

External Interventions and Civil Wars: Why Focus on Non-State Actors?

In 2010, General David Petraeus, then top US commander in Afghanistan, remarked that contracting security services “represents both an opportunity and a danger.”¹ Whether they train police forces in Afghanistan and Iraq, provide logistical support to African governments hoping to gain an upper hand over rebel combatants, or prepare government forces to manage terrorist threats, private contractors are present in numerous conflict zones around the world. Often well trained and organized, private military industry’s employees are some of the leading security experts in the world. Unlike mercenaries fighting individually or as part of loosely organized groups, today’s private military and security companies (PMSCs) are corporate entities that deliver military and security services for monetary compensation, maintain permanent locations, and have a hierarchical corporate structure. Some are listed on stock exchanges.

With American soldiers stretched thin worldwide and state failure posing security threats that the international community has been, at times, unwilling to address, the demand for private contractors to enter some of the most complex and dangerous intrastate conflicts has risen to unprecedented levels. Sensing new and lucrative opportunities, private military and security providers began to flood the market. Since the end of the Cold War in 1993, a time when the United States downsized its military and major powers withdrew from weak states, leaving behind a vacuum of power, the market for private contractors has rapidly grown, as has the companies’ ability to provide increasingly more sophisticated, innovative, and diverse services. Corporate actors are ubiquitous; they help governments train their military, deliver intelligence, plan for combat, transport personnel, perform risk assessment, and they have occasionally engaged in direct combat when fighting alongside the government’s forces.² The industry’s expansion and reports of human rights abuses in Iraq and Afghanistan have spurred the need to evaluate the industry’s impact on conflicts. Are these contractors effective in

bringing an end to violence or has the desire for profit and limited accountability tainted their usefulness? What are the conditions under which PMSCs sometimes help with conflict termination, while in other cases their impact is limited or negative?

This book's major focus is on understanding the conditions under which private military companies are more likely to be effective in terminating civil wars, the dominant type of armed conflict in the world since the end of World War II. Civil wars continue to persist—in 1990 there were 49 such conflicts with at least 25 battle-related deaths while in 2014 there were 42.³ The potential for state failure that could create conditions conducive to fighting is unlikely to abate in the near future. Such state failure is most often associated with the presence of weak political institutions that are characteristic of anocracies or hybrid, semi-authoritarian regimes.⁴ Marred by corruption, these regimes usually lack the capacity to maintain social order. Global trends in governance show that the number of hybrid regimes has dramatically increased after the end of the Cold War, and while there have been periods of some decline, the growth has been positive since 2007.⁵ In response to rebel attacks, many governments have turned to private contractors for help. But reliance on PMSCs has not been restricted merely to weak states. The United States, Great Britain, and other major powers have employed private contractors to fulfill their foreign policy interests such as securing gains against insurgents in Iraq and Afghanistan. In light of such developments, understanding intrastate violence and instability increasingly requires that we understand the role of external, non-state actors in shaping war dynamics.

Much of what we know today about external interventions into civil wars concerns the role of states and international organizations in molding conflict dynamics. The general argument, supported by empirical findings, is that external interventions prolong fighting because they either invite counter interventions or give the combatants a chance to regroup, rearm, and continue their armed struggle.⁶ More recently, there has been a growing interest in the causes and consequences of interventions by non-state actors such as foreign volunteer fighters that have been present in Syria's civil war and diaspora's military support and lobbying efforts aimed at international actors with the power to influence civil war dynamics.⁷ Aside from such actors' presence in conflict zones, there is also the rise in the number of interventions by PMSCs. In 2006 nearly 300 PMSCs intervened in civil wars around the globe, an unprecedented increase since 1984, when only one

company delivered services in a conflict zone. While scholars interested in the private military industry have debated the positive and negative aspects associated with the proliferation of private contractors, systematic global analysis of conditions under which PMSCs have contributed to the cessation of violence in civil wars or alternatively prolonged it remains elusive. To date, there have been only a few efforts⁸ to study PMSCs' impact on civil war dynamics despite the fact that civil wars remain the most frequent form of armed conflict, and PMSCs intervene in such conflicts at a much greater rate than states in the post-Cold War era. This book, therefore, is an opportunity to bridge the gap between these two areas of research and encourage further exploration of the linkage between private military and security industry's presence in civil wars and conflict termination.

To understand PMSCs' impact on the termination of civil wars and the preservation of peace in the conflicts where they intervene, we need to identify conditions under which some PMSCs are more militarily effective in contributing to the government's victory in a civil war from conditions under which the effectiveness is limited. Because PMSCs are profit-oriented businesses, the temptation to be less effective exists, especially if such behavior can pass undetected or be justified to the client.⁹ Scholars interested in private military and security industry recognize that stronger monitoring mechanisms are vital to better regulate the industry's behavior in conflict zones.¹⁰ Furthermore, while some researchers recognize the positive contribution of PMSCs to global security,¹¹ many view the industry with suspicion, seeing it as a threat to state authority and stability.¹² This project departs from the assumption that interventions by profit-driven military and security corporations are likely to destabilize the security environment.

