

MILITARY BENEFITS THAT RETAIN MID-CAREER ARMY OFFICERS

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by

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ABSTRACT

MILITARY BENEFITS THAT RETAIN MID-CAREER ARMY OFFICERS, by Major Shane A. Roppoli, 82 pages.

The purpose of this research was to identify how important direct service benefits are to mid-career U.S. Army officer decisions to continue serving in the Army on active duty. The problem this research effort focused on was understanding how changing select military service benefits would affect mid-career Army officer decisions to continue serving in the Army on active duty.

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ACRONYMS

ADSO	Active Duty Service Obligation
ARI	Army Research Institute
BAH	Basic Allowance for Housing
CGSC	Command General Staff College
DA	Department of the Army
DoD	Department of Defense
ILE	Intermediate Level Education
MMAS	Master of Military Art and Science
MOAA	Military Officers Association of America
MSO	Military Service Obligation
QAO	Quality Assurance Office
TA	Tuition Assistance

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CHAPTER 1

INTRODUCTION

Directed Department of Defense (DoD) budget cutbacks and potential further automatic budget cutbacks caused by sequestration threaten to reduce military benefits programs (Burton and Eastman 2012, 7-10). Conversely, research demonstrates that direct military benefits such as pay, health care, housing, and education benefits support mid-career Army officer decisions to continue serving on active duty (Gade, Tiggie, and Schumm 2003, 192-201). Other researchers such as Keenan (2012) and Schneider, Johnson, Cochran, Hezlett, Foldes, and Ervin (2011) have identified suspected causal mechanisms within service continuation models that have enabled the Army to improve its mid-career officer retention rates. However, mid-career Army officer retention rates are again at risk if the DoD continues to decrease military service benefits. Additionally, the DoD military drawdown strategy is reliant on mid-career officers continuing to serve at higher rates to retain combat experience and enable reversibility.

The DoD risk mitigation strategy for a downsized Army is to preserve the U.S. Army's battle hardened knowledge to enable rapid regeneration or what the DoD has coined as "reversibility" (DoD 2012b, 12). Unlike past Army drawdowns that haphazardly cut force structure, the Army objective during this drawdown is to retain more mid-career leaders, which in-turn contradicts what research suggests will happen if the DoD cuts military service benefits (DoD 2012a, 8; DoD 2012b, 6; DoD 2012c, 4). If the Army's ability to execute "reversibility" relies on the effective retention of more mid-grade leaders, then the DoD plan to mitigate the risk of a smaller Army, with a larger

mid-career population, must take into account how reducing service benefits will affect the mid-career officer (DA 2012b, 10).

Statement of the Problem

The ability of the DoD to effectively shape the force, as planned, could be at risk given a reduction in direct service benefits resulting from budget cutbacks and the potential for additional automatic budget cutbacks. Therefore, the problem this research effort focused on was understanding how changing select military service benefits would affect mid-career Army officer decisions to continue serving in the Army on active duty.

Purpose of the Research

The purpose of this research was to identify how important direct service benefits are to mid-career U.S. Army officer decisions to continue serving in the Army on active duty.

Thesis

Changes to select military service benefits have a precedence of importance to mid-career U.S. Army officers; the magnitude of service benefit change can be identified in order to recommend a benefits budget that will complement the Army's mid-career retention goals.

Research Questions

This research paper examines the thesis question and the following secondary questions in order to compare the importance of direct benefits to mid career officers making decisions as past research suggests are important to mid-career U.S. Army officer decisions to continue serving in the Army.

1. Do changes to military healthcare benefits affect a mid-career U.S. Army officer decision to continue serving in the Army?
2. Do changes to education benefits affect a mid-career U.S. Army officer decision to continue serving in the Army?
3. Do changes to housing benefits affect a mid-career U.S. Army officer decision to continue to serving in the military?
4. Do changes to pay benefits affect a mid-career U.S. Army officer decision to continue serving in the military?
5. Does comparing the magnitude of benefits change, using estimated dollar values exposed mid-career benefit(s) preferences?

Assumptions

There were several assumptions made to facilitate this research. First, the researcher assumed the benefits research conducted by the other U.S. military services would be representative of Army findings. Therefore, this study uses the research of other military services in the literature review to both define benefits and infer effects. Second, it was assumed that mid-career officers with families would be more sensitive to military service benefits change proposals, announcements, and rumors. Past research demonstrates proposal effects on service members. Hoffeditz's study suggests the presence of children influence service members to favor benefits that protect their family members and satisfy their spouse. Military spouses consistently report that military benefits are an important influence in favorably perceiving a retention decision (Hoffeditz 2006, 151). Each participant's family member demographic information was collected assuming the need to control for this anticipated influence. Third, the researcher

assumed that randomly selected U.S. Army officer participants would reflect on their own decision to continue serving in the Army on active duty and report what influence benefit(s) change would have on their decision to continue serving on active duty. Fourth, the researcher assumed that participant experience with making the mid-career decision to remain in the Army would enable their mid-career reporting. Fifth, the researcher assumed that the participants' potential experience assisting other service members with making a similar mid-career continuation decision would enable participants to provide a mid-career perspective report. Sixth, this research assumed that retirement benefits would follow their past reported importance levels for career members. Therefore, the researcher delimited retirement as a benefit to examine in this research assuming retirement would swamp the research results.

Definitions

Active Duty Service Obligation (ADSO) - Officers entering military service must complete a total of 8 years military service. Service will be on active duty or in the Reserve components, in either an enlisted or officer status (DoD 2012d).

Career status - Officers between their 10th to 20th years of service (DoD 2012d).

Context evaluations - "Broad attitude variables are overall evaluations an officer arrives at on the basis of the specific experiences that make up the perceived context variables. For example, implicitly weighting and combining his or her satisfaction with specific aspects of the job such as the leader, training, work climate, and work tempo determine an officer's level of job satisfaction. Army identity salience is primarily a result of personal variables in combination with specific experiences" (Schneider et al. 2011, 23).

Context variables - “Relate to the context in which an officer experiences Army life. These have been classified into several construct categories, such as work characteristics, unit context, leadership/command climate, organizational context, professional/career development, family satisfaction/support, and extra-military context. Context variables are characteristics of work and non-work environments in which officers must function. While subject to interpretation, they are all, in principle, capable of being measured objectively” (Schneider et al. 2011, 12).

Education Benefits - Education benefits in this research only consist of civilian education funding that service members can take advantage of during or after service, such as the 9/11 GI Bill, Tuition Assistance, testing and counseling services provided by on installation education center (DoD 2012d).

Healthcare Benefits (TRICARE) - Officers have access to a network of military treatment facilities that provide health care coverage for medical services, medications, and dental care for military families. TRICARE Prime, Standard, and Extra health insurance provides health coverage and offers beneficiaries retail, home delivery pharmacy benefits, and TRICARE Dental (DoD 2012d).

Initial Term status - Officer between their 1st to 4th years of service (DoD 2012d).

Mid-Career status - Officer between their 5th to 9th years of service (DoD 2012d).

Military Housing Benefits - “There are two major elements of housing, on installation Housing and Basic Allowance for Housing (BAH) both are dependent on geographic duty location, pay grade, and dependency status. The intent of BAH is to

provide uniformed service members accurate and equitable housing compensation based on housing costs in local civilian housing markets, and is payable when government quarters are not provided” (DoD 2012d).

Military Pay Benefits - Military pay comes from two sources: base pay and special pays. Base pay is the same across all service branches, and increases are based on rank and time in service (DoD 2012d).

Military Retention - DoD efforts to encourage service members to continue serving in the U.S. Military (DoD 2012d).

Military Service Benefits - “A competitive salary is just one of the benefits of Army service. All Soldiers receive health care, housing and food allowances, as well as educational opportunities. Additionally, there are special pays for deployment, medical training and flight status, along with diving and sea pay, depending on your work specialty and location” (DoD 2012d).

Military Service Obligation – The prescribed total duration of service a member of the military must serve by regulation. The normal military service obligation is 8 years (4 years active duty and 4 years inactive reserve) from the date of enlistment, appointment, or when authorized by law (DoD 2012d).

Officers - Service members that are voluntarily commissioned by the President of the United States (DoD 2012d).

Probe Study - a key feature of theory-building research is to further examine themes, which emerge (Eisenhardt 1989, 539).

Reversibility - The ability to rapidly regenerate forces by maintaining knowledgeable mid-career service members to train entry-level personnel (DoD 2012d).

Service members - U.S. Citizens including U.S. protectorates and foreign nationals (often seeking to apply for citizenship) that volunteer to join the U.S. Military (DoD 2012d).

Sequestration - A U.S. legal procedure in which automatic spending cuts are triggered, notably implemented in the Budget Control Act of 2011 (Spar 2012).

Tuition Assistance - Tuition Assistance pays for up to 100 percent of the cost of tuition or expenses, up to a maximum of \$250 per credit and a personal maximum of \$4,500 per fiscal year per student. This program is the same for full-time-duty members in all military services. Selected Reserve and National Guard units also offer Tuition Assistance programs (DoD 2012d).

Scope

The scope of this research includes active duty U.S. Army, Reserve, and National Guard officers attending Intermediate Level Education (ILE) at the Command and General Staff College (CGSC) in Fort Leavenworth, Kansas. This population of U.S. Army officers provided a unique opportunity to collect responses from a group that potentially had recently transitioned from a mid-career status to a career status. This is also the last year that ILE will be a 100 percent attendance requirement for Army Majors which provides access to all members of the operations career field demographic and is considered very valuable to the scope of this research.

Limitations

Several limitations affected this research effort. The data collection was limited to U.S. Army officers attending ILE at CGSC from February 2012 to December 2012 (Class

12-02). Since the majority of U.S. Army officers attending ILE are active duty officers, the demographics data was collected to effectively describe the level of Reserve and National Guard officer participation in order to enable comparative analysis opportunities.

Delimitations

There were several delimitations established for this research. Retirement was identified as a very influential benefit. Given the size of the body of knowledge regarding its effects, it was delimited from this research in an effort to identify other benefits that could be masked by retirement's importance. The Schneider et al. research suggest that retention decisions are personal decisions that family pressures, individual situations, personal circumstances, and cultural factors provide for varying degrees of influence on service member decisions to continue serving in the Army (Schneider et al. 2011, 25-37). Therefore, this research purposefully focused only on the role that Schneider et al. inferred that context evaluations and context variables have on mid-career officer decisions to continue serving on active duty (Schneider et al. 2011, 26). This research also purposefully excluded the following aspects of the Schneider et al. retention model: person variables, potential moderators, psychological and physiological health, social support, coping effectiveness and critical events in order to isolate the effect of direct benefits on a retention decision (Schneider et al. 2011, 25-37). This choice was made to enable the research to remain focused on researching how changing benefits affects mid-career Army officer decisions to continue serving on active duty.

Significance of the Study

This research was necessary to support DoD directives to downsize to a smaller, more agile, able, and ready military force, that retains a larger mid-career service member population to enable rapid re-growth. Researchers have demonstrated that changing service benefits affects retention decisions of mid-career service members (Jennings and Babin 2007, 25-26; Feickert and Henning 2012, 11). This research effort is intended to build upon the research efforts that preceded in order to enable the DoD to anticipate the effects of changing military benefits on mid-career Army officer decisions to continue serving on active duty.

