



# Private Military Companies' Role in International Armed Conflicts: A Case Study of Wagner Group's Role in Escalation of the Russia-Ukraine Conflict

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## Abstract

This research aims to analyze the role of Wagner Group as a private military company in the Russia-Ukraine conflict which is getting deteriorating and has led to a greater conflict escalation. It uses a qualitative approach with an analytical descriptive method. Data was collected through literature review and analyzed through several stages, namely data reduction, data presentation, and conclusion. Data reduction is done by reviewing the collected data to be selected according to research topic. Furthermore, data presentation stage was carried out in form of a narrative. Finally, conclusion is drawn based on elaboration of concept of private military companies and theory of principal-agent. According to research result, it indicates that there is an increase in the intensity of the Russia-Ukraine conflict due to the interference of the Wagner Group. This proves that the principal-agent relationship between Russia and Wagner Group suffers from agency slack. As a consequence, it results in a negative reciprocal relationship, which

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causes the escalation of conflict to be maintained and provides its own benefits for Wagner Group.

**Key Words:** Russia-Ukraine Conflict, Private Military Companies, Wagner Group, Agency Slack

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## INTRODUCTION

The end of the Cold War in the 90s, marked by the collapse of the Soviet Union as the world's Communist superpower, had an impact on the problem of increasingly complex international security issues, creating a new understanding between the Western Bloc countries and the former Eastern Bloc alliance countries that agreed to re-establish international security stability in order to maintain a more comprehensive international peace known as *"the peace dividend"*. This concept emphasizes the policy of reducing the military forces of a country through efforts to downsize the number of national military forces. The implementation of this policy had an impact on the number of military personnel who were forced to retire early even though at first this policy was considered capable of minimizing military budget expenditures in the defense and security sector (Gerald Diandra Aditya, Soekotjo Hardiwinoto, 2017).

The shifting focus on definition of security at the end of the Cold War was also a factor that encouraged commercialization of the private military business in this era. In addition, emergence of a new security concept referred to as non-traditional security has also had an impact on changing conflict patterns that were previously only concentrated on conflicts between states to conflicts that not only involve state to state but also involve non-state actors such as separatist movements and terrorists. Moreover, the policy of slashing military budgets has caused inactive military personnel to take the initiative to sell their services as mercenaries, changing the landscape of international security complexity. This complexity creates business opportunities with the development of private military contractors known as Private Military Companies (PMCs) (Umar, 2022).

The increasingly strengthened existence of PMCs in the international security order is also driven by nature of PMCs as cross-border actors that can operate in various conflict areas even outside the areas of their business operational centers. Although the presence of PMCs today still looks vague as a result of their secrecy on the political map and international conflicts. The emergence of PMCs as a new business entity is certainly closely related to the increasingly massive economic globalization that occurred after the end of the Cold War. The development of economic globalization creates increasingly complex economic interdependence, resulting in the fading of geographical boundaries and the ease of movement of goods and services between countries. This situation led to the fading of state monopoly in

various sectors, especially economy, technology, and security, which further encouraged the creation of economic integration through the penetration of Multinational Corporations (MNCs) businesses. On the other hand, emergence of the PMCs as new business entities is often associated with their existence as new MNCs business entities in the international security sector which marks a new era of privatization of the military industry (Haridha et al., 2019).

Presence of the PMCs as a new actor in international security can be understood as a form of national interest demands of major countries in carrying out their role in international political contestation, including Russia. Russia's expansionism into Ukraine in early 2022, which was referred to as a "special military operation" by President Vladimir Putin, was closely related to deployment of PMCs to fulfill the material and logistical needs of the Russian military, although existence of the PMCs in Russia began to be seen since Russia annexed the Crimean Peninsula in 2014. After the end of the conflict, Russia has actively utilized the services of PMCs known as the Wagner Group (WG) as an extension of its interests in a number of regional conflicts that have taken place over the past few years given the transnational nature of WG's operational areas including in the Russia-Ukraine conflict despite its headquarters in Russia (Nurhaliza & Burhanuddin, 2023).

The use of PMCs such as the WG by Russia in the Russia-Ukraine conflict was to mitigate the domestic and international political impacts that would normally arise from deployment of regular troops. By utilizing the WG, Russia can keep its state efforts seen as an unofficial operation, with the aim of minimizing the risk of a larger confrontation with Western countries. This provides a strategic advantage, allowing Russia to operate in Ukraine while shaping the narrative that its support for the separatists is to preserve the Russian ethnic population in the region (Nurhaliza & Burhanuddin, 2023).

