, take significant cost. The assumption of the overhead cost in the calculation is based on the average cost per PSCs. This was arrived at at taking the total overheads divided by the number of guards they have. The difference between the figures in the 2013 wage order column and the present is the actual rates existing then. This therefore reflects the cost escalation in the ten-year period, which is modest. The same has been reflected in the cost of uniforms. As for the difference between the uniform rates for small and large PSCs, it was evident that small PSCs do not issue full kitting in most of the cases. During the study, the difference in the quality of uniforms was also evident. Some respondents indicated that small PSCs were opting for cheaper materials for the uniforms. Large PSCs were also manning sites that required full Protective Personal Equipment (PPE), and the price of those PPEs are significantly higher.

PSCs are expected to offer services to the expectation of the customers. They enter into contracts and part of the terms of the said contract includes liability clause and insurance requirements. The liability clause shifts burden to PSCs and they often receive claims for losses occurring in their places they guard. The contractual liability insurance to cover such risks is becoming costly to PSCs and evidence from the response is that insurance companies are turning down PSCs seeking such covers. The insurers claim that the claim rates is extremely high, making no commercial sense to insure. The respondents however indicated that some PSCs have covers, but with stringent terms like no covering the first TZS.100 million of losses. This means that it becomes rare for PSCs to claim from insurance companies. They should the burden, to their detriment. The consumer has the power as they resort to withholding payments or opt to recover directly from the amounts due, hence almost cribbling the operations of the PSC. For the purpose of indicative cost, the assumption is that this premium and the resultant claims will be absorbed by the overheads.

Evidence from the respondents showed that the impact of the drastic increase in minimum wage in January 2023 was a loss of 4,750 guard posts in a combined workforce of 13,400 by the 8 sampled PSC. This is a 35% loss of guard posts. This was a combination of customers opting for cheaper alternatives and those opting to employ guards instead of outsourcing. However, the respondents indicated that there was subsequent increase after the customer crossed the shock phase and moved to acceptance of the new prices.

This was indicated as gradually improving over the months that followed. The positive aspect the respondents pointed is the increase in revenue per guard which boosted the overall revenues for many PSCs except a few. One respondent indicated that their PSC suffered a 18% loss of manpower, but gained 13% on the turnover and operating profit also rose by 22%.

Discussion

The above findings suggest that whereas the minimum wage order is clear, the implication on the cost of guarding services is huge, when taken together with related requirements of the labour laws and related statutory requirements. The drastic increase by 48% caused a serious dent in the revenues of the PSCs and resulted in significant drop in the number of employees in the sector as many customers opted for alternatives. The respondents however indicate that they steadily grew after the initial shocks. This study has attempted to provide indicating structure of cost building up from the minimum wage order to the selling price of a guard. The resultant price is 4.3 times higher than basic wage. Policy makers need to consider this proportion and the impact wage increases have on the prices of services of PSCs.

There is evidence that customers, especially from the public sector, still go for the cheapest bidders for their services, without considering the impact on compliance to the legal requirements. The Public Procurement Regulations Act requires the awarding of tenders to be to the lowest bidder, as long as they comply with other requirements in the tender. The Government Procurement Services Agency (GPSA), entrusted to select vendors for government agencies, usually set the guiding price for services. The respondents indicated that this is way below the ideal price for guarding services, but GPSA based that on the average bidding prices. The low price is the root cause of non-compliance, to the detriment of employees in the sector. Mechanisms of oversight appear to be weak, leaving operators in the sector exposed. Those knowledgeable of the true cost of the service find it hard to compete with those offering cheap solutions. They are therefore tempted to charge low prices if only to survive, but find ways to reduce cost, which results in non-compliance.