Summary

Military benefits changes are not new. However, when done in a vacuum they can create issues for the DoD, for example the Career Status Bonus retirement benefit change that was repealed in 2000 after it created substantial retention problems (Langkamer and Ervin 2008, 18). Military benefits change research is not limited; however, very little research has been collected to assess the potential impacts of recent change announcements to pay, healthcare, education, and housing benefits (DoD 2011). This study examines the impact that limited individual officer cost of \$50.00 to \$500.00 could have on the population on which the DoD has placed retention emphasis: the mid-career officer population.

In summary, this chapter introduced and identified the purpose, the research problem, its background, and the research scope. Then the research paper introduction identified past research efforts in order to establish key studies, authors and schools of

thought regarding how changing benefits in the past effected officer decisions to continue serving in the Army.

CHAPTER 2

LITERATURE REVIEW

Introduction

The purpose of this research was to identify how important direct service benefits are to mid-career U.S. Army officer decisions to continue serving in the Army on active duty. The research thesis expects changes to select military service benefits will have a precedence of importance to mid-career U.S. Army officers; the magnitude of service benefit change can be identified in order to recommend a benefits budget that will complement the Army's mid-career retention goals. Therefore, the purpose of this chapter is to examine past research literature in order to confirm or deny the research thesis, answer secondary research questions and set the conditions for primary data collection, if necessary.

This chapter begins by examining research about employee job commitment and what drives employees to remain committed to an employer and examines the parallels identified with military service (Chen and Ployhart 2006, 3-6). First, the literature review examines employee job commitment and then turns to examine Army mid-career officer decisions to continue serving (commitment) on active duty. Because the Army continues to leverage sound business practices and scholarly research regarding human behavior the literature review, therefore, begins with an examination of employee job commitment.

Employee Job Commitment

Organizations select individuals as their employees and in turn, these employees enable the organization to accomplish the organization's goals. The relationship between

an organization and its employees is therefore based on mutual needs; the organization needs employees and employees desire the employment opportunity the organization provides in order satisfy both basic and advanced needs (Abelson 1987, 384-385).

Research demonstrates that decisions to remain organizationally committed must be considered within context; employee commitment and service member commitment have their similarities and their differences (Sandri and Bowen 2011, 45-47). The economic contract between employers and employees creates an organization by which both employees and employers satisfy goals and needs. The service of Army officers enables the Army to accomplish military objectives and goals, similarly the Army provides its officers with benefits that enable them. However, the Army relies on committed officers to remain in the service in order to fully develop and prepare as talent for higher positions of responsibility. Unlike civilian organizations that can hire talent from outside of the organization to fill higher positions of responsibility, the military must maintain committed officers to grow as talent for future leadership requirements.

An individual's organizational value grows as they receive organizational training and work experience. However, employees and Army officers then face decisions to remain or leave their organizations with their valuable training, skills, and experience (Hom et al. 2009, 277-297). Research suggests organizations desire to retain the employees of their choice; in order to retain talent, organizations design employment benefits packages with both short-term and long-term employment options in mind (Rusbult, Eisenberger, and Armeli 2001, 429-438). Similarly, the Army has conducted extensive retention research since instituting the all-volunteer system in 1973; however,

information gaps remain regarding how changing benefits affects retention and officer commitment (Chen and Ployhart 2011, 2-12).

Noe, Hollenbeck, Gehart, and Wright suggest that effective human resource management allows organizations to anticipate staffing shortages (Noe et al. 2010, 8-15). Organizations use benefits systems to manage organizational turnover and to keep their organization competitive with their peers. Noe et al. further suggest that as organization's struggle to remain globally competitive they often adapt their financial priorities to compete effectively (Noe et al. 2010, 15-25). Often these results in the organization reduce their benefits packages in order to remain financially competitive.

Robinson and Morrison describe how challenges are created when organizations are required to change, they create risk when the organization announces change because employees begin to lose confidence in their organization's ability to survive and maintain its ability to provide the employee employment (Robinson and Morrison 2010). As employees lose confidence in their organization's abilities the risk of expensive, employee voluntary turnover increases (Abelson 1987, 382-386). Historically, the Army experienced similar effects of benefits change and loss of confidence in the late 1970'. For the Army, expense is a concern but organizational survival because it relies solely on itself for talent, unless the Army is fundamentally changed, will continue to dominate the Army's concern about its future leadership abilities.

It is imperative that an employee understands why their organization is changing and that the organization continues to communicate throughout the change process in order to sustain employee confidence (Crossley et al. 2007, 1031-1042). Change managers understand that research demonstrates how communications is essential to

sustaining job commitment (Abelson 1987, 382-386). However, when organizations do not communicate change requirements effectively, often employees are the last to know when their organization is doing poorly, employers simply fear the effects that loss of employee confidence will bring. The lack of confidence that the job will continue to exist affects job commitment and results in very costly higher voluntary turnover rates (Noe et al. 2010, 67-78).

On the employee side of the job commitment issue is the individual job commitment decision. Numerous researchers have suggested that employee decisions to remain or leave an organization are extremely complex but still have shared variables that provide influence upon their individual decision (Dawis 1991, 11-15; Mitchell et al. 2001, 1102-1121). However, these researchers have identified common motivators: bonuses, health benefits, vacation time, and retirement. These organizational benefits offerings are often strong points of consideration for individuals as they make a job commitment decision (Rusbult and Farrell 1983, 429-438; Meyer and Allen 1997).

Organizations leverage cost savings using the economies of scale created by consolidating employee health insurance participation and personnel services. Often these savings are transferred to employees through higher wage offerings. Noe et al. suggest that the ability to tailor benefits to individual employees provides for the best continuous incentive toward individual job commitment (Noe et al. 2010, 35-50). Unfortunately, the ability to cater to individual employee desires is normally well beyond the resources available to most organizations. Organizations normally offer benefits packages that enable them to leverage their large employee pools to purchase affordable benefits. The

trade-off decision for organizations becomes a struggle to identify what benefits best support the majority of their employee they desire to remain committed.

Robinson and Morrison identified that commitment is often influenced by the good faith assessments that employees make about their organization (Robinson and Morrison 2000, 525-546). Expectations held by employees of their employer are important when they are considering job commitment and voluntary turnover (Rhoades, Eisenberger, and Armeli 2001, 825-836). Service members and their families similarly assess their service branch for good faith characteristics and use them when considering a decision to remain in the service (Gade, Tiggler, and Schumm 2003, 191-207).

In summary, organizations want to retain the employees of their choice. Often organizations offer employee benefits to influence employee decisions toward remaining committed to the organization (Tetrick et al. 2010, 195-211). Organizations continuously adapt their resource utilization, which often results in their benefits offerings being reduced in order effectively to compete and survive in the free market. However, when organizations re-evaluate their liabilities and consider reducing benefits, they often do so understanding the immediate economic gains without understanding the long-term expense of employee turnover. For the military, which often replicates seemingly successful business practices, budget cutbacks that target benefits can lead to crucial leadership gaps because they can not be simply filled from outside.

Employees expect fair compensation and benefits in order to remain committed to an organization. Research suggests that when organizational change is necessary for survival, communication with employees is crucial to sustaining employee confidence necessary to prevent costly turnover (Mitchell and Lee 2001, 1102-1121). If

organizational commitment can be improved through honest communications, as suggested by earlier research, then it is important that employees are provided an opportunity to provide input into benefits change and in order to enable input the organization should provide employees with benefits cost information (Wilson 2012). Garacci and Klieiner proved that re-consideration of benefits and subsequent change has lasting effects on employee job commitment (Garacci and Kleiner 2003, 89-96).

Next, the literature review compares an Army officer decision to continue serving and employee organizational commitment. Retention issues are important to the Army because trained and experienced service members cannot be immediately replaced. When a service member does not continue to serve, the effect is the creation of capability and knowledge gaps within the organization (Dabkowski et al. 2010).

Mid-Career Service Member Decisions to Continuing Serving (Commitment)

“The cost to recruit and train the average officer exceeds \$57,000 dollars . . . if the Army can retain the officer past their ADSO a return on investment is increased 30 to 50 percent” (Petty 2011, 17). This fact is important to understand because it establishes one of the important considerations for why officer commitment is important to the Army. Similar to civilian organizations, the Army wants to retain the service member of its choice and prevent costly turnover (Beerman 2006, 3-4). Foley and Triscari’s research suggests that there are objective (direct) and subjective (indirect) reasons why U.S. Army officers choose to continue serving in the Army (Foley 1976, 10-24; Triscari 2002, 20-36). Indirect benefits: patriotism, job satisfaction, job security, and personal adventure satisfaction are difficult to improve with funding because their causal mechanisms do not

always rely on funding (Petty 2011, 21-25). Meanwhile, direct benefits: healthcare, education, housing, and pay provide the Army with the ability to improve officer commitment by applying funding to direct benefits that both the officer and their family can observe and utilize (Keenan 2008).

Schneider et al. studied company grade officers that remained in the Army at the completion of their first active duty service obligation (ADSO) in order to better understand how Army officers make decisions to remain serving in the Army (Schneider et al. 2011, 25-37). Schneider et al. identified that mid-career Army officers in 2010 indicated their intention is to leave the Army due a number of factors: lack of work predictability, excessive operational pace, unmet career expectations, and perceptions that the Army was not committed to them or to their families (Schneider et al. 2011, 25-37). The loss of mid-career officers after their first ADSO is expensive in both monetary and non-monetary terms. In monetary terms, the Army loses the money invested in training the officer; both pre- and post-commission and those training events that enabled the officer to successfully complete company grade command (Brown 2008, 2-4). In non-monetary terms, the Army loses flexibility and capacity to leverage the officer as a trainer or advisor. The Army, like most organizations, strives to maximize the return on its training costs and experience investment made in its officers. Therefore, the Army places a great deal of command emphasis on its retention programs in order to shape the force to satisfy current and future national requirements. Therefore, when an officer elects to discontinue active service and does not continue serving in the Reserve or the National Guard the loss of their valuable experience and development reduces how selective the

Army can be with its officers and thereby reduces the overall flexibility of the future force (Tilghman 2011).

The Army Retention Model

Chen and Ployhart (2006), Scheider et al. (2011), and Petty (2011) identified that there are common decisions and common situations that both the Army and officers create and encounter during an officer's decision to continue serving. Petty (2011) identified eight common factors that influence Soldier decisions to continue serving in the Army. The research effort of Chen and Ployhart (2006) and Petty (2011) suggests that there is a strong relationship between military service benefits and Soldier intent to continue serving in the Army. Chen and Ployhart identified reoccurring factors, "during the last 15 years contextual and personal factors have been identified as influential to U.S. Army service members regarding a decision to stay in the Army beyond their initial term of service" (Chen and Ployhart 2011, 6). Petty (2011) built upon Chen and Ployhart identified that there are eight primary retention conservation variables.

The research of Petty (2011), which evaluated 30 years of Army retention research, suggests eight common factors that influence retention decisions (Petty 2011, 6-7). Figure 1 demonstrates Petty's findings of the eight common reasons why Soldiers stay in the Army: leadership, realistic expectations, quality healthcare, and mental services, military and civilian education, resilience to adversity, family support (housing), and pay and benefits (Petty 2011, 8). Specifically, Petty's research findings suggest that higher retention rates are correlated to perceptions of family support (benefits), leaders who exemplify selfless service, respect, loyalty to Soldiers, and a sense of community integration (Petty 2011, 9).