Emergence of the WG as a PMCs operating as a non-official apparatus for Russian interests has had a profound impact on the situation on the ground. The WG is not just a martial arts apparatus, but a critical component in the broader Russian strategy to twist conflict dynamics, blur the line between legitimacy and aggression, and challenge established international norms. Research on the role of WG in the Russia-Ukraine conflict requires not only an understanding of the structure and function of the group, but also how its existence has influenced the escalation of the ongoing conflict (Haridha et al., 2019). Based on elaboration of the problems above, this research formulates a main problem, namely "What is the role of Wagner Group

in escalation of the Russia-Ukraine conflict?”. Therefore, this research aims to analyze the role of Wagner Group as a private military company entity in the Russia-Ukraine conflict which is getting deteriorating and has led to a greater conflict escalation.

### **Literature Review And Statement Of Art**

A number of academic literatures discuss the issues of Wagner Group as a new multinational corporation (MNCs) entity in its capacity as private military companies (PMCs) in several regional conflicts. *First*, Siti Nurhaliza and Agussalim Burhanuddin's article entitled “The Role of Wagner Group in Fulfilling Russia's National Interest in Special Military Operations in Ukraine” explained that Russia actively utilizes the services of Wagner Group as Private Military Companies (PMCs). Russia utilized the services of Wagner Group to gain control of a few cities in Eastern Ukraine. Although Russia and Wagner Group have no official cooperative relationship, emergence of the PMCs as non-state actors raises a new discourse. The deployment of Wagner Group as a result of the Gerasimov Doctrine in 2014 despite the illegal status of PMCs in Russia. The relationship between Russia and Wagner Group demonstrates a symbiotic mutualism caused by desire to fulfill Russia's national interests and the survival interests of the Wagner Group (Nurhaliza & Burhanuddin, 2023).

*Second*, the article entitled “From Popasna to Bakhmut, The Wagner Group in the Russia-Ukraine War”, written by Jakub Ber, discusses the background of the Wagner Group's involvement in the war between Russia and Ukraine in 2022. The involvement of Wagner Group in the war was closely related to foreign operations of the Russian Armed Forces. Thus, there is a term for Wagner Group which is considered as the “attack machine” of the Russian Government. Ber also explains history of the Wagner Group's establishment, which is closely related to the civil war that took place in the Donbask region in 2014. In addition, it was also explained how the Wagner Group had an important role in the seizure of the Popasna and Bakhmut regions located in Ukraine. They carried out several attacks starting from spring, summer, and fall. This paper projects that the Wagner Group will continue to carry out attacks against Ukraine at that time (Ber, 2023).

*Third*, an article entitled “Private Boots on the Ground: Hacking the Correlation of the Rise of Private Military Companies with Economic Globalization”, written by Frieska Haridha, Indra Kusumawardhana, and Muhammad Firjatullah. The article

explained the factors driving the rise of private military companies (PMCs), which are described in detail in three main factors. The first factor is after the end of the cold war, this period is considered as a period of PMCs revival because many former military personnel around the world who were dismissed turned into mercenaries and formed their own PMCs. The second factor is the complexity of international security that requires PMCs services, and the third factor is the increasing number of companies supporting the military sector that are privatized. In addition, this article also explains the correlation of economic globalization that has crossed national borders, in fact it also invites various kinds of conflicts so that it affects the complexity of global security, so that the existence of PMCs with various conflicts in this era of globalization can be understood as a form of demand for countries in the world (Haridha, Kusumawardhana, & Fijratullah, 2019).

*Fourth*, an article entitled “The Emerging Role of Multinational Corporations as Private Military Companies: Converging International Relations and International Business Perspectives” written by Tirta N. Mursitama and Wahyu Setyawan. In this article, Mursitama and Setyawan discuss in depth the new role of Multinational Corporations (MNCs) as Private Military Companies (PMCs) and its impact on international relations and international business. The transformation of MNCs into PMCs was started by a number of former military personnel who were dismissed after the cold war and formed private companies that provided security services, including military training, personnel protection, logistics, and even combat operations. These private companies started offering security services that were previously considered to be in the exclusive domain of the state. This transformation reflects adaptation of the MNCs to an increasingly complex global environment where the need for security and defense is no longer only the responsibility of the state, but also a promising business opportunity for private companies (Mursitama & Setyawan, 2012).