First, while the cases of PMSCs' behaving badly make the news and ignite critical debates, PMSC intervention on behalf of the state is sometimes associated with shorter wars. Our data indicate that PMSCs do, in fact, contribute to conflict termination under certain conditions even when we control for alternative explanations. PMSCs have different corporate structures and some experience more competitive pressure than others in specific circumstances. These factors will exert varying impact on PMSCs' behavior and levels of accountability in conflict zones, meaning that under some conditions PMSCs can bring positive contributions to conflicts in which they operate.

Second, we argue that the competitive market pressure that PMSCs face creates a monitoring mechanism and that variation in two dimensions of market pressure, the industry-wide competition and the competitive

environment specific to a given conflict, helps explain why some companies are more conscious of competitors in ways that push them to be more effective in securing gains for the government and hence accountable to the client. When companies are accountable to the client they are more likely to display higher level of military effectiveness, which enables them to play a more significant role in shifting the balance of power in favor of the state and thus contribute to swifter termination of conflicts. In other words, the market serves as a regulatory mechanism that deserves much more attention than currently given in existing scholarly and policymaking debates.

By focusing on market pressure, the competitive environment in which PMSCs operate, we can predict when companies are more likely to be effective and hence exert positive influence on conflict dynamics. PMSCs' behavior is not always capricious. Consider, for example, the company's corporate structure, which may evolve and change depending on market pressure. Merely looking at a company's ownership structure, whether it is publicly or privately held, tells us a lot about its level of transparency and accountability and hence its self-imposed regulations about behavior in conflict zones. By uncovering the company's structure we can better understand what kind of clients the company will work for and how it will fulfill its contractual agreement. All of these factors, in turn, will enable us to predict whether the company can offer positive contribution to the termination of civil wars.

Market Pressure and PMSCs' Accountability in Civil Wars

Previous work on PMSCs' behavior in conflict zones posits that because the industry is not responsive to the state in the way that public armies are, it suffers from severe accountability deficit. In the absence of accountability, PMSCs roam the conflict zones as free agents, operating according to their own rules and norms. Since PMSCs are in the business of making profit, these rules are likely to reflect their own interests more so than those of their clients. The discrepancy between the interests of the client and those of the company could undermine rather than improve the security in conflicts. Yet this argument rarely considers the possibility that the market environment in which PMSCs operate can curtail their willingness to maximize profits using any means. Peter Singer (2003),¹³ for example, argues that PMSCs should be studied in a context with either similar military companies or with over-arching business models rather than analyzed in isolation. What this implies

is that companies are not always free to behave in a way that best suits their short-term interest. PMSCs are aware of the growing competition and the extent to which their performance in one conflict zone could impact business opportunities elsewhere. A Defense Systems Limited (DSL) employee once remarked that “when we sneeze in Africa, we catch a cold in Asia.”¹⁴ Companies’ reputations matter in securing future contracts and thriving in an increasingly crowded industry.¹⁵ Consequently, market pressure can, at times, make it too costly for some companies to risk their long-term survival for the sake of greater and more immediate profit that could nevertheless be short term.

In the past, limited emphasis on norm emergence in the private military and security industry and the relative newness of industry meant that fewer companies were concerned with reputational consequences of their behavior. Sometimes in this environment, it was easier for companies to neglect strategic, long-term planning for winning the war in favor of short-term gains in the battle that often come with such practices as cutting costs by relying on poor-quality equipment, engaging in fraudulent practices, or displaying limited concern for humanitarian laws—all the factors that we will argue in Chapter 2 can negatively affect military effectiveness in civil wars. As the industry began to expand and the negligent behavior of some providers became more widely covered in the media, PMSCs became more sensitive to reputational costs. This is especially true for companies established along corporate lines with the goal of long-term survival. Although companies may still survive despite their connection to human rights abuses or fraud, doing so takes serious rebranding that often leads to modification of behavioral practices in tandem with greater reputational concerns. Such was the case, for example, with Erik Prince’s Xe Services that was formed in light of Blackwater’s tarnished reputation. Under new CEO Ted Wright, Xe, which changed to become Academi in 2010, has replaced over 80% of its former instructors to avoid indoctrination into belligerent military culture as part of its rebranding stage. To improve its image, Wright established a code of conduct that all employees are required to follow.¹⁶

Even in the informal market structures, those outside of the US and the UK, where business is done with limited domestic regulation, international companies with corporate structures must still demonstrate effectiveness or risk either being replaced by a competitor or failing to secure a contract with another client that might be concerned with its lackluster performance. When the market’s limitation is visible it is in the context of the so-called

fly-by-night companies that are temporary in existence.¹⁷ These companies, such as France's Secrets, are not designed with a long-term corporate development in mind¹⁸ and thus may exhibit little or no interest in upholding reputational concerns. Such companies may thus exploit the client by delivering poor-quality services without considering how such practices would impact their ability to secure a contract renewal. Overall, we assume that most companies organized along corporate lines exhibit some minimal concern for long-term reputational costs in light of growing market pressure while recognizing that temporary companies would be somewhat less susceptible to these constraining mechanisms.