Figure 1. Reasons Soldiers Stay in the U.S. Army

Source: Jonathan T. Petty, “Facing the Long War: Factors that Lead Soldiers to Stay in the Army during Persistent Conflict” (Monograph, School of Advance Military Studies, Fort Leavenworth, KS, 2011), 8. Note: Comparative analysis identified eight primary factors have influenced U.S. Army soldiers to stay in the Army beyond their initial term of enlistment during the past 15 years.

Petty suggests that there are specific factors that contribute to the reason why service members stay in the Army (Petty 2011, 8). Considering Foley and Triscari’s earlier assertion that there are objective (direct) and subjective (indirect) reason behind worker commitment encourages the use of the same framework looking at Petty’s eight factors. By breaking Petty’s factors down into indirect and direct factors the Army budget resources can be applied to support health care, education, housing, and pay (Petty 2011, 8). This inferential logic suggests that the Army can, therefore, focus its limited budget on ensuring it offers those benefits that support the commitment of the personnel it desires to retain, in this case its mid-career officers. Because benefits are often reflected

into quality of life assessments and this research is concerned with a mid-career officer decisions then understanding where quality of life (assessment of benefits) are considered during decision making. Schneider et al. suggest that quality of life (evaluation of benefits) is part of an officer's determination of context variables and context evaluations within the Army's retention model. This research paper, therefore, proposes to build upon the interplay between the context variables, context evaluations as identified by Schneider et al. and the benefits Petty identified as important to mid-career officers making a retention decision (Petty 2011, 26).

Figure 2 demonstrates the Schneider et al. retention model, which categorizes suspected influences within the context of a retention decision situation (Schneider et al. 2011, 26). Schneider et al. proposed a mid-career officer service retention model in order to identify significant variables and factors associated within the officer's decision process. The research definitions of Petty's primary eight factors and Schneider et al. context categories share comparative inferential qualities. While Schneider et al. suggests that there are numerous common factors that are considered within context variables and context evaluations, all of which affect both the Army and a officer considering a retention decision (Schneider et al. 2011, 65-70). Combining the efforts of Petty (2011) and Schneider et al. (2011) provides for an enhanced understanding toward a segment of the numerous context considerations a officer must make while considering a decision to continue serving in the Army.

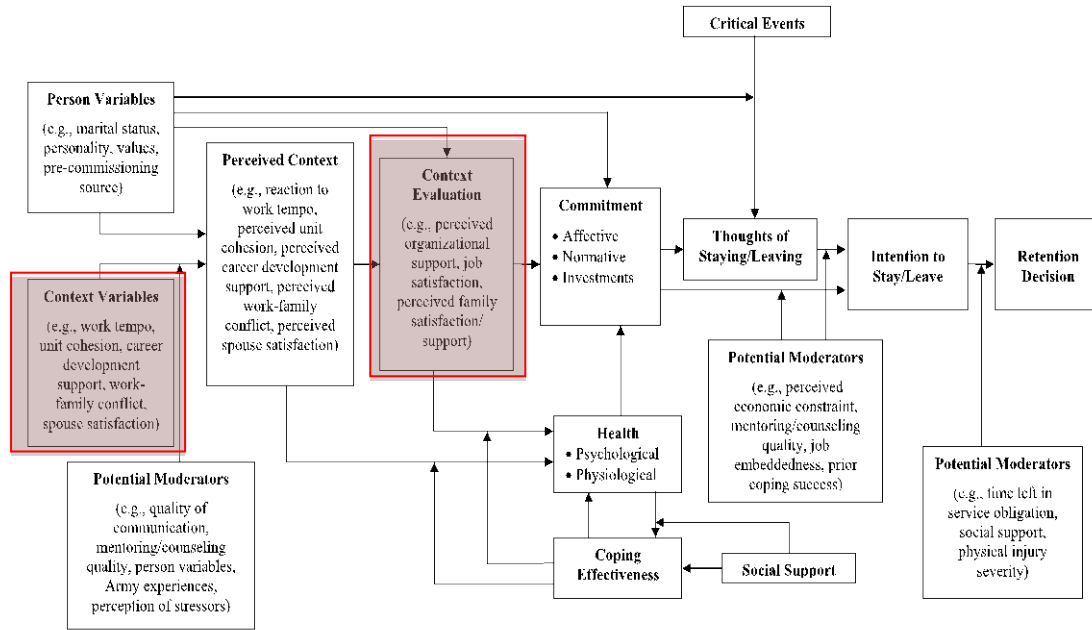


Figure 2. The Schneider et al. Model of Company Officer Career Continuance

Source: Robert J. Schneider, Jeff W. Johnson, Caroline C. Cochran, Sarah A. Hezlett, Hannah J. Foldes, and Kelly S. Ervin, *Development and Evaluation of a Career Continuance Model for Company Grade Officers in the United States Army* (U.S. Army Research Institute for Behavioral and Social Sciences, Project number A790. Research note 2011-05), 26.

Although the Army retention model is extensive, it does not directly consider direct benefits or indirect benefits individually, nor does it consider how specific benefits influence retention decisions. The Army retention model is still valuable because it provides a decision framework for understanding the interaction between both the Army and the officer considering a decision to remain serving in the Army. This model enabled the Army to visualize service member decisions to continue serving and enabled the creation of counseling strategies to encourage officers to remain in the Army. This is important to understand because this establishes the earlier described interplay between

the employer and employee dependency relationship, which become the basis for influence.

Next, the literature review examines past research efforts to understand both the Army and officer perspective regarding the four benefits categories that past research suggest improves officer commitment: health care, education benefits, housing, and pay.

Health Care Benefits Category

TRICARE offers service members a free program that delivers healthcare similar to a health maintenance organization and is consistently reported as one of the areas that satisfies the service member's expectations of service (Wilson 2011). The DoD spent \$20,494 million on the Health Defense Program in 2007, or 1/3 of its congressionally approved budget (Lien et al. 2008, 14). The military's TRICARE health care system is a combination of military hospitals, clinics, and civilian professionals to treat service members, reservists, and their families (Marshal and Fisher 2005, 20-34). Active duty and their family members, Reserve, National Guard and retirees are eligible for healthcare services through the TRICARE healthcare system. TRICARE offers different program options in order to provide flexibility and accommodation of service member preferences. The Quality of Life panel that surveys military service members and their family members reported "the committee considers healthcare to be the single most important non-cash benefit provided to service members by the DoD" (Lien et al. 2008, 14-16).

Dental care is consistently reported as a top area that satisfies most service member's expectations of service (Wilson 2011). TRICARE Dental provides dental care to active duty, family members, and Reserve and National Guard members. Met Life

administers and underwrites the program for TRICARE and service member participation is voluntary. Service members use a military pay allotment to pay a monthly member fee of \$12.69 for single members and \$31.72 for married members. Both members receive an annual maximum benefit of \$1,200 with preventive care provided at no fee. Military healthcare costs continue to climb and service members report that healthcare is very important (Philpott 2012, 1). This paradox will require fee increases or other budget tradeoffs to sustain the current cost structures.

Military Education Benefits Category

The post 9/11 G.I. Bill offers the ability for officers to transfer their earned education benefits to their family members, which provides a factor to encourage initial and mid-career officers to continue to serving (Alper and Kelly 2009, 25-45). In 2009, Alper and Kelly reported that the Post 9/11 GI Bill provided an estimated \$75,000 in college support to a service member or their family members attending a U.S. university under the Yellow Ribbon program. Over 18,000 service members have transferred their 9/11 GI Bill benefits to their family members since 2009 (Picker 2011, 35-40).

GI Bill benefits enable service members to save the cost of funding their dependent's college education by allowing service members to transfer their GI Bill benefits. In order to do so the service member must agree to a 2-year ADSO (Picker 2011, 40-45). Based on the amount of GI Bill transfers, the ability to transfer GI Bill benefits is important to service members. Additional consideration should be made for officers, since most officers receive their Bachelor's degree before commissioning. Thus, they are likely candidates to use the transfer option. This opportunity should make this

benefit important to them, compared to the Montgomery GI Bill (MGIB) that did not provide officers this opportunity.

Officers are also eligible for tuition assistance programs while they are serving in the Army, as provided by Title 10 U.S.C. 2007 (Alper and Kelly 2009, 25-35). The Army funds each service member up to \$4,500 for college education each year to earn a Bachelors degree or a Masters Degree; however, each time the service member uses tuition assistance funds the service member incurs a 2-year ADSO (Picker 2011). The U.S. Army Research Institute for Behavioral and Social Sciences (ARI) (2003) found that service members are 7 percent more likely to continue to serve when they participate in the Army tuition assistance programs.

The effects of educational benefits as studied by Alper and Kelly suggest that the 9/11 GI Bill and tuition assistance (TA) combine to provide mutually supporting incentives for service members to continue serving (Alper and Kelly 2009, 20-25). Although the empirical research that Alper and Kelly found was limited, they found the impact of 9/11 GI Bill transferability and 100 percent Tuition Assistance as “elastic and supportive of retention.” (Alper and Kelly 2009, 23) Further, research by Picker in 2011 found that 28 percent of all initial term Navy service members that used education benefits selected to continue military service (Picker 2011). Picker also found that transferring education benefits increased retention rates from 55 percent to 69 percent among service members with family members and less than 6 years of service, which would be considered initial term and mid-career service members (Picker 2011, 35-50).

Another less appreciated military and civilian education benefit afforded to officers is the on-installation education center. Military installation education centers

provide officers with access to national testing services such as College Level Examination Program and testing services. Additionally, the education center is staffed with education counselors that are trained to provide educational goals counseling and to assist their eligible family members with their educational planning. Furthermore, education centers provide counseling to service members regarding the use of tuition assistance benefits and GI Bill benefits. Finally, education centers can assist officers by enabling colleges with facilities to hold classes on installation; thereby officers are often able to attend college classes on their installation.

Studies demonstrate that the 9/11 GI Bill and Army TA supports mid-career service member decisions to continue serving (Picker 2011, 70-85). Additionally, the 9/11 GI Bill transferability option provides a new influence on mid-career populations that were not previously influenced by the MGIB, often because they already were college educated and not eligible for education benefits to transfer. The 9/11 GI Bill benefit's influence is derived from the ability to transfer education benefits to family members.

Military Housing Benefits

“We enlist Soldiers, we reenlist Families” (Fiore 2006). Since the beginning the all-volunteer military the DoD has continuously studied how to best provide adequate housing that supports a quality of life that encourages service members to continue to serve (Carrell and West 2005, 803-822). The DoD recognized in 1980 that it needed to recognize the different costs associated by duty locations. Since then, it has provided service members with a location specific housing allowance in order to compensate for locality differences. However, Cost of Living Allowances are only paid to service

members when the non-housing costs rise above 108 percent of the national average (Carrell and West 2005, 803-822). Service members are then left to personally compensate for different rates of the cost depending on the assignment where they are ordered to conduct a permanent change of station. Officers evaluate how satisfied they are within the context of their Army situation by considering the potential of living in a better house and better environment outside of the Army. Then quality housing and perceived adequate Basic Allowance for Housing (BAH) are conditions that service members will evaluate contextually.