*Fifth*, the article entitled “Corporate Warriors: The Rise of the Privatized Military Industry and Its Ramifications for International Security” written by P. W. Singer. This article discusses in depth the role of the privatized military firms (PMFs) and the implications of their presence for international security. PMFs are profit-based organizations that trade in professional services closely related to warfare. They are corporate entities that specialize in the provision of military skills including tactical combat operations, strategic planning, intelligence collection and analysis, operational support, force training, and military technical assistance. By employing



the PMFs, countries or other entities can treat security as a service that can be bought and sold in the market. This creates a market dynamic in the security industry that was previously dominated by state military institutions. The presence of PMFs also changes the international security landscape by taking over some of the security functions previously performed by states, but it also poses many dilemmas because if their deployment is uncontrolled or poorly regulated, it will increase the risk of instability in conflict areas and PMFs acting without coordination with authorities can worsen the security situation and trigger conflict escalation (Singer, 2002).

According to the literature discussion above, it has been explained that the PMCs are non-state actors in the form of private companies engaged in the security services business. The existence of the PMCs causes complex changes in the international security environment and becomes a promising business opportunity. In addition, PMCs also influence the international security situation with their intervention in several conflicts, one of which is the presence of Wagner Group in the Russia-Ukraine conflict. Therefore, in this research, the author endeavours to analyze the role of Wagner Group in the Russia-Ukraine conflict which is getting worse and lead to a greater escalation and the consequences of the interference of Wagner Group in the Russia-Ukraine conflict.

## **METHOD**

This research used an analytical descriptive research method to examine the role of Wagner Group in a deteriorating Russia-Ukraine conflict that provoked a greater escalation and the impact caused by the interference of Wagner Group in conflict. This method is applied to describe the role carried out by Wagner Group in a systematic and detailed manner and analyze the data obtained to find relevant relationships and patterns (Creswell & Creswell, 2022). Data was collected through secondary sources such as journal articles, books, newspapers, websites, and other internet sources. These data sources were selected to deeply analyze the role performed by Wagner Group.

The research process was started with the preparatory stage, where researcher formulated the research problem, research objectives, and developed a theoretical and conceptual framework. The next stage is data collection, which is carried out through searching and collecting secondary data relevant to the research topic. After the data is collected, the subsequent stage is data analysis and processing. The

last stage is data interpretation and conclusion drawing, where the results of data analysis are used to answer research questions based on elaboration of conceptual framework of Private Military Companies (PMCs) and theoretical framework of Principal-Agent Theory so as to analyze the role performed by Wagner Group in escalation of the Russia-Ukraine conflict as a private military company entity operating transnationally in the international security landscape (Miles et al., 2014).

## RESULT AND DISCUSSION

### Wagner Group as Private Military Companies

Private Military Companies (PMCs) are new business entities that offer specialized services related to war and conflict, including combat operations, strategic planning, intelligence gathering, operational and logistical support, training, procurement, and maintenance. States, international organizations, non-governmental organizations (NGOs), humanitarian and development agencies, multinational corporations (MNCs), and even individuals can contract for military services provided by the PMCs. In case of states, the PMCs are often employed to compensate for the lack of national capacity. PMCs offer high technology in certain areas where the armed forces are no longer able to train personnel or create an attractive career opportunity. In other words, the PMCs replace the lack of capacity in the armed forces of a country (DCAF Backgrounder, 2006).

One of the PMCs that is still active today is Wagner Group (WG) which is based in Russia. WG has been part of the PMCs that have operated on multiple continents and have been involved in various activities, most notably the provision of security in exchange for access to natural resources and other financial or political benefits. WG was founded by Dmitry Utkin and Yevgeny Prigozhin in 2014. Utkin is a veteran of the Chechen war, where he served in the GRU (Russian Intelligence Organization) until 2013. After that, he commanded a Spetsnaz unit, reaching the rank of lieutenant colonel. In that same year, Utkin left Spetsnaz and joined the Moran Security Group. However, his career did not go well due to the failed Slavic Corps operation in Syria (Rácz, 2020).

Meanwhile, Yevgeny Prigozhin is an oligarch with close ties to Vladimir Putin and the Kremlin. According to the United States Treasury Department, Prigozhin



utilized Wagner Group mercenaries along with his other multinational businesses to operate a transnational criminal organization. Prigozhin is also accused of receiving valuable energy and raw material concessions in exchange for military support in Syria and Central Africa Tengah (Monir, 2023). According to the Center for Strategic and International Studies (CSIS) website, the main base of the WG is located in a town called Molkino, in the Krasnodar district of Russia. This group's facilities are operated in conjunction with the 10th Separate Special Purpose Brigade of the Russian GRU (Rącz, 2020).