We further build on the work of Spear (2006)¹⁹ and Avant (2005),²⁰ who argue that consumer demand and determination to preserve their competitive advantage may serve as a mechanism for regulating PMSCs' effectiveness in conflict zones. The market imposes a degree of discipline on the companies and pushes them to strive for reliability, effectiveness in military missions, and even greater respect for human rights as a means of protecting their reputation so vital for securing new business. At the same time, Spear (2006)²¹ notes that market pressure is also imperfect and may not restrain profit-hungry companies from modifying self-regulation to fit their interests. Like Spear (2006), we posit that competitive pressure is much more dynamic and multilayered than often assumed. For example, consumers of security services may not always be in a position to detect the extent to which their clients are performing at a limited level of effectiveness, and in such instances competitive pressure may exert lower regulatory impact. Given that most civil wars occur in weak states whose governments lack the capacity to wage an effective struggle against the rebels, their ability to monitor PMSCs' performance will be challenging. A PMSC could still help the government win the war but because the government lacks the monitoring capacity, it will not perceive the extent to which the company could have helped terminate the conflict sooner. Cockayne (2007) acknowledges such a possibility by recognizing that PMSCs can "co-opt their principals, by developing excessive 'epistemic power' over their principals' preferences."²² Expanding on previous works, we push the argument further and explore conditions under which market pressure could increase PMSCs' accountability in conflict zones when clients lack strong monitoring capacity. Put simply, the degree to which self-regulation works is highly conditioned on the clients' ability to hold companies accountable for their actions—the latter being linked to effective monitoring—and the different reputational consequences associated with

limited accountability. Therefore our contribution is to develop a causal story that improves our understanding of when market pressure is more likely to make a difference in changing PMSCs' incentives from opportunism to military effectiveness while concurrently highlighting the market's limitations in such endeavors.

Our focus in this study is on any international PMSC that operates as a legally registered international corporate entity with a clear business structure and that delivers military and security services for monetary compensation.²³ Although military and security companies in our data set range from those that engage in combat and provide military and security training, to firms responsible for logistical tasks, communications, and intelligence,²⁴ we examine the impact of any type of company because even logistical assistance and other non-direct-combat-related tasks can help a warring party obtain advantage over an enemy and affect war dynamics. Weak military effectiveness in areas outside of direct combat involvement could have an adverse impact on conflict termination. Carmola (2012)²⁵ argues that revelations of the use of torture to interrogate detainees in Iraq by private contractors hired for intelligence gathering might have contributed negatively to US counter-insurgency efforts in that conflict, a war in which human rights abuses by foreigners have alienated the locals and pushed them into the hands of the insurgents. While companies with different service provision are included in our main analysis because they have the potential to shape civil war termination, nevertheless we are still able to examine whether differences in the type of services that PMSCs deliver could explain variation in their contribution to conflict termination (Chapter 5).

We explore two dimensions of market pressure that increase effectiveness among security providers in ways that could push them to be more accountable to the client. In Chapter 2 we identify two elements of military effectiveness—material/individual capabilities and corporate professionalism—that we argue are associated with PMSCs' ability to help governments fulfill the missions in conflict zones. While material and individual capabilities are more obvious dimensions of military effectiveness and have received more extensive coverage in the literature, corporate professionalism is not frequently linked to such effectiveness. For us, corporate professionalism espouses a commitment to the rule of law that limits fraudulent behavior and promotes adherence with international humanitarian laws. There has been a significant debate about the extent to which adherence with international humanitarian laws, in particular, matters as a component

of military effectiveness and how best to balance it with other, somewhat more aggressive strategies.²⁶ In light of the evidence we discuss in Chapter 2, we advocate for a balanced approach that suggests flexibility yet one which makes human rights protection an important goal in securing the support of local population in the fight against the rebels. Overall, we argue that variation in PMSCs' commitment to corporate professionalism will be shaped by divergent market pressure that companies face.

First, we consider the specific conflict environment in which PMSCs operate. While most scholars agree that companies operating in a neoliberal market face growing competition,²⁷ we argue that competitive pressure is, in fact, much more dynamic than commonly assumed. There is the overall trend of having more companies around at the industry level, which puts pressure on everyone to stand out when bidding for contract. But there is also the pressure to distinguish oneself in the midst of the competitive environment that companies face when fighting in a given conflict zone alongside other security providers. Some clients may choose to hire more than one provider, and this dramatically alters the environment in which PMSCs function. As the competitive field becomes crowded, the client not only has the opportunity to compare every company's effectiveness more directly but, more important, can also, as we will argue in Chapter 3, rely on companies to informally monitor each other's behavior in conflict zones. The competitive pressure for contract renewal and preserving reputation is likely to drive this informal, monitoring phenomenon and push companies to demonstrate a high level of military effectiveness, which entails a lower likelihood of subverting the client's interests through the use of low-quality equipment, engagement in fraud, and indiscriminate killings of civilians. Like Cusumano (2009),²⁸ we argue that companies can engage in self-regulation. But our concept of self-regulation is much more aggressive than joining industry-wide trade organizations to signal commitment with good practices, many of which, including compliance with international humanitarian laws, can be linked to better military effectiveness in conflicts and thus greater accountability to the client. When joining an industry-wide trade organization, a PMSC signals some level of commitment to these practices, but failure to be part of such an organization is less likely to impose significant costs on the company. By contrast, improving their effectiveness in a conflict zone when faced with a crowded local market may be a necessity for many PMSCs because failure to demonstrate effectiveness could be exploited by competing companies, yielding both immediate and long-term costs. Put simply, competitive

pressure is not merely limited to the bidding phase but continues even after companies intervene in a conflict zone.