Petty reported that family support factors are the most important influence on an officer decision when considering remaining in the Army (Petty 2011, 15-18). Carrell and West suggest housing is important to service members when they consider how they would be living outside of the context of the military. Therefore, changes to BAH that decrease the amount of increases to the cost of living allowances on installations for service members are expected to decrease the service member quality of life attitudes and decrease their desire to continue serving. Increasing pay does not necessarily solve retention problems. Proven non-cash benefits that improve the standard of living toward that enjoyed by civilian counterparts, those with similar demographics and education level have proven more important to military retention studies (Carrell and West 2005, 803-822).

Pay Benefits Category

Military pay consists of hundreds of pays, allowances, bonuses, incentives, and they change over time. However, five pay factors have proven to be consistently important when service members consider a decision to continue serving in the military

(Goldich 2005, 2-7). The five military pay benefits that have proven important to retention are base pay, annual pay raises, bonuses, combat pay and special duty pay (Hosek 2010). Improving retention rates through bonuses is not new and the U.S. Military has employed them effectively during times of war to motivate specialists to remain in service (Kotzian 2009, 4-11). However, as deployment requirements continue to taper off, retention bonuses are expected to move back to the number one reason why the Army fails to prevent mid-career officers from leaving the military service before reaching retirement eligibility (Kotzian 2009, 4-11). Although pay is important to most employees, when it is combined with other benefits, the holistic benefits package is what most service members describe as being incomparable to what is offered in the civilian sector (Pleeter et al. 2011).

Conclusions

The literature review examined recent and historically important research in order to identify the gaps in the body of knowledge regarding service benefits and the influence they have on mid-career U.S. Army officer decisions to continue serving on active duty. The literature review identified numerous past and current research studies that held various military service benefits as independent variables to demonstrate their direct impacts on enabling service retention. Interestingly, the literature review demonstrates that service benefits effect on mid-career officer decisions to continue serving generally rely on retirement benefit beyond ten years of service, little is currently known or estimated for the those mid-career officers that have 9 or less years of service (Petty 2011, 8). However, the literature review suggests that the military benefits are highly

valuable programs that require careful analysis and consideration before proposing change, as suggested by Keenan (2008).

Additional research was conducted by examining the summary of conclusions from the similar research efforts of Military Officers Association of America (MOAA 2012) and the Association of the United States Army (Kruger 2012). MOAA conducted chapter surveys to identify important benefits in order to focus their lobbying efforts in Washington and in local government districts. Currently, MOAA has three national surveys to collect member feedback from powerful constituents that are observing change closely. The MOAA healthcare survey collected retiree and current service member feedback regarding attitudes toward reductions. AUSA, whose Torchbearer series provides service members with analysis regarding military service benefits, has conducted research to measure the effect of TRICARE and military pay changes on service retention (Kruger 2012). Both MOAA and AUSA research findings suggest similar affects, cost

Significance of the Study

Budget cutbacks and research demonstrate that changing service benefits affects the retention decisions of mid-career officers. Wahl and Singh demonstrated that mid-career company grade officers and non-commissioned officers leave the military because of family separation and benefits erosion (Wahl and Singh 2006, 32). If mid-career officers will be the essential to bridge the current all-volunteer force with the future all-volunteer force then it is paramount that the DoD identifies the benefits that support mid-career retention. This research is necessary to support DoD directives to downsize to a smaller, more agile, able, and ready military force, that retains a larger mid-career officer

population to enable rapid re-growth (Feickert and Henning 2012, 15-20). This research proposes to build upon past research efforts toward the understanding of how changing military benefits could unintentionally contribute to a mid-career shortfall in both numbers and available quality.

Summary

In summary, the literature review identified the major schools of thought regarding the problem and has identified the major research efforts regarding mid-career retention. Next, the researcher discusses the research methodology used to collect the information necessary to accept or reject the thesis and answer the secondary questions in an effort to fill the current knowledge gaps in the body of knowledge.

CHAPTER 3

RESEARCH METHODOLOGY

Purpose

The purpose of this research was to identify how important direct service benefits are to mid-career U.S. Army officer decisions to continue serving in the Army on active duty. Although past research offers some insights toward understanding the research problem there remain gaps in knowledge. Only data collection can provide the clarity necessary to confirm or deny the research thesis and answer research questions. Therefore, the purpose of this chapter is to establish the research methodology used to collect the information necessary to accept or reject the research thesis and answer the secondary research questions.

Past research suggests that employee benefits (health, education, housing and pay) support employee commitment. There is a good deal of research regarding benefits and their effects on managing employee commitment and U.S. Army officer retention. A critical gap has been exposed within the body of knowledge regarding how changing select benefits will affect mid-career decisions to continue serving in the Army on active duty. Therefore, in order to fill this gap this research effort is proposed to collect new data from officers who have recently transitioned from mid-career status to career status.

This chapter is organized into five sections; the first section details the research population. The second section describes the sample selection process. The third section describes data collection process while the fourth section describes the validity and reliability of the methods selected. The final section describes the methodological assumptions, limitations, and decision criteria used to frame the research.

Population

The population of this study consisted of Army officers enrolled in ILE at CGSC. There were 260 Army students attending CGSC between February and December 2012 (Class 12-02) at Fort Leavenworth, Kansas. The CGSC student population consisted of active duty, Reserve, and National Guard officers from all U.S. military services, interagency and foreign military students. As reported by the CGSC student detachment section, the ILE population has a minimum of 9 years and a maximum of 22 years of military service experience and an age range between 30 and 50 years old.

Sample Selection Process

The CGSC survey system randomly distributed survey invitations to the randomly selected U.S. Army officer population from the CGSC, ILE 12-02 Class. This random sample invited approximately 85 percent of the Army officers of ILE Class 12-02. Approximately 250 students from Class 12-02 were invited to participate in the Benefits survey collection.

Data Collection Process

The first method used to collect data was an in depth literature review. The research was conducted using the Combined Arms Research Library, Army Knowledge Online, and the Central Michigan University online library. The literature review identified the major works, key authors, and schools of thought within the areas of job commitment, military retention, and officer career commitment. The literature review evaluated the body of knowledge and incorporated key elements into the research thesis understanding in order to determine information gaps. There is an extensive amount of

historical literature and research about Army retention, however, very few research efforts have cross-tabulated retention, benefits, and mid-career officers service decisions. There was no research, that could be identified, that specifically measured the effects of changing benefits on mid-career officer decisions to remain in the Army. Therefore, research knowledge gaps established the requirement to develop a primary source survey and collection methodology to evaluate the research thesis and answer the research questions posed.

The second method used to collect data was an electronic survey developed by the researcher. The survey measurement objectives were to obtain U.S. Army officer assessments about continuing military service if select benefits were decreased in various ways. In a deliberate effort to strengthen content validity and reliability the survey questions were developed utilizing Army transformation, Army transition, and DoD retirement surveys that measured officer service continuation intent given change.

The CGSC Quality Assurance Office (QAO) and the CGSC statistician reviewed the researcher-prepared survey to verify compliance with legal standards. The Master of Military Arts and Science (MMAS) committee reviewed the researcher-prepared survey in order correct question validity and reliability issues. See Appendix A (Survey). The survey consists of 10 questions: 4 demographic questions to enable cross tabulation during data analysis, and 6 nominal scale questions, 4 Likert scale questions, and 1 open-ended response question.

The survey was uploaded and distributed using the web-based online survey service (Inquisite) at CGSC. Using the online survey service (Inquisite), the researcher was able to manually enter the developed survey questions into the survey generator and

generate the survey. Once the survey was generated, it was reviewed by QAO. The survey was distributed once QAO and the MMAS committee approved it. The CGSC survey generator issued an email inviting the randomly selected U.S. Army officer CGSC students in ILE class 12-02. For approximately 60 days, the CGSC system invited students to complete the online survey. Survey collection began approximately 15 May 2012 and ended on approximately 15 July 2012. During the collection, weekly reminders were sent to the randomly selected officers to encourage their participation to complete the survey.

Validity and Reliability

Validity was expected to be high due to the utilization of secondary study questions that were used in earlier studies to identify perceptions about military service benefits and retention. Reliability was expected to be high due to use of secondary study questions that have over time demonstrated good reliability.

Data Analysis Process

The expected response rate was expected to be around 50 percent. Therefore, between 50 and 75 respondents were expected to participate. In order to determine statistical significance using regression analysis a minimum sample size of 35 was determined to be the minimum necessary. The CGSC survey system distributed survey reminders until the minimum numbers of surveys were completed and received; the minimum number of surveys was set at 35. The collected data was reviewed to determine the mean response received per question, gender, marital situation, service type, and years remaining until retirement. Next, the data was analyzed using descriptive statistical

analyses to explore the research data. The analysis was focused on answering the proposed research thesis and secondary questions. Statistical difference analysis was conducted on each benefits type question in order to enable comparative analysis. Additionally, regression analysis was conducted to improve the reliability of the small response sample. A sorting scheme was established for the survey open ended question. The sorting scheme relied upon key word association, since the survey did not include retirement, multiple benefits change and good faith or indirect benefits; therefore, the open-ended question sorting strategy relied upon key words for accountability.

Methodological Assumptions

The researcher assumed that participants knew how to complete an electronic survey. It was assumed that participants understand their current military benefits and that participants would solely consider their individual decision to remain in the Army. The researcher assumed the participants would answer the survey honestly.

Methodological Limitations

The limitation of this study was the sole use of electronic collection means. Additionally, studies report that retention decisions are personal decisions that family pressures, circumstances, and cultural differences have varying levels of individualistic influences.

Decision Criteria

The summary measures used were qualitative and quantitative in order to assess survey responses comparatively. Variable changes to military benefits and benefit categories that reported above 50 percent were considered consensus and therefore met

the threshold for recommending that additional research be conducted regarding the particular military service benefit.

CHAPTER 4

ANALYSIS

Introduction

The purpose of this research was to identify how important direct service benefits are to mid-career U.S. Army officer decisions to continue serving in the Army on active duty. Although past research offers some insights toward understanding the research problem there remain gaps in knowledge. Only data collection can provide the clarity necessary to confirm or deny the research thesis and answer research questions. Therefore, the purpose of this chapter was to report and analyze the collected data set in order to determine if the research thesis can be confirmed or denied and if the research questions posed can be answered in the conclusions and recommendations of this research project. This chapter is organized into sections. Analysis begins with the reporting of the demographics questions in order to establish the general participant characteristics followed by descriptive analysis of each of the benefits change response. Finally, the data analysis concludes with a comparative data analysis of all benefit types in order to enable conclusions and recommendations in chapter 5.

Characteristics of Participants

Table 1 demonstrates this research encompassed a sample of 35 participants ranging from 30 to 50 years of age. The gender reported as 83 percent male, 17 percent female. The marital status reported as 11 percent Never been married, 37 percent Married, 46 percent Married with children, and 6 percent Divorced. The sample included individuals of different Army service types which reported as 94 percent active, 6 percent

Reserves, and 0 percent National Guard. The sample reported retirement eligibility as 14 percent with 1 to 3 years remaining, 23 percent with 4 to 6 years remaining, 60 percent with 7 to 9 years remaining, and 3 percent reported having 10 or more years remaining until retirement eligible. Reported Army officer demographics relied upon Army G1 reporting and analysis of the DoD 2010 demographics census information (DoD 2010).