The interest of the WG is to acquire a large human resource. The large human resource advantage will be utilized as a military force. The human resources are obtained from the WG membership system through recruitment efforts. This is not only practiced in Russia, but has spread to other countries. According to a study that revealed recruitment information in 16 languages, including French, Spanish, Vietnamese, and Polish, shared on social media platforms. Based on research conducted by the Logically, a UK-based research group focused on disinformation, the WG has utilized Twitter, Facebook, and other platforms to attract new members globally. Some posts promise earnings of up to 240,000 Russian rubles per month (€2,700, USD 2,945) and possible additional bonuses. Job ads for this mercenary group attracted nearly 120,000 views on Twitter and Facebook over 10 months. Some foreign armed forces, such as Nepalese soldiers serving in India, have reportedly joined Prigozhin's mercenaries. According to the UK Ministry of Defense, it is currently estimated that the WG possesses as many as 50,000 active soldiers in total (Monir, 2023).

In addition, the military troops would be guaranteed loyalty to the WG. To be able to get loyal military troops who are willing to help its operations, it conducts a troop recruitment process for prisoners. These prisoners are obtained from Russia, criminals in Europe, and Latin America. The existence of an extensive logistics network can also be the reason why they maintain relations with Russia in order to continue to carry out their operations in Ukraine, so that they benefit in the form of natural resources allocated to Russia (Nurhaliza & Burhanuddin, 2023). In terms of funding, the WG has managed to diversify its funding streams and although partly funded by the Kremlin's relationship with Prigozhin, the group also receives foreign sources of funding, partly in the form of gold and diamonds. Payments like these are ideal for organizations looking to hide their finances. Precious gems are portable, evade the scrutiny of the formal financial system, and are easily laundered. Similarly, it has been reported that WGs are paid in natural resources. So it can be

argued that WG motivations tend towards business rather than nationalism (Intel Brief, 2020).

The WG is perceived as a quasi-state actor (equivalent to a state), closely connected to or even promoted by the Kremlin as an additional force used to pursue its geopolitical goals. As such, WG is clearly an extension of Russia. PMCs such as the Wagner Group do not only cooperate to support Russian military activities, but often the military operations carried out by the WG have other purposes that serve the personal interests of the Kremlin officials close to Putin (Marten, 2019). Some analysts suspect that the illegal status of PMCs was deliberately granted by President Vladimir Putin in order to keep them controlled in accordance with interests of Putin and his cronies and to limit PMCs competition in Russia. The illegal status held by PMCs in Russia has advantage for PMCs to remain in a gray zone that keeps PMCs activities secret and advantage for the state is that it can freely deny allegations of links between the two actors if PMCs commit violations that are highlighted by the international community (Carnegie Endowment for International Peace, 2020).

In addition, Russia employs PMCs such as WG to save operational costs. By using PMCs, Russia can reduce military budget costs and focus on more strategic operations. The Russian use of PMCs can make the state perform plausible deniability, where plausible deniability is a strategic concept used by powerful actors, including governments and intelligence agencies, to avoid direct responsibility for unauthorized, unpopular, or controversial actions. This concept is used by Russia to avoid direct responsibility for unauthorized or controversial actions. By using PMCs and the concept, Russia can create conditions where it is difficult to prove direct participation or knowledge of its actions, so it can deny participation or responsibility if there are risks that the state needs to bear. President Vladimir Putin wants to reassure the Russian population and the international community that what Russia is undertaking is within the bounds of acceptable international standards (Atwell et al., 2021).

WG was originally a more secretive private military company that generally operated anonymously in conflicts around the world. But after Russia invaded Ukraine, the group came out of the shadows and attracted international attention for its involvement in the war (Monir, 2023). Russia began to increasingly utilize the services of PMCs in 2014 through the Gerasimov doctrine. The Gerasimov

doctrine originated from the Chief of the General Staff of the Russian Armed Forces, General Valery Gerasimov, in an article titled “The Value of Science Is in the Foresight” he argued that the rules of war have changed where in modern times the involvement of non-military aspects in strategy to achieve political goals (Atwell et al., 2021).

Ukraine is a place where WG gained important battlefield experience by supporting Russia's annexation of Crimea in 2014. Subsequently, WG combat activities in Ukraine will become geographically closer in Luhansk and Donetsk. The availability of experienced and risk-taking personnel makes the WG the best force at the start of Ukraine operations in 2022. So unlike the U.S. PMCs entities such as DynCorp and Blackwater (now Academi) that generally safeguard the U.S. government personnel and facilities, WG is directly engaged in combat (Intel Brief, 2020).