We then consider a second dimension of market accountability, the industry-wide or global competition that has affected decisions about PMSCs' corporate structure. We argue that in light of growing competition at the industry level, some companies have altered their business models drastically to gain advantage over their rivals. Existing debates on the private military industry rarely analyze the impact of corporate structure on PMSCs' behavior, even though McIntyre and Weiss (2007)²⁹ acknowledge that variation in corporate tradition among PMSCs is vast with potential to impact such activities as the companies' ability to better screen their employees. In other words, it could matter whether you hire ArmorGroup, a company that was listed on the London Stock Exchange until 2008 before it was acquired by a publicly traded security giant G4S, or Stabilico, a firm that McIntyre and Weiss (2007)³⁰ argue is merely a group of mercenaries who label themselves as a "company." Built into this argument is the assumption that companies with more-established corporate traditions are likely to exhibit greater accountability because they may invest in practices that could improve their effectiveness in conflicts.

We posit that embracing a more transparent corporate structure by becoming a publicly traded company, while mostly motivated by a desire to secure capital, can credibly communicate to potential clients the companies' level of accountability and serve as a way for a PMSC to distinguish itself from other competitors in an increasingly crowded marketplace of security providers. Unlike private companies, publicly held businesses sell part of their ownership to the public and are thus listed on the stock market. By contrast, private companies are usually owned by a small group of initial founders and private shareholders.

Such divergent corporate organizations create varying structures of accountability with a profound impact on the companies' business practices. Not only are publicly traded companies required to disclose their financial earnings to the public, but because the public has a vaster interest in such companies due to their ownership rights, the interest to investigate and monitor the companies could be greater among the press. Shooting at civilians or wasting the client's valuable resources on "ghost" employees carries a risk for any PMSC, but it is likely to be greater for those that are accountable not only to the clients but also to the public. The public, after all, is the investor and investor image constitutes a critical component of corporate reputation.³¹

Criminal behavior, when uncovered, could diminish public trust in the company, contribute to the decline in its stock value, and trigger a massive loss of capital. This type of behavior signals that the company is less likely to be effective in securing gains for the client. Whether the media focuses on the company's effectiveness in conflicts or solely on the ethics of behavior in light of more frequent coverage of human rights abuses in general in the post-Cold War era,³² bad press generates more vulnerabilities for publicly traded PMSCs than other types of companies. Put simply, it would be more difficult, though not impossible, for companies to recover from scandals and secure future contracts especially at a time when the industry boasts multiple and capable players who are eager to take on new clients.

The book delves deeper into the mechanism of accountability that stems from corporate ownership structure. Chapter 4 addresses, for example, the reason why a company would take the risk of selling part of its ownership to the public and expose itself to public audiences in unprecedented ways. In what ways does this exposure affect corporate professionalism? Do the data on human rights abuses and fraudulent practices committed by PMSCs in conflict zones show that publicly traded companies behave differently than privately held companies? This part of the book examines whether accountability-generating market forces lead to greater improvements in the area of corporate professionalism for publicly traded PMSCs than for private ones. We then explore how the difference in companies' corporate structure impacts their military effectiveness in terminating conflicts.

Theoretical Significance, Overview of the Data, and Policy Implications

Given the proliferation of PMSCs in civil wars, understanding the conditions under which PMSCs' interventions can reduce the duration of wars and pave the road for long-term stability is clearly important for scholars interested in conflict management and resolution. By focusing on interventions by non-state actors other than international organizations, foreign volunteer fighters, and diaspora, the book offers new theoretical contributions to research on external interventions into intrastate wars. Our argument and empirical analysis enable us to examine how interventions involving PMSCs affect war termination and how they compare to the impact of interventions without PMSCs.

There is also a contribution to research on strategic third-party interventions, an area that is gaining more attention.³³ Akcinaroglu and Radziszewski (2005),³⁴ for example, argue that some states deliberately intervene to prolong civil wars in order to destabilize the government. Domestic instability, they argue, gives the intervening state leverage over its interstate rival, thereby creating an incentive to arm the rebels in ways that could jeopardize settlement. Similarly, PMSCs may have a strategic interest not to push for conflict termination immediately if doing so allows them to maximize profit. While it is in the PMSCs' interest to help the governments win, states are often not in a position to judge the time frame that is needed to secure victory. As such, private contractors may exploit the governments' inability to monitor the situation on the ground to deliver a "slow" victory. The book extends the findings from existing literature on intervention by investigating the effect of corporate actors' behavior on war dynamics, and conditions under which market pressure could deter opportunistic action by altering actors' strategies in ways that align more with the interests of their clients.