Table 1. Demographics

	n = 35		N = 250	
Answer Options	ILE Participant Count	ILE Participant Percent	ILE Class 12-02 Percentage	Army Officer Percentage
Are you male or female?				
Male	29	83.0%	75%	85%
Female	6	17.0%	25%	15%
Are you now married, widowed, divorced, separated, or never married?				
Married	13	37.0%	24%	25%
Married with Children	16	46.0%	58%	44%
Widowed	0	0.0%	1%	1%
Divorced	2	6.0%	5%	6%
Never married	4	11.0%	12%	24%
Please select your type of service?				
Active Duty	33	94.0%	70%	50%
Reserves	2	6.0%	10%	18%
National Guard	0	0.0%	20%	32%
Time Remaining until eligible to Retire				
1-3 years remaining	5	14.0%	15%	10%
4-6 years remaining	8	23.0%	26%	25%
7-9 years remaining	21	60.0%	49%	25%
10 or more years remaining	1	3.0%	10%	40%

Source: Created by author using demographic data from the author created survey (2012), United States Student Detachment CGSC (2012), and G1 Army (2011).

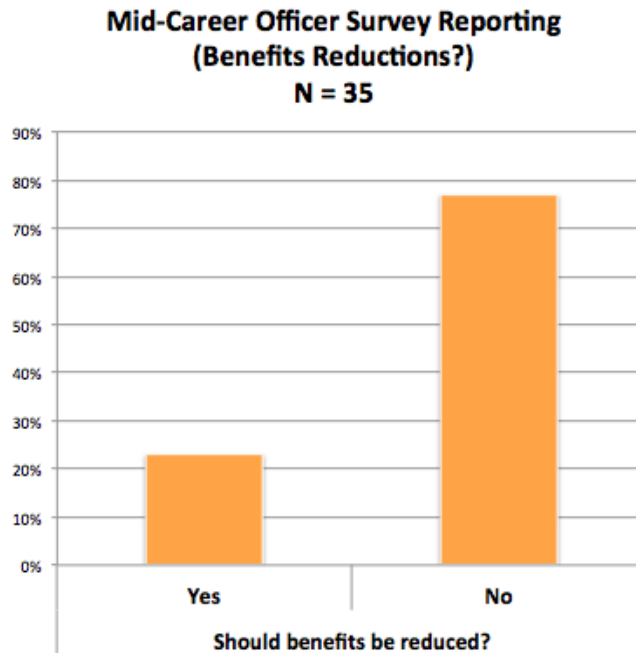


Figure 3. Mid-Career Officer Reporting to Benefits Reductions

Source: Created by author using data from the author created survey (2012).

Descriptive Analysis of Research Questions

As figure 3 demonstrates, the majority of the respondents, 77 percent of 35 respondents, were not in favor of reducing benefits in order to satisfy budget shortfalls. The remaining 23 percent reported in favor of reducing benefits in order to satisfy budget shortfalls.

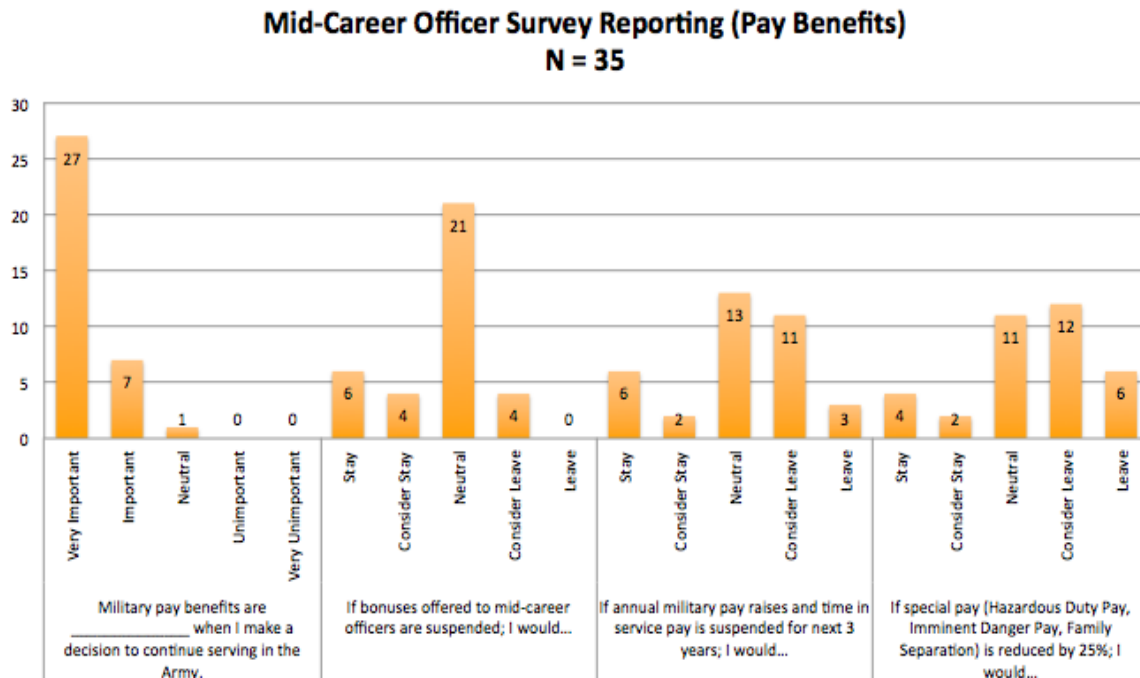


Figure 4. Pay Benefits Reporting

Source: Created by author using data from the author created survey (2012).

Figure 4 demonstrates how important military pay benefits were to participant decisions to remain in the Army. In order to understand how changes would affect participant decision-making three questions asked the participant to consider changes to the benefit and how it would affect their decision to remain or leave the Army. Therefore, the next question asked participants about suspending bonuses for mid-career officers; participants mostly remained neutral regarding leaving the Army. Next the participants were asked if suspending pay raises for 3 years would cause them to leave the Army and surprisingly more than half the participants remained decision neutral or consider leaving the Army. Finally, when participants were asked to consider a decision given a 25 percent

reduction of special pay benefits, again more than half of the participants combined to consider leaving or decide to leave active duty.

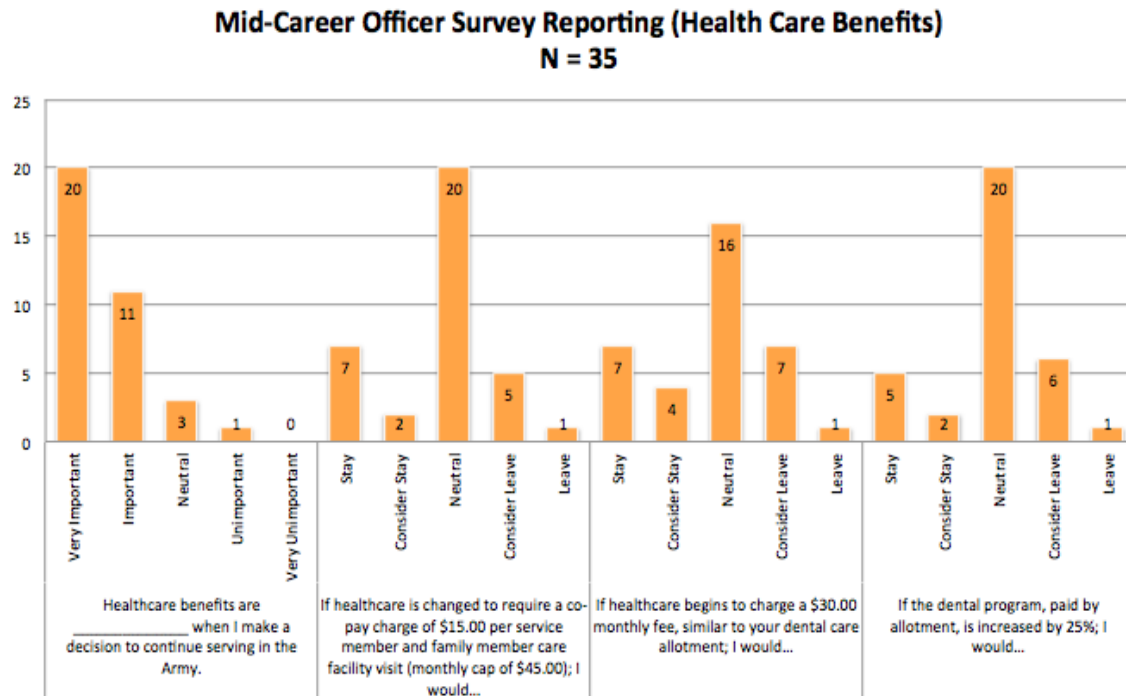


Figure 5. Health Care Benefits Reporting

Source: Created by author using data from the author created survey (2012).

Figure 5 shows how important military healthcare benefits were to participants' decisions to remain in the Army. As previously discussed healthcare is very important. In order to understand how changes would affect decision making three questions asked the participants to consider changes to the benefit and how it would affect their decision to remain or leave active duty. Regarding the second question, which asked participants about the addition of a healthcare co-pay, participants mostly remained neutral to leaving

the Army. Next, the participants were asked if adding a monthly fee for healthcare would cause them to leave the Army, and again participants remained mostly neutral about considering leaving the Army. Finally, when participants were asked to consider a decision given a 25 percent increase in dental benefits cost, again more than half of the participants remained neutral to the considering leaving the Army.

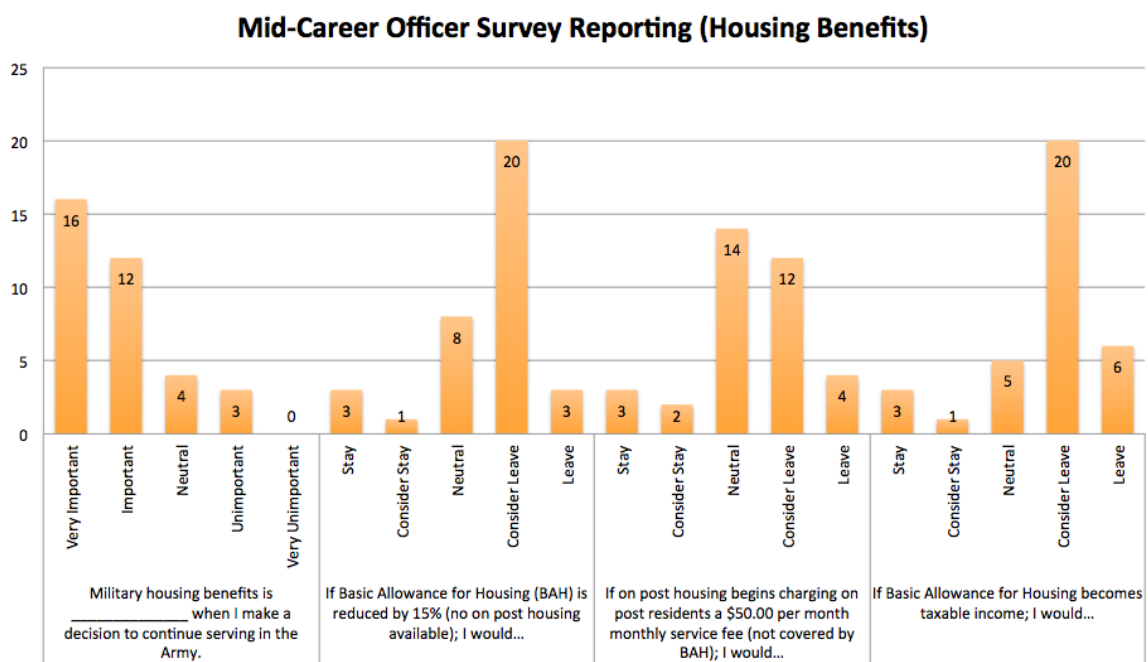


Figure 6. Housing Benefits Reporting

Source: Created by author using data from the author created survey (2012).