In addition, the WG engagement enables Russia to increase its political influence without having to sacrifice national security. This is because it can reduce casualties. So that political stability and security in Russia cannot be affected by the conflict that occurs between Russia and Ukraine. The presence of the WG can also make it easier for Russia to carry out military interventions abroad without having to think about the number of casualties. Furthermore, Russia also has no need to think about the supply of weapons to be used, because the WG has supplied Russian weapons and logistics through logistics networks from North Korea and countries on the African continent to support its capabilities in military intervention in Ukraine (Nurhaliza & Burhanuddin, 2023).

### **Escalation of the Russia-Ukraine Conflict**

Tensions between Russia and Ukraine have been ongoing since 2014. At that time, Ukrainians seeking a greater degree of independence overthrew a pro-Russian president, Viktor Yanukovich. Pro-EU demonstrations emerged in response to Yanukovich's policy of favoring trade relations with Russia. The overthrow of Yanukovich led to conflict within the Ukrainian government, which became divided into two camps: pro-EU and pro-Russian. The pro-Russian group consisted of people and politicians from Crimea. Unfortunately, Russia's interest in resolving Ukraine's internal conflicts turned into an attempt to acquire the territory of Crimea. The strategic position of Crimea was used by Russia to strengthen its influence in Eastern and Central Europe. In the end, Crimea's parliament held a

referendum on March 16, 2014, which resulted in a decision to join Russia and secede from Ukraine (Hidriyah, 2022).

After the Crimean crisis, relations between Russia and Ukraine continued to fluctuate until February 2022. The crisis was initiated when NATO attempted to expand its membership into Eastern Europe by targeting Ukraine. Russia saw this as a threat and an offense, so Putin did not let Ukraine off the hook. Unfortunately, Russia's actions have impacted the founding countries of NATO. As a result, the United States and Canada moved their embassy staff to the city of Lviv, which is 70 kilometers from the Ukraine-Poland border. These two countries, along with the UK, have unequivocally shown strong support for Ukraine's sovereignty. This support seems to have made Russia distrust Ukraine even more (Hidriyah, 2022).

During period of Yanukovich's rule from 2010 to 2014, Ukraine's foreign policy was affiliated with Russia. The two countries agreed on cooperation in terms of natural gas supplies and prices, in exchange for the extension of the Russian Navy's presence in Ukrainian Black Sea ports. Ukraine's diplomacy with the outside world aimed to secure its relationship with Russia, but it also tried to embrace the European Union through cooperation agreements. In 2013, Ukraine suspended negotiations with the EU, which triggered riots in Kiev due to the Euromaidan protests, and resulted in Yanukovich seeking political asylum in Russia. At the same time, the official websites of Ukrainian institutions suffered distributed denial of service (DDoS) attacks. Since then, cyber warfare has become an important part of the conflict between the two countries, accompanied by the use of military force. Russia and Ukraine have actually been engaged in cyber warfare since 2013, but it reached its peak in 2014 (Diuk, 2014).

Ukraine strengthened its ties with the EU in 2017 through a free market agreement for goods and services, as well as visa-free entry for Ukrainian citizens into EU countries. In April 2019, former actor Volodymyr Zelenskiy was elected president on a promise to root out corruption and end the war in eastern Ukraine. In January 2021, Zelenskiy asked President Biden to help Ukraine join NATO. Russia threatened to attack Ukraine if Zelenskiy went ahead with his plans to join NATO. Zelenskiy ignored this threat, which eventually led to Russia's military invasion on February 24, 2022 and since then military invasions by Russia into Ukraine have continued (Saeri et al., 2023).

## **Wagner Group Interference in Escalation of the Russia-Ukraine Conflict**

Since the annexation of Crimea in 2014, Russia has actively deployed PMCs as an extension of its special military operations and shadow military actions outside its territory. In this case, WG has a significant role as a private military company that not only provides military services to Russia, but also combatant services, security consulting services, logistical support services, and private security companies. Russia's use of private military services is reinforced by a report from the Carnegie Endowment for International Peace in which the Main Directorate of Russian Intelligence (GRU) conducted surveillance on WG and found that they hosted training at a military base in southern Russia and sent WG personnel to Syria before their interference in Crimea (Carnegie Endowment for International Peace, 2019, 2023).

During the Russian annexation of Crimea in 2014, the WG along with regular units of the Russian military managed to disarm the Ukrainian army and take control of Crimea almost without any bloodshed. After successfully taking over the Crimea region on the southern front, Russia next invaded the Donbas region on the eastern front of Ukraine. With the help of the WG, Russian military forces managed to destabilize the Ukrainian security forces, and managed to take control of regional and municipal government institutions. The WG carried out its actions by means of attacks, reconnaissance, intelligence gathering and assistance to VIPs. The WG also contributed to the June 2014 shooting down of an airplane at Luhansk International Airport that killed 40 Ukrainian paratroopers and nine crew members (Foley & Kaunert, 2022).