Second, the book's argument about the impact of competitive pressure on PMSCs' behavior in conflict zones has theoretical implications for those interested in delving more into the role of competition in shaping industry behavior. We relax the assumption that PMSCs strive for insecurity because it allows them to expand their profits. We argue that as business ventures PMSCs strive to secure profit, but that opportunity structures affect their behavior. Thus to understand the impact of these entities on conflict dynamics, it is imperative to place them in the context of the environment, the market that determines decisions about accountability. Far from being uniform, competitive pressure is experienced at different levels for different companies.

We distinguish, for example, between what we refer to as local, more immediate competition at the conflict level from the general competition that companies experience because of the industry's global expansion. With the exception of some closed markets, such as the one in China until recently or those that are dominated by criminal gangs that provide security and leave no opportunities for other players to freely enter the market (as in Guatemala), companies today face the burden of expanding global competition. The occurrence of this phenomenon has meant that a majority of companies have tried to show their uniqueness to secure contracts by diversifying their services, promising to use high-quality equipment, or claiming to attach value to international humanitarian laws. Yet monitoring problems have persisted.

Initiatives such as the Montreux Document (2008)³⁵ that outlines states' legal responsibility related to the use of PMSCs in armed conflict and the International Code of Conduct for Private Security Service Providers,³⁶ which has focused on increasing third-party monitoring of companies' actual capabilities and initiatives to uphold humanitarian laws, have not necessarily made it easier to monitor PMSCs' behavior in conflict zones. The more recent establishment of ANSI (American National Standards Institute)/ASIS International's 2012 Management System for Quality of Private Security Company Operations,³⁷ updated in 2017, and the International Organization for Standardization's (ISO) 2015 Management System for Private Security Operations³⁸ asks companies to develop criteria for improving compliance with international human rights laws but has a limitation when it comes to conflict zone monitoring, as there is no guarantee that companies will uphold the standards once they receive the contract.

We argue that global competition has had the biggest impact on those companies that have responded to the growing market pressure by becoming publicly traded. Because of their unique corporate status, the issues we delineated earlier become less problematic. By contrast, competition at the local level can exert greater pressure on a wider spectrum of companies, whether they are publicly traded or not, as long as those companies are operating alongside other firms in a given conflict. A company may be aware that new companies are popping up on the market and promise to send highly qualified men to a conflict zone to secure a contract during the bidding phase—in doing so it appears to be responding to *global or industry-level competition*. However, if it is a sole provider of services to a given government during an armed conflict it only needs to worry about delivering some, albeit not a high level of effectiveness because there is no other provider that they could be compared to and monitoring their performance in the field could be challenging. As such, the company may try to cut costs by sending less-qualified men on a mission who may very well end up helping the government make some progress. With a more creative and capable force, however, the said company might have been in a position to secure the gains faster and thus exhibit greater effectiveness in terminating the war. In this scenario the *local, conflict-level competition* is absent and there is little pressure on a company to maximize its effectiveness. Unless the company is publicly traded, in the absence of local competition there are limited assurances that a PMSC will be accountable to the client even when it has responded to global competition by, for example, purchasing better-quality weapons. A company may simply

forgo the use of expensive equipment if it requires hiring more-qualified men to operate it or using the equipment for one client but not another.

Our argument about different dynamics of market pressure takes us into an area that is rarely explored by scholars interested in PMSCs. Understanding how companies respond to global vs. local competition allows us to gain more insights about companies' behavior in conflicts and what to make of PMSCs' attempts to respond to international initiatives aimed at better regulating the industry. To date, for example, there is no systematic analysis of how variation in PMSCs' corporate structure, in large part driven by global competition, affects companies' effectiveness in civil wars. Scholars acknowledge that corporate structure matters³⁹ yet widespread ambiguity surrounding the connection between business models and PMSCs' behavior in conflicts persists. By investigating a critical dimension of corporate structure, the company's ownership, we show that companies' business models exert a significant impact on the level of commitment toward practices that increase military effectiveness with positive consequences for the termination of violence and greater accountability to the client.

Third, in our attempt to push the research on PMSCs in a new direction, we also concentrate on systematically testing our arguments in ways that would enable us to make generalizations across time and space. Most of what we know about private military industry is based on case study research and policy recommendations for curbing private warriors' potential for opportunistic behavior.⁴⁰ This work is vast and valuable in helping us to better understand the opportunities and dangers that industry growth presents today. At the same, however, scholars have only recently begun to systematically analyze conditions that affect PMSCs' performance in ways that would allow us to deliver specific policy suggestions to future clients. For example, Petersohn (2017)⁴¹ has examined how different types of PMSC intervention affect conflict intensity, while Tkach (2019)⁴² examines how variation in contract specifications for PMSCs and intra-service competition impact levels of violence in Iraq. Still, much remains unknown about conditions under which PMSCs' presence can improve security on the ground. This book adds to this nascent body of research on PMSCs' impact on conflict outcomes by presenting novel data on PMSCs' involvement in all civil wars⁴³ around the globe from 1990 to 2008.⁴⁴ While notoriously difficult to collect because of secrecy, denials, and covert activities, our data address these concerns through systematic efforts to increase reliability using multilayered collection process and source verification. For example, in