Figure 6 demonstrates how important military housing benefits were to participant decisions to remain in the Army. As previously discussed, housing is an important benefit. In order to understand how change would affect decision-making; three questions asked participants to consider a change to the benefit and how it would affect their

decision to remain or leave the Army. Therefore, the next question asked participants about how the reduction of BAH by 15 percent would affect their decision, to which participants mostly considered leaving the Army. Next, the participants were asked if adding a monthly fee for on-post services would cause them to leave the Army, and again the participants mostly considered leaving the Army. Finally, participants were asked to consider if BAH were to become taxable income; again more than half of the participants considered leaving the Army.

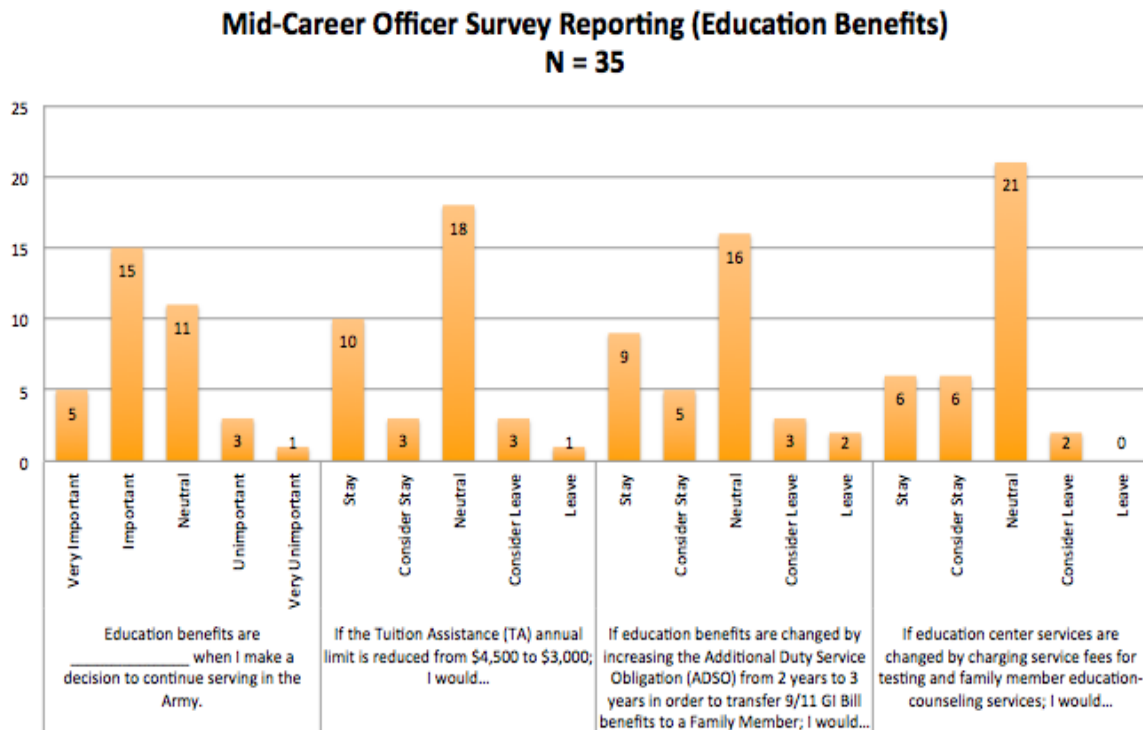


Figure 7. Education Benefits Reporting

Source: Created by author using data from the author created survey (2012).

Figure 7 describes how important military education benefits were to participant decisions to remain on active duty. As previously discussed education is an important benefit. In order to understand how change would affect decision making three questions asked the participant to consider a change to the benefit and how it would affect their decision to remain or leave the Army. Therefore, the next question asked participants about the reduction of TA benefits, to which participants mostly remained neutral to leaving the Army. Next, the participants were asked if adding an additional year to their ADSO for the ability to transfer 9/11 GI Bill benefits would cause them to leave the Army, and again participants remained mostly neutral about considering leaving the Army. Finally, participants were asked to consider a cost for education center services; more than half of the participants remained neutral to considering leaving the Army.

This chapter concludes with a collective data analysis that compares the selected benefits change affects on participants' decisions to leave active duty. This collective summary is demonstrated as both a comparative data analysis and a cross tabulation survey report to demonstrate the results the bivariate regression analysis. First, comparing importance using a consolidated histogram enables a naive understanding regarding the level of benefits importance but also suggests that further statistical comparison is required to determine if importance precedence can be reliably discerned.

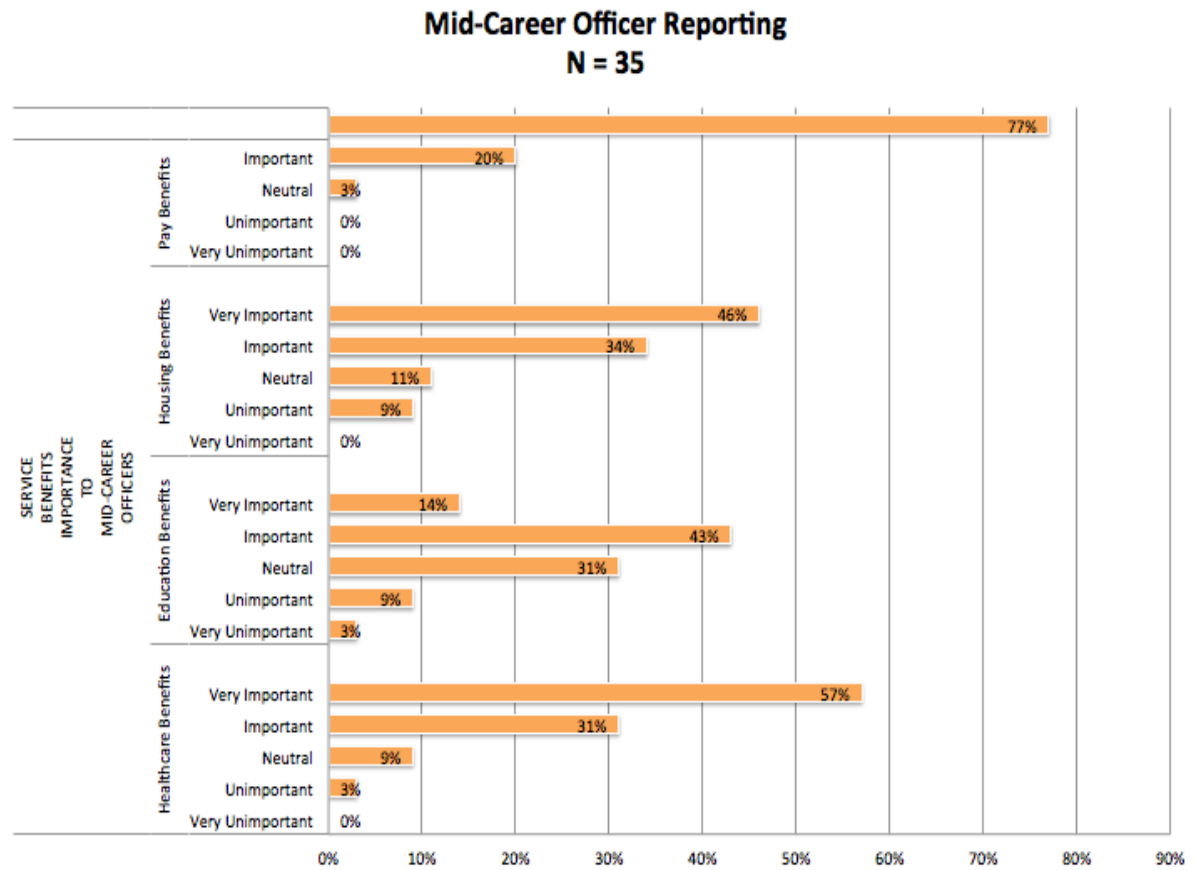


Figure 8. Benefits Importance Comparison

Source: Created by author using data from author the created survey (2012).

As figure 8 demonstrates, regarding pay benefits, 77 percent of the 35 participants selected pay benefits to be very important, while 20 percent selected important and 3 percent selected neutral. Regarding healthcare benefits, 57 percent of the 35 participants selected healthcare as very important, 31 percent selected important, 9 percent selected neutral and 3 percent selected unimportant. Regarding housing benefits, 46 percent of the 35 participants selected housing benefits to be very important, while 34 percent selected important, 11 percent selected neutral and 9 percent selected unimportant. Regarding

education benefits, 14 percent selected very important, 43 percent selected important, 31 percent selected neutral, 9 percent selected unimportant, and 3 percent selected very unimportant.

Comparing importance required (very important and important) reporting to be aggregated in order to create the following selected importance order of precedence: 1. Pay (97 percent), 2. Healthcare (88 percent), 3. Housing (80 percent), 4. Education (57 percent).

Table 2. Cross Tabulation Comparison of Benefits

			SERVICE MEMBERS		Bivariate Regression Reporting				
			N = 250 n = 35	%	Aggregate	Lower	Mid	Upper	*<.05
SERVICE BENEFITS IMPORTANCE TO MID-CAREER OFFICERS	Healthcare Benefits	Very Unimportant	0	0%					
		Unimportant	1	3%					
		Neutral	3	9%					
		Important	11	31%	0.88	0.75	0.88	0.94	0.15
		Very Important	20	57%					
	Education Benefits	Very Unimportant	1	3%					
		Unimportant	3	9%					
		Neutral	11	31%					
		Important	15	43%	0.57	0.42	0.57	0.71	0.15
		Very Important	5	14%					
	Housing Benefits	Very Unimportant	0	0%					
		Unimportant	3	9%					
		Neutral	4	11%					
		Important	12	34%	0.8	0.654	0.8	0.893	0.15
		Very Important	16	46%					
	Pay Benefits	Very Unimportant	0	0%					
		Unimportant	0	0%					
		Neutral	1	3%					
		Important	7	20%	0.97	0.94	0.97	0.99	0.15
		Very Important	27	77%					

Source: Created by author using data from author the created survey (2012).