As posited in the Minimum Wage Theory, the drastic increase in minimum wage eventually resulted in better welfare of guards in the sector, despite the initial setback of job losses. And given the existence of the minimum wage, the enforcement bit is lacking. But when the market understands the cost, they will learn to adopt and consider that in the pricing. However, the fierce competition in the sector, coupled with lack of proper oversight, is counterproductive. The result is that the customer pays at a rate that makes it impossible for the PSC to comply. The PSCs are willingly going for lower prices and opt not to comply on a number of legal requirements but still survive. Weakness in state regulation enforcement has not been complemented by the actors in the industry, who indicated that they have weak trade associations. They can however play a pivotal role if registration or tendering conditions includes membership of trade association with proper code of conduct. This implies that, even if limited in its effectiveness, self-regulation may be better than nothing; at a minimum, it can provide public standards against which third parties can judge corporate behavior. But as currently planned and practiced by PSCs, self-regulation is not a sufficient substitute for state regulation of this industry.

The findings of this study appear to support what Webb (1912) established in his theory that fixing and enforcement of minimum wage are two distinct aspects. There is proper legislation in Tanzania about the minimum wage, but compliance is very low due to weak enforcement. The findings suggest that enforcement of minimum wage order is still weak, from the government, the customer and standard setters. According to the respondents, this is due to competing priorities, resources to conduct proper surveillance, difference in the power of international and local PSCs, weak industry association and price wars with drive a race to the bottom. This understanding shed light on how to frame regulations and especially those impacting welfare of employees like minimum wages and hence pricing in the market. It also enhances the need for affirmative action in allocation of tenders and hence the initiatives in local content especially in the mining and oil and gas sectors get credence.

In line with the Minimum Wage Theory, the move by the government to raise the minimum wage by 48% did not have a negative impact on capital flows. However, there was a drastic drop in the employment, temporarily, thereafter, the market appears to accept the new prices and adopted that. Some jobs had to cease though, and some customers operated with reduced manpower, with the remaining staff paid well, in line with the new wage order. Webb (1912) was categorical that employment increased even after minimum wage. However, since the wage referred to was per hour, it appeared to reduce the number of hours worked by increased the number of people. Other authors (Mărginean and Chenic, 2013; Schmitt, 2013; Addison et al, 2009) had similar findings and held a view that minimum wage increase had no impact of employment. The findings from this study however points to a different experience, where the customers' refusal to accept price hikes pushed by minimum wage results in retrenchment.

One PSC director indicated during the interview that they retrenched 700 guards immediately, but the customers opted for cheaper alternatives, hence shifting from the 'large and international' to 'small' PSC. Two other respondents indicated similar shifts to cheaper alternatives – one to a competing PSC who opted to accept lower price and the other to a decision by the customer to employ guards directly instead of outsourcing. This points out to no loss of employment as such, but only a shift in the employer. Guards however lost jobs and new ones employed by the new contractor/employer. The same respondent indicated that they lost about 250 guard positions with customers who opted to remain, after doing a reassessment of the number of guards. This was an outright loss of employment. This therefore points to evidence that distinguishes the findings from this study with existing evidence in the theory and literature.

Conclusions

In view of the findings, this study makes a number of recommendations with the aim of further improving PSC compliant with the minimum wage order. First of all, there seems to be an evident lack of awareness of the buildup of cost from the minimum wage to the selling price by many executives of the PSCs. This can be addressed with education and training. This can be driven by stakeholders like the Ministry of Labour, and other government agencies, working together with trade association. In conducting audits, a clear criterion should be developed to guide the process to eliminate uncertainty and non-uniformity in application of rule. These efforts will bear more fruits if complemented by other agencies like the ministry of labour, NSSF, WCF and TRA.

There seems to be an oversight deficit. To address this, respondents suggested building capacity of TPF to regulate the industry effectively. They appear to be continuously improving, even though the policies they make are sort of reactive to the events, like what Percy (2012) referred to as 'regulating the last war'. TPF may however improve on the directives and reduce them to manuals that PSCs can follow and can be audited against. Most of the respondents alluded to the challenge of keeping up with unstructured directives, which are easy to lose track of. The said directives are not easy to refer to because sometimes the orders lack reference numbers, dates and are sometimes issued verbally. This study recommends developing proper regulations in the form of a government notice, issued by the minister responsible for internal security. According to suggestions from respondents, proper due diligence should be done before granting license, and TPF should develop a framework of pre-registration vetting and continuous surveillance.

