

УДК 327:347.72:355.6+339.54](477:100)

## **SPECIFICS OF PRIVATE COMPANIES' ACTIVITIES IN THE FIELD OF MILITARY BUSINESS IN THE CONTEXT OF CRISIS SHOCK: INTERNATIONAL EXPERIENCE**

## **ОСОБЛИВОСТІ ДІЯЛЬНОСТІ ПРИВАТНИХ КОМПАНІЙ У СФЕРІ ВІЙСЬКОВОГО БІЗНЕСУ В УМОВАХ КРИЗОВИХ ПОТРЯСІНЬ: СВІТОВИЙ ДОСВІД**

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***Abstract:** In the modern world, private military companies (PMCs) are gaining strategic importance. The purpose of the research is to analyze the peculiarities of modern private companies in the field of military business in the context of crisis shocks. The article reveals the essence and concept of the PMC phenomenon as a unique tool for privatization of security services, in particular in the context of international conflicts and humanitarian crises. Their role in the transformation of the global security landscape is highlighted, and the dynamics of changes in the range of services, including logistics support, protection of strategic facilities, consulting services, etc. is revealed. The authors applied the methods of system analysis, comparative research and content analysis, which allowed a comprehensive assessment of the transformation of the PMC sector in the context of global challenges. It is determined that globalization and the growth of regional conflicts stimulate the expansion of the range of PMC services, adapting the business strategies of leading companies in the industry. It is revealed how modern technologies transform the operational activities of PMCs, contributing to increased efficiency and reduced costs. The article outlines the advantages of using PMCs, in particular their efficiency, flexibility and ability to work in difficult conditions, and identifies their disadvantages, one of which is insufficient international regulation of their activities. It is proved that the effectiveness of PMCs in the global environment depends on their ability to integrate innovative approaches. The results of the research may be useful for analyzing global security trends, formulating policies for regulating the activities of PMCs and developing strategies for the development of the sector in the context of current threats and challenges.*

***Key words:** private military companies, crisis, security, profits, changes, international business.*

**Анотація.** У сучасному світі приватні військові компанії (ПВК) набувають стратегічного значення. Метою дослідження є аналіз особливостей сучасних приватних компаній у сфері військового бізнесу в умовах кризових потрясінь. У статті розкрито сутність і поняття феномену ПВК як унікального інструменту приватизації безпекових послуг, зокрема в контексті міжнародних конфліктів та гуманітарних криз. Виокремлено їхню роль у трансформації глобального безпекового ландшафту, а також виявлено динаміку змін у спектрі послуг, включаючи логістичну підтримку, охорону стратегічних об'єктів, консультаційні послуги тощо. Авторами було застосовано методи системного аналізу, що дозволило комплексно оцінити трансформацію сектора ПВК у контексті глобальних викликів. Визначено, що глобалізація та зростання регіональних конфліктів стимулюють розширення спектра послуг ПВК, адаптуючи бізнес-стратегії провідних компаній галузі. Розкрито, як сучасні технології трансформують операційну діяльність ПВК, сприяючи підвищенню ефективності та зниженню витрат. Окреслено переваги використання ПВК, зокрема їхню оперативність, гнучкість та здатність працювати в складних умовах, а також виявлено недоліки, один з яких - недостатнє міжнародне регулювання діяльності. Доведено, що ефективність ПВК у глобальному середовищі залежить від їх здатності інтегрувати інноваційні підходи. Результати дослідження можуть бути корисними для аналізу глобальних безпекових тенденцій, формування політик регулювання діяльності ПВК та розробки стратегій розвитку сектора в умовах сучасних загроз та викликів.

**Ключові слова:** приватні військові компанії, криза, безпека, прибуток, зміни, міжнародний бізнес.

**Introduction.** Wars and terrorist attacks, economic and social crises, political instability at both the global and regional levels, fierce competition between countries and actors of international business are the real reasons for the popularization of private military companies' services in the world. They perform functions inherent in the national armed forces, provide external and internal security, engineering and technical protection, logistics, information security and consulting services, and are actively involved in the fight against terrorism, strategic and tactical planning, security advice, information gathering, psychological warfare and material and technical supply.

Every year, their number grows, their positioning changes, their activities are strengthened, and development trends predict success for decades to come. Those who have long been condemned are now openly acting as commercial enterprises whose activities extend to the territories of all countries of the world.