Table 2 demonstrates the cross tabulation of reporting given the sample of 35 officer participants reporting from the available population of 250. This cross tabulation

enabled the researcher to examine the slope coefficient estimate by conducting a bivariate regression analysis on each benefit category reporting. Importance was aggregated in order to simplify the subjectivity of the qualitative reporting (very important and important).

Bivariate analysis determined identified a 15 percent error rate (plus or minus) between the observed cases and what observation could have been expected had the entire population participated. This 15 percent error rate prevents the establishment of a reliable precedence between pay, healthcare, and housing using statistical analysis. Therefore, the precedence between pay, healthcare, and housing remains unknown. Meanwhile, education benefits reporting precedence is supported within the error limits. Therefore, education benefits importance to mid-career officers should remain consistently last among the comparison to pay, healthcare, and housing benefits regardless of sample size.

Table 3. Open Ended Question: What changes to benefits or combination of benefits changes would cause you to definitely leave the Army?

Open Ended Quesiton Categories	
Accept change, Civilian employment is no better	1
If Army benefits are cut uncomparatively to Government Employees	1
Sevice is Calling, change is acceptable	1
If Retirement Benefits Change	4
Multiple benefits changes will encourage me to leave when Retirement Eligible	7
BAH change to Taxable	1
Accept Change, too close to Retirement	1

Source: Created by author using data from the author created survey (2012).

Table 3 demonstrates the open-ended question. The purpose of the open ended question was to enable the participants with an opportunity to provide additional independent variables or combine the variables provided as important factors to making their decision to leave the Army. This question was designed to provide a qualitative component in support of validating the quantitative components of the survey. There were sixteen responses to the open-ended question. These responses were categorized into sorted by the researcher according to the participant's key word usage. The researcher identified that seven participants combined survey benefits into their comment regarding what changes to benefits would cause them to decide to leave the Army. The research identified that four participants referred to retirement benefits. Retirement benefits were purposefully delimited from the study in order to isolate pay benefits. The five other participant categories were created using keywords that the researcher determined to be separate identifying variables that would cause the participant to leave active service. The purpose of this chapter was to report and analyze the collected data set in order enable conclusions and recommendations in chapter 5.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

Summary

The purpose of this research was to identify how important direct service benefits are to mid-career U.S. Army officer decisions to continue serving in the Army on active duty. Although past research offers some insights toward understanding the research problem, there remain gaps in knowledge. Data collection was conducted to provide the clarity necessary toward confirming or denying the research thesis and answering research questions. Therefore, the purpose of this chapter is to make research conclusions regarding the research thesis and questions based upon the data collected and make recommendations for future research efforts.

This chapter is organized into three sections; the first section reviews and provides conclusions to the proposed thesis and secondary questions. The second section provides recommendations for further research based on survey conclusions. The third section reviews the literature review findings and conclusions made based on past research efforts.

The literature review explained and mapped a retention decision to demonstrate the numerous variables and conditions that make it difficult for mid-career officers and their families to make decisions to remain in the Army. The literature review also demonstrated how important benefits are to mid-career officer decisions to remain serving, especially to those with families. Further, the literature review demonstrated how past benefits program changes significantly affect worker commitment to organizations. The literature review further examined past research efforts to identify the variables that

contribute to a decision to continue serving in the Army. Numerous variables were identified as contributing toward decisions to continue serving; most notably direct service benefits were identified as having a major influence. Four key direct benefits (pay, healthcare, housing, and education) were identified as having influence on service member retention in the past. Although the literature provides valuable insights, a gap existing in current knowledge about how mid-career officer decisions to continue to serve in the Army would be affected by changes made to select direct benefits.

In order to determine how much influence direct benefits have on mid-career officer decisions the researcher obtained permission to survey Army officers assigned to the CGSC in Fort Leavenworth, Kansas. There were 35 Army officer respondents who participated in the study. The response rate for the Army officer respondents was 14 percent (35/250). Of the 250 Army officer participants invited, 35 Army officer volunteered to participate. The average participant age was 35 years old. The participant gender composition reported was 83 percent Male, 17 percent Female. The marital status composition was 37 percent Married, 46 percent Married with children, 6 percent Divorced, and 11 percent Never Married. The service component reported was 94 percent active Duty, 6 percent Reserve, and 0 percent National Guard. Additionally, the participants reported having the following remaining time until eligible for retirement: 14 percent reported 1 to 3 years, 23 percent reported 4 to 6 years, 60 percent reported having 7 to 9 years, and 3 percent reported having 10 or more years remaining until being retirement eligible.

In order to determine the representativeness of the sample the 250 Army officers invited to participate in the research demographics information was collected from the CGSC, ILE U.S. Student Division and compared with the demographics of the sample.

Table 1 demonstrates that the research sample ($n = 35$) is closely representative of both the ILE Class 12-02 population ($N = 250$) and the Army officer population with regard to the following: gender, marriage status, and family member status. However, the sample is not closely representative of the ILE Class 12-02 population nor the Army officer population with regard to the following: service type and years of service remaining until retirement eligible. Therefore, the representativeness of the sample to the ILE and Army demographics allows for better explanatory power when considering variables such as gender, marital status, and family member status. However, the sample lacks representativeness regarding both the Reserve and National Guard service components and does not allow for adequate comparison to those components. Finally, the size of the 12-02 sample ($n = 35$) and the size of the ILE Class population ($N=250$) allows for confident attribution between the 12-02 sample and population. However, in order to adequately attribute the 12-02 sample findings to the entire Army mid-career officer population ($N = 62,500$) a sample of ($n = 382$) mid-career active Army officers would have been required, given the acceptable parameters of a 95% confidence level with a confidence interval of 5.

Conclusions

Changes to select military service benefits have a precedence of importance to mid-career U.S. Army officers; the magnitude of service benefit change can be identified

in order to recommend a benefits budget that will complement the Army's mid-career retention goals.

Do changes to service benefits have precedence of importance to mid-career U.S. Army officers' decisions to continue serving? Yes, however, within error limits using bivariate analysis of each benefit, all that could be visibly determined was Pay, Healthcare, and Housing are more important than Education benefits. Can the magnitude of change be identified in order to recommend a benefits budget that will complement the Army's mid-career officer retention goals? No, the survey design did not include a cross-sectional or a time-series collection opportunity. Future efforts should consider these approaches in order to enable adequate quantitative analysis of the magnitude of benefit change and the corresponding correlation with Army mid-career officer retention goals. The qualitative measures used in this study do suggest that there are categories of benefits that should be given priority for these future study efforts. Table 2 provides quantitative confidence from a bivariate analysis of Pay, Healthcare, and Housing. Furthermore, the qualitative reporting provided in table 3 demonstrates further evidence to suggest that mid-career officers observe their benefits closely and consider them influential when making a decision to continue serving.

Research Questions

1. Do changes to military healthcare benefits affect a mid-career Army officer decision to continuing serving in the Army?

Past research suggested that changes to healthcare benefits affected service member retention decisions (Lien et al. 2008, 14-16; Philpott 2012). Although the survey findings demonstrate that Healthcare is important to 12-02 officers, further research is

necessary in order to understand if healthcare changes that cost mid-career Army officers less than \$30.00 a month would share the 12-02 findings.

Which proposed change to health care benefits affects a mid-career Army officer decision to continue serving in the Army the most?

The survey results provided evidence that a decision to begin collecting a \$15.00 dollar co-pay per visit (maximum \$45.00 per month) affected 12-02 officer decisions to continue serving the most. The survey findings were surprising; 20 percent of the 12-02 participants reported that they would consider leaving the Army or would definitely leave the Army if healthcare were changed in this way. This result is shocking, given the amount of years the average 12-02 participants already have committed to the Army and in comparison to the relatively low economic cost (maximum \$45.00). I believe that there are other variables such as “a breach of faith” influencing 12-02 officers to report that they would leave. Similar behavior was presented during the literature review (Robinson and Morrison 2000, 530). Healthcare change variables seem to be evoking a participant response based on a non-economic variable that is worth further research. The participant responses, however, should not be dismissed simply because the questions seem to be cueing rash decisions regarding their intent to continue serving. Instead, the surprising outlier should be identified as justification for further research regarding the effects of Healthcare change recommendations.

2. Do changes to education benefits affect a mid-career Army officer decision to continue serving in the Army?

Past research suggested that changes to education benefits could affect service member retention decisions (Alper and Kelly 2009; Picker 2011). Given most mid-career

Army officers have a college degree; it was very surprising that survey findings suggest that changes to education benefits would not significantly affect 12-02 Army officer decisions to continue serving in the military. However, this research suggests this trend is changing within 12-02, when compared to past mid-career benefits assessments, as indicated in both the quantitative and qualitative responses. It is therefore suspected that the 9/11 GI Bill is having a speculated “family education” effect, that the Montgomery GI Bill could not have on the officer corps. Further research should be conducted to examine the full potential of this potential retention enabler. Future research should focus on examining how information campaigns target mid-career officers with information regarding the 9/11 GI Bill and the benefits of transferring the benefit to fund their family members education.

Which proposed changes to education benefits affect a mid-career Army officer decision to continue serving in the Army the most?

The survey results suggest that decisions to change the ADSO necessary to transfer 9/11 GI Bill benefits from a service member to a family member affected 12-02 officer decisions to continue serving the most. This logic is consistent given most officers have a college education upon commissioning and can use tuition assistance while in the military. Therefore, the transfer of their GI Bill benefits is likely because it offers the future cost savings to an individual mid-career Army officer up to 75,000 under the conditions of the Yellow Ribbon program.

3. Do changes to housing benefits affect a mid-career Army officer decision to continue to serving in the military?

The literature review demonstrated that changes to housing benefits affect service member decision to continue serving (Fiore 2006; Wilson 2011). The survey findings of this research also suggest that changing housing benefits will affect 12-02 officer decisions to continue serving in the military. This category of benefits created the highest overall individual cost for the participant to consider (a potential 500.00 tax cost for the tax year) and is suspected to be the reason for the overall unfavorable response. Additionally, 8 of the 35 participants referred to housing benefits change in their response to the open-ended question, which provides additional evidence that housing benefits changes should be further studied prior to changes being instituted in order to prevent affecting mid-career Army officer decisions to continue serving.

Which proposed changes to housing benefits affect mid-career Army officer decision to continue serving in the Army the most?

The proposal to change BAH to a taxable income had the most effect on 12-02 officer considerations to leave the Army. This was not surprising because, in most cases, this change would cost the individual mid-career officer about \$200.00 per month in increased taxes. The proposal response produced a 75 percent “consider leaving” rate, which was surprising given most participants had between 7 to 10 years of service. The researcher was expecting a more resilient commitment to the Army versus what seems to be another “loss of faith” reaction due to increased living costs. I believe both “good faith” issues and monetary costs are potentially combining present to challenge commitment. Further, I believe 12-02 officers as suggested in chapter 2, are demonstrating the “organizational trust.” I suspect the number of deployments mid-career

service members have participated in combines with benefits change to drive the battle hardened officers out of the Army (Gade, Tiggles, and Schumm 2003).