Trade associations in private security industry appears to be largely ineffective and respondents accused their leaders of self-seeking. It was suggested that TPF should also make an effort to reign over trade associations and ensure that they have proper governance structures and code of conduct that included strict compliance to all legal requirements including the minimum wage order. Some respondents noted that it was in the best interest of TPF given that when there is a vibrant industry association, their work will be easier as they delegate supervisory roles to trade associations. This will reduce costs to TPF but still ensure the effectiveness of regulations.

A review of the trend in some countries like Kenya and South Africa suggests that a private security industry regulator may be desirable, and therefore, there is need to enact laws that create that institution. Respondents proposed that if this is adopted, then it will need to be representative of the sector and hence have PSC directors occupying roles in its governance organs. The fear is however on the likely fees PSCs will be required to be charged to sustain the regulator's operations. It was suggested that appropriate funding needs to be discussed to ensure that the PSCs are not overburdened with additional levy to support the regulator. Enactment of such an Act of parliament serves to legitimize the private security sector and its activities. This will be a plus given that at the moment, there is not clear law permitting operations of a PSC in the country, going by the literature reviewed and respondents' responses.

Among the key concerns of PSCs are various taxes and levies. Respondents reiterated the security as a service needs to be seen as an critical necessity, without which, other sectors will not be optimal. They called for deliberate policy efforts to make this affordable to many, given that police would not be everywhere. It was recommended that many of these taxes be waived and /or consolidated to make the business environment friendly. This includes the withholding tax that is inhibiting cashflows for the PSCs. It was also recommended that tax audits be friendly and be considerate of the actual facts. In addition, some respondents called for revision to the current status of the SDL to consider exempting PSCs from it to make their critical services affordable. They also had an issue with using gross pay, and instead, it should be based on basic pay. Gross pay in PSCs doubles the payroll cost since the overtime pay, which is unavoidable given that the standard working hours for them is 12 hours per day and not the 45-hour working week as stipulated in the labour laws. Whereas WCF and NSSF serve the employee welfare well, some respondents recommended that the rate of contribution, especially for WCF, be reduced from 0.5% of the gross pay.

The minimum wage order indicates two sets of wages for the sector, without delineating the PSCs to follow each. Respondents indicated that failure to define makes it uncertain as to what really applies to which type of PSC. PSC directors indicated that some customers questioned them on why they decided to categorise themselves as large and international, yet they are incorporated locally. It was recommended therefore that the wage order should clearly define what constitutes 'large and international' PSCs and 'small companies'. Secondly, respondents from 'large' PSCs felt that it was discriminatory to have them pay 50% more wages yet compete in the same market. They called for uniform minimum wage, terming the distinction as 'unfair labour practices' given that it legitimizes paying different wages for the same job, just because of the source. There was also a suggestion that the wages should consider the cost of living, and hence set different wages for cities, municipalities, towns and remote locations. This structure applies in Kenya. In Uganda, the government does not set minimum wages and prefers the market forces to dictate so.

Evidence showed that the consumer of private security services is key in enforcing regulations, but only if the awareness is high on the benefits of existing initiatives to regulate the sector. Therefore, respondents pointed out that trade associations need to have their act together then market themselves to gain confidence that they can reign on noncompliant members. Given the infighting witnessed, respondents suggested that they need to address internal issues first and be seen to be democratic but strict in enforcing standards. To address the education gap amongst consumers, government and PSCs about importance of the international standards, it was suggested that setters and promoters also need to move to the market and educate them on why their standards are key in regulating PSCs. This will improve the uptake and enforcement of the adopted standards, with PSCs opting for certification getting respect they deserve. The recent visit by ICoCA to Tanzania, from Switzerland where they are based, is commendable. However, they only met certified members and a limited number of potential members. If awareness is not made, then local companies will never make an effort to get certified and this continues to tilt the power to the multinational PSCs in the country, who are more conversant on these standards.

This study had limitations as to the scope and coverage. It only focused on Mainland Tanzania yet operations for many PSCs extend to Zanzibar, which has a different jurisdiction on minimum wage. The sample was only eight, based in Dar es Salaam. For further research, it is recommended that coverage be expanded, and efficiency of regulatory mechanisms be tested separately to gauge effectiveness. Other researchers may also change the methodology, samples and even theories used, to see if the same findings are achieved and validated.

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