Their success in supporting separatist forces in the Luhansk and Donetsk Republics eventually brought them to prominence, even more so when they operated in Russia's interests and foreign policy. WG promotes Russian interests and foreign policy using a three-tiered approach. First, they use disinformation and information warfare strategies that favor the government, such as counter-demonstration techniques and fake polls. Second, Wagner earns payments through concessions in extractive industries, such as precious metal mining operations. Third, WG engages with the Russian state military through training, consulting services, private security and counter-insurgency operations. However, the emergence of private military companies like WG is a dangerous threat to the international community.

This is due to the fact that their military operations tend to disregard international law, such as annexation of sovereign territory, regime change, extrajudicial killings, and large-scale assassination attempts in the gray zone of international law (Foley & Kaunert, 2022).

By the time of the Russian invasion of Ukraine in February 2022, WG's involvement as a PMCs had become dominant. The WG, which was founded by Dmitry Utkin and funded by a Russian oligarch Yevgeny Prigozhin, has had a significant role in various Russian military operations in Ukraine, as well as in Syria and Africa. Although the Russian government has not formally recognized direct involvement with the WG, their relationship is quite clear through the various operations and logistical support provided by the Russian government to this PMCs. PMCs like the WG offer a number of advantages to a country like Russia. They provide great operational flexibility and allow Russia to avoid directly addressing violations of international law and human rights. The use of PMCs also allows Russia to maintain plausible deniability in the event of violations highlighted by the international community. This was evident in the invasion of Ukraine, where WG was directly involved in combat operations and logistical support without having to officially attribute the actions to the Russian government (Nurhaliza & Burhanuddin, 2023).

The WG has demonstrated a significant role in a number of key battles, including in the Donbas region. Cities such as Bakhmut and Soledar are focal points of their operations. Bakhmut, for example, is a strategically important city due to its key supply lines in the Donbas region. Their control of the city gives Russia a huge logistical and military advantage in its efforts to take control of the Donetsk and Luhansk regions. They have also carried out recruitment drives. This recruitment is not only limited to Russian nationals, but also extends to former Afghan military personnel taking refuge in Iran. This move demonstrates their flexibility and pragmatism in meeting personnel needs for large-scale operations such as in Ukraine (Foley & Kaunert, 2022).

WG also has a role in providing logistical support and weaponry. They utilize international networks to supply Russia's military needs, including from countries like North Korea. This support is especially important given the economic sanctions imposed on Russia by Western countries, which hinder Russia's access to military resources and technology. However, the WG's involvement is not without its problems. For example, during the operation in Bakhmut, they experienced serious ammunition supply problems, which resulted in Prigozhin issuing a threat to



withdraw WG troops from the frontline if the problem was not addressed. Disputes between the WG and the regular Russian military on the battlefield also indicate the existence of internal tensions that could affect the effectiveness of Russian military operations (Nurhaliza & Burhanuddin, 2023).

The moral hazard and agency slack issues often associated with principal-agent relationships between the state and PMCs such as the Wagner Group are also apparent. Russia as the principal often faces limited information and control over the actions of the WG, which operates with its own agenda on the ground. This creates risks for Russia in managing military operations and maintaining strategic objectives in Ukraine. The WG has also demonstrated its capability to conduct operations outside Ukraine. In Africa, for example, they have been involved in operations aimed at securing natural resources and supporting pro-Russian regimes. Their involvement in countries such as Syria and Libya shows how these PMCs function as a tool of Russian foreign policy, allowing the Kremlin to expand its influence without having to engage directly militarily (Nurhaliza & Burhanuddin, 2023).

Overall, the WG involvement in the Russia-Ukraine conflict since 2022 demonstrates the complexity and ambiguity of using PMCs in modern military strategy. While they provide tactical and strategic advantages especially for Russia, they also pose significant challenges in terms of control and coordination of military operations. Their widespread and often brutal involvement also highlights the legal and ethical issues associated with the use of private military companies in international conflicts (Carnegie Endowment for International Peace, 2019).

### **Impact of the Wagner Group Interference in Escalation of the Russia-Ukraine Conflict**

Engagement of the WG as a third party in the Russia-Ukraine conflict was first initiated in 2014 when Russia annexed Crimea, and in some cases Russia often used the services of this mercenary company, not least in the Russia-Ukraine conflict that occurred in 2022. Based on the principal-agent theory, Russia acts as a “principal” because it has a wealth of resources but does not have the full capability to achieve its goal of controlling several regions in Ukraine. Russia's goal was furthered when the invasion in early February was not what was expected, it is estimated that around 15,000 of the 19,000 regular Russian soldiers died on the battlefield and

several regions lost control so that a month after the invasion Russia was on the verge of defeat. Therefore, at the end of May 2022 Russia cooperated with the WG to minimize the defeat and retake the territories that had lost control. This strategy of using mercenaries was again used by Russia because it could more easily achieve goals, minimize expenses, and avoid direct responsibility for military actions (Conceição da Silva Ferreira et al., 2024).