**The purpose of the article** is to explore the activities of private companies in the military business.

**Literature review.** Over the past few years, the relevance of research on the activities of private military companies has increased significantly. This is primarily due to their active presence in the information space, direct participation in combat zones and their growing role in modern military conflicts. I.Zhytnyk characterizes the phenomenon of PMCs as a corporate evolution of the age-old practice of mercenaries (Zhytnyk I., 2020), Y.Semenyuk calls them a convenient tool in the context of the concept of fourth generation wars (Semenyuk Y., 2020), and S.Kyrychenko modernizes the concept by defining PMCs as a commercial organization whose main goal is to make a profit (Kyrychenko S., 2021).

The opinions of domestic authors are confirmed by the estimates of experts from international consulting platforms, such as Vantage Market Research, where the global market for private military security services was estimated at 258.11 billion US dollars and is projected to reach 446.81 billion US dollars by 2030 (Vantage Market Research, 2022). In addition, according to the United Nations, only in the period from 2012 to 2017, the total amount officially paid by the organization to private contractors amounted to 166 million US dollars (Garcia M., 2023). This, in turn, means an increase in demand for PMC services due to the inability of states and international organizations to perform protection functions and develop security innovations on their own.

**Main results of the research.** From the international business point of view, a PMC can be considered a business entity established and registered in the territory of any state, providing military or security services to other states, legal entities or individuals in accordance with the requirements of applicable law and international treaties. In the past, the employees of the above companies were called “mercenaries” or “combatants,” but now this statement is refuted and declared false. This is due to the fact that none of these categories covers the entire diversity of PMC activities and the complexity of the legal criteria provided for each of them.

The Montreux Document, prepared in 2008 by the International Committee of the Red Cross, proposes a system of regulation and determination of responsibility for the actions of private military contractors at the individual, company and state levels. V. Kravchuk writes that this document is not legally binding, as it is not reflected in national legal systems, which may differ from each other (*Kravchuk V., 2021*). However, of course, representatives of private military companies themselves claim that their activities, which are based on political ethics, contribute to the implementation of peaceful missions and are an important contribution to ending wars, conflicts and improving the humanitarian situation. Industry leaders have even united in the International Stability Operations Association.

Over time, there have also been some changes in the list of PMC services. The development of innovations, globalization processes, global progress and increasing demand for highly specialized services have improved the “product”, providing new opportunities for the growth of the military business in general. It would be fair to define the areas of their activity, which can be divided into 4 main categories: security, education, intelligence and supply.

Security services include protection of people, protection of domestic and international cargo transportation (development of actions to protect against theft, prevention of ship hijacking by pirates), protection against kidnapping (release and search for hostages, prisoners of war), fight against organized crime (money laundering human trafficking), protection of objects, facilities and institutions (protection of embassies, power plants, oil refineries) and information protection (ensuring confidentiality of personal and business communication, movement, actions, avoiding leakage of important and secret military information, localization of channels). Education and training is based on basic theoretical and practical training of civilians and military persons, advanced qualification of military staff, construction of training camps, training centers, shooting ranges, etc.

Intelligence services are considered in three areas: military intelligence, which includes the calculation of possible losses as a result of hostilities, the development of scenarios by analysts and the creation of risk models for strategic planning in accordance with the individual characteristics of the client. Also, business intelligence (collection of commercial information) and consulting (collection, analysis of data, forecasting (modeling) of situations, providing proposals to mitigate potential threats in various areas of life) should not be forgotten. Supply services are in demand in terms of supplying certain military groups with material and technical means, engineering, postal services, construction of military settlements, power plants.

In 2024, the global private military security services market will be characterized by the following players: Securitas AB (Sweden), Allied Universal (USA), GardaWorld (Canada), G4S (UK), Constellis (USA), Aegis Defense Services (UK), Northbridge Services Group (USA), and Academi (USA). All of them are companies with many years of experience in the security sector that have completely changed their business strategies in recent years to meet the new challenges of the modern business environment. They, like any other business, are affected by the dominance of global trends. They seek to generate international income using the concept of global business practices and taking into account the local conditions of countries and regions (*Vergun V., Pryiatelchuk O., Stupnytskyi O., 2020*) In addition, their evolution is associated with the demand for more comprehensive solutions in the military sector: the need to quickly adapt to changing conditions on the battlefield, where technological innovation, cybersecurity and integrated management systems are becoming increasingly important.