addition to relying on secondary sources, such as newspapers and reports, we occasionally consulted with PMSCs' employees to verify information about the timing of companies' intervention and the activities they were involved in. These data build upon data collection undertaken by the British Foreign and Commonwealth Offices for the years 1990–1999 in the African context,⁴⁵ Akcinaroglu and Radziszewski's (2013) data on Africa that cover 1984–2008,⁴⁶ the Private Security Database from Data on Armed Conflict and Security that features data on PMSCs' interventions into failed or failing states,⁴⁷ Tkach's (2019) governorate-level data on PMSCs in Iraq from 2004 to 2008,⁴⁸ and most recent events-based data addition by Avant and Neu (2019) that provides information on PMSC's activities in Latin America, Africa, and South East Asia from 1990 to 2012.⁴⁹

Our data on all civil wars from 1990 to 2008 provide information on each company that has intervened in every conflict year, on the type of service that each intervening company has provided, and on the companies' corporate structure in both major wars with at least 1,000 battle deaths and minor wars with at least 25 battle deaths. When considering data sets that have expanded their focus beyond a single country or continent, our data have notable differences. For example, they differ from the Private Security Database by expanding its focus on PMSCs' interventions into all major and minor civil wars rather than concentrating only on the subset of cases involving failed or failing states. As such, we are able to provide insights on a more comprehensive set of cases of armed conflicts involving PMSCs' interventions on behalf of the government. Furthermore, new data we present in this book differ from Avant and Neu's (2019) data set in several areas. While Avant and Neu focus on a longer time span, our data are global in nature, covering all countries, with limitation for Iraq and Afghanistan.⁵⁰ Second, our data concentrate on international PMSCs' interventions into major and minor civil wars, while Avant and Neu code any activity of commercial security providers without a specific focus on different types of wars. Their Private Security Events Database also includes state and any non-state clients of any type of commercial security contractors, while ours concentrates on interventions on behalf of the government and rebels by a specific type of PMSC, international ones. Our data's focus is on international PMSCs, as we expect that such companies are likely to experience different reputational concerns from other types of commercial security providers and thus exhibit unique impact on conflict dynamics.

Finally, our data contribution extends beyond PMSCs' interventions and ventures into the area of companies' human rights abuses and fraud in the case of Iraq (2003–2019). While the data do not account for the duration of each PMSC's presence in Iraq, we note whether any PMSC that has operated in the country at any point has been connected to human rights abuses or fraud. These data allow us to examine the logic of our argument by empirically testing the mechanism through which we argue market pressure improves companies' performance. As we expect that competitive pressure positively impacts some companies' commitment to corporate professionalism, which we argue is an element of military effectiveness in civil wars, we are able to examine the validity of this point by focusing on whether publicly traded companies that alter their corporate structure in response to global competition are more committed to good practices than are private companies. Here, our data efforts on human rights abuses and fraud build upon Avant and Neu (2019), who code companies' connection to crimes but not in the context of Iraq.

Fourth, policy implications emerging from this study could help us to better manage private military and security contractors whose presence is unlikely to diminish in the future. Consider the case of US reliance on PMSCs. In 2009, the peak year for private security contractors' presence in Iraq, over 15,000 contractors were supporting the US Department of Defense's (DoD) war effort.⁵¹ The numbers then went into decline, with 2,500 present in 2013. In 2016, Admiral Michael Rogers, commander of US Cyber Command, noted during a Senate hearing that private contractors made up 25% of his workforce.⁵² The presence of private security contractors working for the DoD in Afghanistan peaked in 2012 at over 28,000. Although these numbers decreased substantially by 2016, they were again on the rise in 2017 and do not reflect contracts from the State Department and intelligence agencies. With President Donald Trump's announcement to limit US troop presence in Afghanistan in 2019,⁵³ it is likely that contractors will gain even greater presence in the country.

Beyond Iraq and Afghanistan, reliance on PMSCs in Africa has also been of growing interest to the US government. Contracts managed by the State Department and AFRICOM—US military command for Africa established in 2007—focus on contractors' assistance with military training and peace-keeping operations. Lastly, contractors have bolstered US efforts in Latin America through the training of Colombia's and Mexico's forces as part of antinarcotics and counterterrorism initiatives.⁵⁴ While the US government

has awarded the greatest number of the most lucrative contracts to private military and security contractors, other governments across the globe have also sought the industry's services. In 2014, for example, Nigeria relied on private contractors to train the military in unconventional warfare against Boko Haram,⁵⁵ while the British government, the second-largest consumer of private contractors, spent nearly \$300 million on contractors in Iraq between 2003 and 2008.⁵⁶