Delegation of tasks from Russia to WG as an “agent” was highlighted for its overt contribution. In principal-agent theory, relationship between “principal” and “agent” is asymmetric. Russia as “principal” has limited information to fully understand the behavior and motivation of WG as agent, which will lead to major problems such as adverse selection and agency slack. Despite having limited information about the WG, Russia uses the services of the mercenaries due to historical proximity. WG leader Yevgeny Prigozhin has been close to President Vladimir Putin since Putin was a mayor. In addition, Russia has also been working with the WG since 2014 where they operated to carry out Russian interests in Syria, Libya, and Ukraine so that to avoid adverse selection, Russia has chosen to use the services of the WG as a PMC (Conceição da Silva Ferreira et al., 2024).

In carrying out its duties, the WG also has a series of interests that can influence its actions even if those actions have the potential to harm Russia such as the escalation of the Russia-Ukraine conflict. In principal-agent theory, the interests of agents that may arise in the cooperative relationship between the two parties include financial gain, exposure, access to facilities, access to resources, and political access that can ensure the survival of the organization. WG in its relationship with Russia has the main goal of achieving financial gain. This goal is achieved by several strategies, the first of which is to put pressure on Russia regarding labor contracts. Second, recruiting cheap soldiers with no experience. The third was to reduce logistical expenses for the war. Before the WG went into battle, they negotiated with the Russian government regarding monthly salaries, and initially offered 3,000 USD to 5,000 USD, but after seeing Russia under pressure when it was on the verge of defeat, they increased the price of services to three times higher, around 10,000-15,000 USD per month (Serwat et al., 2023).

In recruiting personnel, the WG collaborates with criminal groups or organizations in Latin America and Europe. For example, criminal groups and drug cartels in Colombia such as Clan Del Golfo, ELN (Ejercito de Liberacion Nacional), PCC (Primeiro Comando da Capital) in Brazil, criminal groups in Serbia, Montenegrin

criminal groups, Russian Mafia (Bratva), Ndrangheta and Camorra criminal groups from Italy, and criminal groups from Belarus. In addition, to increase personnel, they also recruited criminals who were being held in Russian prisons in exchange for a pardon if they managed to become frontliners helping the regular Russian army for six months and were given a salary equivalent to 240,000 Rubels. This effort to recruit troops from criminal groups is aimed at cutting costs, because as a business entity, WG also has the principle of spending the minimum amount of capital and achieving the maximum profit possible. Therefore, the WG prefers to employ inexperienced troops whose monthly salary is around USD 1,000 (Serwat et al., 2023).

According to the Reuters data, the WG first deployed its troops in early March 2022 consisting of 40,000 criminals and prisoners to become combatants in Ukraine. Their initial mission was to take control of important regions such as the Donbas by occupying important cities in it, namely the city of Seledar and the city of Bakhmut. The aim of occupying the cities made it easier for the Russians to occupy the cities of Kramatorsk and Sloviansk. In addition, Bakhmut was also the main area of strategic supply lines. Soledar became underground cities with the capacity to accommodate large groups of people at a depth of 80-100 meters, and tanks and infantry fighting vehicles could also be moved. Russia did not have a strategic interest in occupying Soledar, but WG had a commercial interest for its business as the city produced plaster that would be very useful as a construction material (Hauter, 2021).

The WG forces intensified their focus on the besieged city of Bakhmut in an effort to deliver victory for the Kremlin. For months, the WG's ill-equipped convict troops and newly mobilized Russian conscript army carried out extremely aggressive and brutal attacks while trying to encircle the Ukrainian forces, but the Ukrainian defenses remained strong. However, by the end of May 2022, Ukraine retreated from the ruins of Bakhmut, and Prigozhin declared victory. The presence of the WG in the Russia-Ukraine conflict was heavily criticized by the international community, as it committed many cruel human rights violations and caused many civilians to become victims, this was due to the WG personnel, 90% of which consisted of criminal forces and untrained prisoners who could not distinguish between military and non-military targets and did not know the principles of international humanitarian law. According to data from the Office of the United Nations High Commissioner for Human Rights (OHCHR) it is estimated that more than 30,000 civilians were killed in the invasion of Bakhmut and 19,875 civilians

were injured. This caused the international community to condemn Russia and massively provide support to Ukraine to counterattack (Hauter, 2021).