In their new business strategies, PMCs are more often focusing on the development and implementation of technological solutions, such as the creation of unmanned aerial vehicles or

intelligence systems with active use of AI. They also use marketing campaigns that emphasize their transformation from traditional closed structures into public, more transparent organizations. The analysis of their activities has shown that many PMCs are now creating their own media platforms, publishing analytical reports, and informing consumers about themselves through social networks. This to a certain extent creates a positive image and reduces public distrust, as well as facilitates lobbying for their interests at the state level, providing better access to contracts and government support.

A major impetus for the development of PMCs is provided by crises, wars and regional upheavals that require immediate intervention by professional soldiers. Today, states are not always ready to engage their own armed forces for a number of political, economic, or social reasons. Some of the conflicts in the Middle East have had a personal impact on the growing demand for PMC services. Governments and private corporations have sought to protect their assets and staff in high-risk environments by engaging American companies such as DynCorp International and Triple Canopy, which have been active in the region, providing security for strategic facilities and supporting US military operations. It is well known that PMCs are particularly fond of conflicts and crises related to the struggle for resources. We are talking about the African continent - Libya, the Central African Republic, the Democratic Republic of Congo, etc. Here, they are hired by both governments and corporations to ensure the security of extractive companies and help fight insurgent groups.

Naturally, like any business, PMCs try to keep silent about their shortcomings, emphasizing only their advantages (strengths). Recently, it is rare to hear the media, international organizations or governments condemning the activities of Western PMCs. More and more often, their positive aspects, greater controllability and ability to successfully perform various tasks are highlighted, especially in comparison with the Russian company Wagner. In addition, in view of recent events, ethical issues and controversies regarding the functioning of the Russian PMC model have become extremely acute.

After analyzing the international experience, it can be concluded that often the activities of PMCs are bound only by the provisions of the concluded contracts and legal norms of the respective professional sphere. Unlike state institutions, they do not have to adhere to any security concepts - neither national nor those arising from partnership obligations - and fulfill state orders provided for by law. They are subject exclusively to the rules of the market, i.e. the law of supply and demand. This freedom of action in the global marketplace gives them the ability to develop customer-focused products and solutions. They state: "If you have a problem, just write us a check and we'll do the rest - quickly, without red tape, and to your complete satisfaction." Or, as Doug Brooks, president of the ISOA, said: "Write a check and you will stop the war" (*Wesseler R., 2007*). The quality of problem solving depends on the amount the client is willing to pay. Anyone who can afford it - a state, organization, concern, or individual - will receive a luxurious security package. Those who cannot will be forced to make do with a less reliable protection option.

**Conclusions.** Thus, it is now safe to say that the last decades have become crucial for PMCs in terms of changing the attitude of society and their consumers to their activities. The instability of the world order has increased the demand for the services of such companies, and the emergence of additional methods and tools for growth has provided additional opportunities for further prosperity and consolidation of their status in the international scene. Analyzing the current activities of industry leaders, the following advantages of using PMC services in the twenty-first century can be identified:

- qualified and trained personnel;
- reduction of official losses during local armed conflict;
- the possibility of rapid provision of additional personnel;
- protection of humanitarian organizations, improvement of the quality of UN actions;
- availability of the best advanced technologies;
- the state has the opportunity to outsource security tasks and thus use its own armed forces more flexibly;
- the use of PMCs does not cause the discontent in modern society that the use of regular armed forces can cause.

In addition to the positive aspects, it is also important to take into account certain disadvantages, such as

- refusal to fulfill an order due to its apparent complexity;
- lack of ideological motivation of the personnel;
- activities are regulated by business laws, but obligations are private;
- the main goal of the PMC is to make a profit;
- privatization of public functions;
- lack of proper regulation at both international and national levels.

To summarize, it is advisable to emphasize the need for additional research in this area by domestic authors and a systematic analysis of the activities of modern PMCs. Their analysis will help identify potential threats and challenges related to the functioning of PMCs in different regions of the world. It can also serve as a basis for the creation of a national regulatory framework that will ensure proper control and transparency of this business sector.

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