Although recent years have witnessed the return of mercenary groups such as Russia's the Wagner Group in Syria's and Ukraine's civil wars and in parts of Africa,⁵⁷ the demand for services from international PMSCs, which are the focus of our book, is likely to continue in the future. Not only are such companies leading innovators in the military and security sphere,⁵⁸ they are also, overall, more likely to respect international humanitarian laws than mercenaries even if there is variation among international PMSCs' commitment to such laws. Both of these characteristics make them more desirable service providers to consumers that are interested in cutting-edge technology and new strategies, and to governments that are accountable to domestic audiences for respecting the rule of law. The latter has become especially relevant after the media's revelations of human rights scandals involving American PMSCs working for the US government in Iraq. A company interested in bidding for a contract with the US DoD must demonstrate certification with ANSI/ASIS or ISO Standards and show how it meets the requirements to assure human rights protection.⁵⁹ Mercenary groups do not have the structure to meet such certifications, and it is doubtful whether they would even seek it as they have different business goals than do international PMSCs in terms of long-term survivability. In light of these, it is not surprising that demand for international PMSCs is unlikely to diminish even as mercenaries have also returned to serve the needs of other clientele, usually politically weak states. According to Visiongain's (2019) report on the future of private military and security market growth, which focuses on international PMSCs such as Academi, CACI International, DynCorp, Erinys International, and Garda World Security Corporation, among others, the market is set to grow to \$420 billion by 2029, with demand increasing at a high rate. The report indicates that established and emerging markets as well as commercial companies will seek assistance from private contractors due to layoffs of experienced military personnel and the need to manage the changing nature of armed conflict.⁶⁰

Better management of international PMSCs is thus of interest to policymakers and scholars concerned with growing privatization of the state and foreign policy, phenomena that have led to non-state global actors taking over, to various extents, responsibilities previously embraced by states. There is considerable disagreement about the positive and negative consequences of the changes brought forth by globalization and the rise of non-state actors in terms of their impact on state sovereignty and respect for the rule of law.⁶¹ Our book contributes to the broader theme pertaining to the privatization of the state by showing conditions under which a specific subset of non-state security providers, international PMSCs, could help terminate fighting that threatens to weaken the state domestically and internationally or alternatively prolong violent fighting among groups contending for state control.

The message of this study is that increased reliance on non-state actors can be a good or a bad thing depending on how the state manages its relations with such players. To this end, the book advocates greater awareness of market dynamics that PMSCs face to complement existing regulatory frameworks at the national and international level to increase the industry's accountability. Initial efforts in this area, especially early ideas about increasing accountability, have not always generated desirable results. Not only were initiatives such as reliance on embassy staff to monitor PMSCs costly to implement, but also they have not been strong enough to modify industry behavior in ways that could have significant impact on conflict dynamics. If anything, because of their leadership in military innovation and risk assessment, PMSCs have managed to influence national elites to grant them contracts to serve governments with poor human rights records. Such was the case when at one point MPRI (Military Professional Resources Inc.) lobbied the US government to allow the company to intervene in Equatorial Guinea despite laws that prohibit assistance to governments guilty of human rights abuses.⁶² More recent attempts to certify PMSCs' adherence with humanitarian laws and establish appropriate norms of behavior—Montreux Document 2008, International Code of Conduct for Private Security Service Providers 2010, ANSI/ASIS Standards 2012/2017, and ISO Standards—while representing the most advanced approach to monitoring so far and being valuable in specifying what it means for the company to be accountable, face some notable challenges related to third-party monitoring of PMSCs in the field.

Our approach focuses on a complementary method to increase that sought-after accountability. Understanding the distinction between industry-wide competition and local competition that the companies

encounter in a given conflict can help clients manage their contracts in ways that will maximize PMSCs' military effectiveness. The book argues that since market pressure exerts significant influence on PMSCs' behavior, potential clients should exploit ways in which they can take advantage of the competitive environment to strengthen PMSCs' effectiveness in conflict zones. This enables the government to regain control of its security goals rather than allow private military industry to hijack them for their own gain.

Plan of the Book

In the next chapter we highlight the rise of the private military and security industry, focusing in particular on the arguments about the negative and positive aspects of the trend to outsource security to PMSCs. Unlike public forces, which are responsive to the state, employees of a private security firm are accountable to the company that hires them while the company itself is accountable to the client and its shareholders. These divergent mechanisms of accountability create more opportunities for private military and security industry to operate according to its own rules and interests, which sometimes deviate from the interests of the client. As such, this chapter investigates the potential for PMSC interventions to negatively affect the termination of violence. At the same time, this chapter also looks at the other side of the debate and highlights existing arguments about the positive impact of PMSC interventions. It focuses on ways in which private contractors can boost the government's power to offset rebel incursions and create an opening for the cessation of hostilities. In contrast to past studies, we advocate the need to move beyond the debates about the negative and positive aspects of PMSCs' interventions into conflicts and focus instead on uncovering conditions under which such interventions can have a divergent effect on conflict dynamics. Recent research is starting to move in this direction and we contribute to this emerging trend.