The first country to condemn engagement of the WG in the Russia-Ukraine conflict was the United States. The U.S. Department of State issued an official statement calling the WG a tool of Russia to foment violence and instability in Ukraine and imposing sanctions against them and individuals associated with their operations. In addition, the United Kingdom, Canada, Australia, Japan, the European Union, and NATO also condemned the abuses committed by the WG (Gurcov Héli Nsaibia, Nichita, 2023). They then supported Ukraine to counterattack by providing economic and military assistance so as to increase the escalation of the conflict, because the supply of weapons and ammunition in any conflict will lead to great potential for violence. Ukraine received 49 tanks from Spain; training of soldiers to be sent to the frontliners by the UK; 14 MiG-29 fighter aircraft, and USD 500 million from the United States for the cost of Howitzer artillery ammunition, rocket artillery, and Patriot anti-aircraft missile systems (Data, 2023). Ukraine eventually counterattacked in the Kharkiv region in September 2022 and in the Kherson region in early November 2022. These operations gradually isolated and suppressed the WG along the Dnipro river, using guerrilla warfare tactics, artillery strikes, and precision attacks on the WG's bridges and logistics supply lines, resulting in the deaths of 90% of the criminal and convict army and other regular Russian soldiers (Nurhaliza & Burhanuddin, 2023).

The WG's strategy in every battle is to deploy inexperienced troops in order to save costs, but when it is in a bind such as the Ukrainian counterattack that killed almost all of its personnel, that's when WG deploys expert soldiers. However, WG has stuck to its original identity as a business entity by continuing to employ low-cost expert soldiers. The WG also recruited former Afghan army personnel who were seeking refuge in Iranian territory with a salary offer of USD 15,000 per month. This recruitment is done by force where if they refuse, they will be deported from Iran and persecuted by the Taliban. These combatants from Afghanistan then became a threat to the US army supporting Ukraine because they were familiar with all the techniques, procedures, tactics, and strategies of Western intelligence and the US army. This then ignited the conflict to escalate further than before because the United States was furious and sent massive assistance to improve Ukraine's combat quality, unmitigated by the United States and allies issuing military assistance to Ukraine in the amount of USD 233 billion and according to representatives of the

Russian Federation this is an unreasonable action because it will perpetuate the Russian-Ukrainian conflict (Serwat et al., 2023).

Perpetuation of the Russia-Ukraine conflict is one of the goals of the WG itself because although it is an extension of Russia, they have goals in a delegated mission, one of which is to gain financial benefits and one of the ways is to prolong and increase the intensity of the conflict. In addition, they also do not care about humanitarian law and human rights, as aggressive means are their strategy to more quickly achieve their goals. In some cases, they carried out massacres of civilians in several cities, one of which was in the city of Bucha, the massacre was carried out with heavy artillery attacks on areas heavily populated by civilians, causing great damage and significant casualties among the civilian population. According to Human Rights Watch (HRW), the WG utilized unlawful weapons and ammunition that caused disproportionate damage to the civilian population and the exact number of civilian casualties resulting from the ferocity of WG operations on Ukrainian territory is unknown (Serwat et al., 2023).

The increasing intensity of the Russia-Ukraine conflict due to influence of WG's presence proves that the principal-agent relationship between Russia and the WG suffers from agency slack. This happened because the WG prioritized its own interests over those of Russia. A series of aggressive actions taken received a response from the international community and was responded to in an increasingly inhumane manner by the WG. This negative reciprocity causes the conflict to be maintained and benefits the WG (Serwat et al., 2023).

## CONCLUSIONS

The role of the Wagner Group as a private military company in the Russian-Ukrainian armed conflict has objectives in a delegated mission, one of which is to gain financial benefits and one of the ways is to prolong and increase the intensity of the conflict. Moreover, the Wagner Group does not care about international humanitarian law and human rights because aggressive means are its strategy to achieve its goals more quickly. The increasing intensity of the Russia-Ukraine conflict is influenced by the existence of the Wagner Group as a new business entity that threatens international security between countries. This is evidenced by the principal-agent relationship between Russia and Wagner Group, which experiences agency slack. Agency slack occurs because Wagner Group prioritises its own interests over those of Russia. A series of aggressive actions taken by the Wagner

Group were met with a response from the international community, which was reciprocated in increasingly inhumane ways. This negative mutual relationship perpetuates the conflict and provides its own benefits to the Wagner Group.



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