The key to improving PMSCs' contribution to conflict termination is to increase the actors' accountability to the client. In Chapter 2 we examine current approaches to doing just that and demonstrate how our approach complements existing efforts. We examine what it means for a PMSC to be militarily effective in civil wars by discussing the importance of capabilities and the previously overlooked dimension of military effectiveness: corporate professionalism. How is corporate professionalism useful in helping PMSCs

secure gains against insurgents in ways that could help the governments terminate the war? In particular, in light of the growing debate about the benefits of population-centric vs. enemy-centric approaches to counter-insurgency, we present an extensive discussion on the connection between adherence with international humanitarian laws (one component of corporate professionalism) and military effectiveness in civil wars. The discussion then focuses on the second dimension of corporate professionalism: the connection between limited fraudulent practices and military effectiveness. We highlight how market pressure creates conditions for improving corporate professionalism, which in turn increases military effectiveness of PMSCs in ways that make them more accountable to the client. Lastly, we describe our data on PMSCs' interventions into civil wars in the context of major and minor wars. We present initial insights on some notable trends in PMSCs' interventions by looking at changes over time and the types of services that these actors have delivered in both types of conflicts.

Chapters 3 and 4 develop an argument about ways in which variation in two critical dimensions of market pressure affects PMSCs' performance. The main focus is on the monitoring mechanisms through which market pressure constraints PMSCs' incentives to perform less effectively in conflict zones. We emphasize two dimensions of market pressure: the local, competitive environment that companies encounter in a given conflict and global competition that has pushed some companies to shift their corporate structure, with implications for conflict performance. Our general argument is that not every PMSC will encounter the same level of market pressure, and this variation can be a good predictor of PMSCs' effectiveness in civil wars. Is it common for multiple companies to work in a conflict zone or do governments prefer to outsource their security needs to only one provider? How has the level of local competition changed over time? How common is it for companies to sell their ownership to the public and increase their accountability? Is this a rising trend or merely a series of isolated cases? We turn to our data to explore these questions.

One of the notable contributions of Chapter 4 comes from insights based on our new data on human rights abuses and fraud—a predictor of weak military effectiveness that stems from weak corporate professionalism—committed by PMSCs that have intervened in one prominent case, the war in Iraq. We are able to compare the difference in fraud and human rights abuses linked to publicly and privately held companies. These data enable us to specifically show how market pressure, competition at the industry level,

has pushed some companies to adopt a more transparent corporate structure that is associated with higher levels of accountability in a case where data on human rights abuses are highly reliable, in large part due to multiple organizations' efforts to document these abuses. It is this accountability, we posit, that can make a difference in whether a PMSC that intervenes in civil wars exerts a positive or negative impact on conflict duration.

Chapter 5 presents empirical findings on the two dimensions of market forces and PMSCs' impact on the duration of civil wars. The analysis compares the impact of PMSCs on conflict duration in an environment where only one competitor operates to an environment where the number of providers increases. We also disaggregate the competition variable by looking not only at competition in a given conflict year based on the total number of intervening PMSCs regardless of the service they provide, but also at a competition among companies who provide the same type of service in a given conflict year. This enables us to examine if competition in one type of service is more important than competition in another. Our analysis also compares the impact of PMSCs' interventions into civil wars on the duration of conflicts with interventions by state actors and international organizations. Existing research finds that overall interventions prolong wars, but we demonstrate that interventions by PMSCs have a unique effect on conflict termination in comparison to other types of interventions. When local competition among security providers increases, PMSCs are more militarily effective, and their interventions have a positive impact on conflict termination in a specific subset of conflicts, major wars with over 1,000 battle deaths.

Our focus then moves to PMSCs' corporate structure and its impact on civil war duration. In the analysis, we investigate whether publicly held companies' presence in conflict zones, even in the absence of competition in a given conflict, is associated with shorter wars more so than in cases when privately held companies offer their services to struggling governments. Our goal is to establish conditions under which PMSCs' accountability could be maximized in ways that could pave the road for quicker termination of wars.

The concluding chapter revisits the main argument and findings about the significance of market pressure on PMSCs' effectiveness in civil wars and thus on their contribution to terminating the violence. We focus on policymaking implications for those interested in ways to improve the monitoring of private military and security industry. Our ideas about the role of market pressure in increasing accountability build on existing efforts by governments and NGOs to develop stronger mechanisms of transparency and adherence with

humanitarian laws among private security providers. While many initiatives have been undertaken in this direction, third-party monitoring, an integral aspect of these undertakings, remains challenging to implement on the field. Therefore, innovative and effective approaches toward increasing accountability of the industry continue to matter. The states' ability to recognize and take advantage of the growing and changing competitive environment in the industry may increase the odds that private contractors will align their interests with those of the state, and increase the power of the state vis-à-vis the rebels. We thus present an alternative, market-based, regulatory framework that takes existing approaches in a new direction.

Lastly, we offer ideas for expanding existing research on PMSCs and their ever-evolving impact on security around the world, and discuss practical suggestions for policymakers interested in maximizing the use of PMSCs. Our general recommendation is for scholars to consider the different ways in which private military and security providers adapt to the changing environments in which they operate. Insights from our findings also suggest that specific conflict complexity may constrain contractors' effectiveness even if accountability is high. As such, governments should also develop realistic expectations of what contractors can accomplish in light of the changing conflict characteristics. Furthermore, policymakers play a significant role in improving PMSCs' effectiveness because market dynamics can only work if the client chooses to punish companies that are not militarily effective and reward those that are. When this process is broken, competitive forces become less effective in improving PMSCs' accountability and effectiveness.