4. Do changes to pay benefits affect a mid-career Army officer decision to continue serving in the military?

Research suggests that pay has considerable influence upon service member decisions to continue serving in the military (Carrell and West 2005; Garacci and Kleiner 2003; Goldich 2005). The survey findings identified that pay is one of the most important factors to consider when 12-02 officers make a decision to continue serving in the military. However, again the open-ended question demonstrates that although quantitatively economic considerations seem to dominate decision-making, pay is not the only strong factor. 12-02 also identified that degrading employee good faith and trust in their employer-employee relationship resulted in the loss of confidence that was demonstrated by seemingly very nominal costs spurring decisions to leave the Army after 7 to 12 years of service (Garacci and Kleiner 2003, 89-96).

Which proposed changes to pay impact mid-career Army officer decision to continue serving in the Army the most?

The proposal to reduce Special Pay had the most effect on the 12-02 officer decisions to continue serving in the Army. This change would cost the average mid-career 12-02 officer about \$500.00 a month in combat tax exclusion money, the high number of 12-02 officers that reported that they would considering leaving the Army suggests the type of pay cut can evoke reduced commitment. “Breaking faith” is a legate variable worthy of further study. Therefore, future research efforts should include variables that enable measurements of the loss of trust. Given the amount of times mid-

career officers have already deployed, a requirement to deploy again with less benefits could decrease officer commitment to the Army (Gade, Tiggler, and Schumm 2003).

5. Does comparing the magnitude of benefits change, using estimated dollar values exposed mid-career benefit(s) preferences?

No, using estimated dollar values introduces further questions regarding 12-02 Army officer motivations toward money or values and their effects on mid-career officer decisions. For example, one question posed that officer bonuses be ended, a potential net cost loss of \$35,000 given past officer bonus offerings. However, 12-02 participants remained neutral toward the proposal. Meanwhile, just under 50% of the 12-02 participants reported that they would consider leaving the Army if the Army began charging them \$50.00 a month to live on post, a net value of \$600.00, which suggests the influence is not only money. Therefore, future research efforts should mix value and economic variables in order to gain a better holistic insight toward how changing benefits affect mid-career Army officer decisions to continuing serving in the Army on active duty.

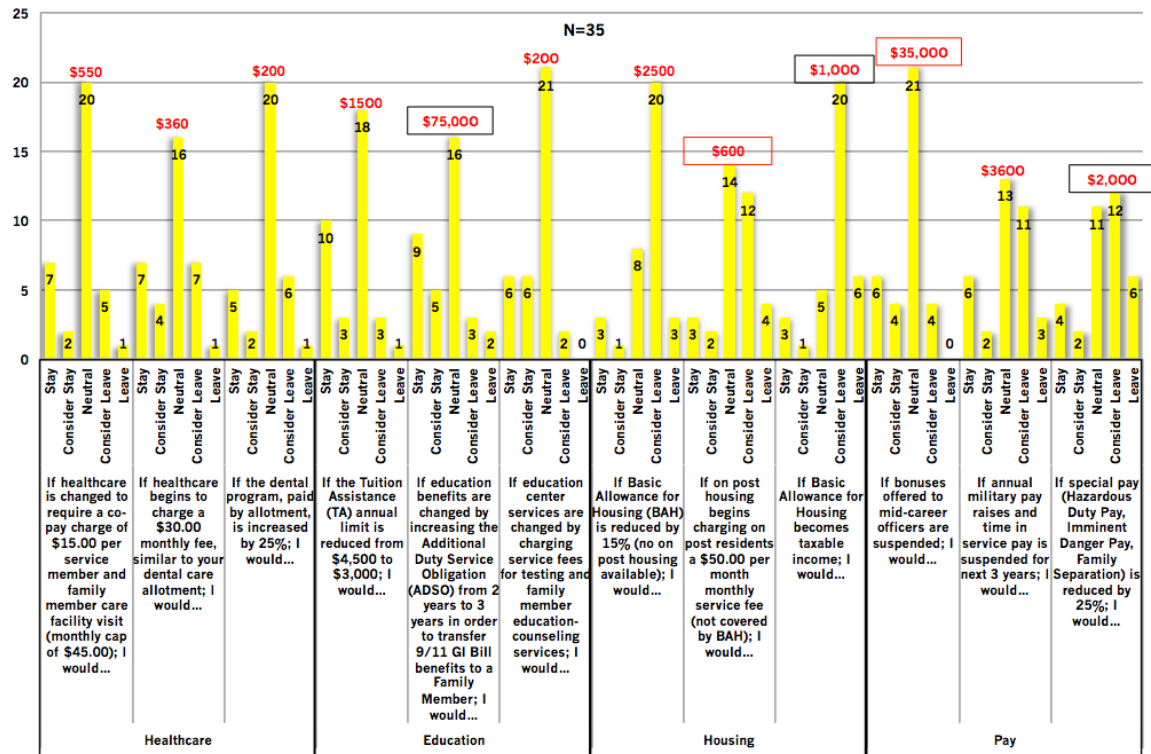


Figure 9. Benefits Change and Net Value Comparison

Source: Created by author using data from author the created survey (2012).

Summary of Conclusions

Overall, the research results provide valuable indicators about which category of benefits influenced mid-career officers to remain in the Army. The findings also suggest that there are specific changes to the benefits that affect mid-career officers to consider leaving the Army. Considering that the majority of the sample was married and had between 7 to 9 years remaining until retirement eligibility, the amount of consideration for leaving the Army was surprising. The results of this study advance our knowledge regarding military service benefits influence on mid-career Army officers. Pay benefits, healthcare benefits, and housing benefits are important and influential; therefore, budget

considerations should recognize their importance in maintaining the good faith perception between mid-career officers and the Army.

Recommendations

The recommendations offered are based on the findings and weaknesses of this research project. Future research regarding the effect of benefits on mid-career Army Officers should collect data directly from the mid-career population in order to further improve degrees of confidence in the reporting. Additionally, the respondent rate for Reserve and National Guard Army officers was extremely low which limited the explanatory power of the research findings to only active component officers.

The survey only asked one question about the decision to reduce benefits, for which the response received was unexpected, creating another gap in knowledge. Future research efforts should therefore focus on finding the average magnitude of economic and good faith change that affects service member decisions to continue serving. The study did not explore benefit effects fully and therefore recommends that Pay and Healthcare benefits change proposals be more fully explored. I hypothesize that money is a variable affecting a mid-career Army officer decision to leave. I think in the case of larger changes to benefits, a service member's good faith in the perceived mutual commitment between them and the Army is broken and the officer then desires to leave active duty (Gade, Tiggles, and Schumm. 2003).

A decision to remain serving in the military is difficult. Numerous benefits are provided to our service members that potentially influence their individual decision to continue to serve. However, what has become a normal balance between recruitment activities, retention activities, and retirement could be disrupted by the consequences

automatic policies instituted in an effort at cost savings. As the U.S. government strives to move toward improved economic sustainability, re-evaluating cutbacks to military benefits is proving to be difficult without adequate research to measure potential outcomes. This importance is suggested when ARI and other researchers continue to observe how influential benefits are to service member decisions to remain serving. If military service benefits changes are inevitable, then this research is a good first step toward identifying the affects on the very population the Army is striving to retain.

APPENDIX A

SURVEY

The purpose of the Part 1 Questionnaire is to describe your Personal situation

Directions: For questions 1 to 4, choose the response that best describes you.

1. Please select your gender

- ☐ Male
- ☐ Female

2. Please select the option that best represents your situation

- ☐ Never married
- ☐ Married
- ☐ Married with children
- ☐ Divorced / Separated
- ☐ Divorced / Separated with children

3. Please select your type of Service

- ☐ Active Duty
- ☐ Reserves
- ☐ National Guard

4. Time Remaining until you are eligible to Retire

- ☐ 1-3years
- ☐ 4-7 years
- ☐ 8-10 years
- ☐ 11 or more years

End of Part I.

Part II: Participant Decision to Continue Military Service given Benefits Changes

Directions: For questions 5 to 10 please follow the individual question instructions.

5. I consider my healthcare benefits to be _____ when I make a decision to continue serving in the Army.

- ☐ very important
- ☐ important
- ☐ neither important or unimportant
- ☐ unimportant
- ☐ very unimportant

Please select how the following changes would affect your decision to remain in the Army.

A. If healthcare is changed to require a co-pay charge of \$15.00 per service member and family member care facility visit (monthly cap of \$45.00); I would...

- ☐ definitely leave the Army.
- ☐ consider leaving the Army.
- ☐ remain neutral.
- ☐ consider staying in the Army.
- ☐ definitely stay in the Army.

B. If healthcare begins to charge a \$30.00 monthly fee, similar to your dental care allotment; I would...

- ☐ definitely leave the Army.
- ☐ consider leaving the Army.
- ☐ remain neutral.
- ☐ consider staying in the Army.
- ☐ definitely stay in the Army.

C. If the dental program, paid by allotment, is increased by 25 percent; I would...

- ☐ definitely leave the Army.
- ☐ consider leaving the Army.
- ☐ remain neutral.
- ☐ consider staying in the Army.
- ☐ definitely stay in the Army.

6. I consider my military education benefits to be _____ when I make a decision to continue serving in the Army.

- ☐ very important
- ☐ important
- ☐ neither important or unimportant
- ☐ unimportant
- ☐ very unimportant

Please select how the following changes would affect your decision to remain in the Army.

A. If the Tuition Assistance (TA) annual limit is reduced from \$4,500 to \$3,000; I would...

- ☐ definitely leave the Army.
- ☐ consider leaving the Army.
- ☐ remain neutral.
- ☐ consider staying in the Army.
- ☐ definitely stay in the Army.

B. Increasing the Additional Duty Service Obligation (ADSO) from 2 years to 3 years in order to transfer 9/11 GI Bill benefits to a Family Member changes B. If education benefits; I would...

- ☐ definitely leave the Army.
- ☐ consider leaving the Army.
- ☐ remain neutral.
- ☐ consider staying in the Army.
- ☐ definitely stay in the Army.

C. If education center services are changed by charging service fees for testing and family member education-counseling services; I would...

- ☐ definitely leave the Army.
- ☐ consider leaving the Army.
- ☐ remain neutral.
- ☐ consider staying in the Army.
- ☐ definitely stay in the Army.

7. I consider my military housing benefits to be _____ when I make a decision to continue serving in the Army.

- ☐ very important
- ☐ important
- ☐ neither important or unimportant
- ☐ unimportant
- ☐ very unimportant

Please select how the following changes would affect your decision to remain in the Army.

A. If Basic Allowance for Housing (BAH) is reduced by 15 percent (no on post housing available); I would...

- ☐ definitely leave the Army.
- ☐ consider leaving the Army.
- ☐ remain neutral.
- ☐ consider staying in the Army.
- ☐ definitely stay in the Army.

B. If on post housing begins charging on post residents a \$50.00 per month monthly service fee (not covered by BAH); I would...

- ☐ definitely leave the Army.
- ☐ consider leaving the Army.
- ☐ remain neutral.
- ☐ consider staying in the Army.
- ☐ definitely stay in the Army.

C. If Basic Allowance for Housing becomes taxable income; I would...

- ☐ definitely leave the Army.
- ☐ consider leaving the Army.
- ☐ remain neutral.
- ☐ consider staying in the Army.
- ☐ definitely stay in the Army.

8. I consider my military pay benefits to be _____ when I make a decision to continue serving in the Army.

- ☐ very important
- ☐ important
- ☐ neither important or unimportant
- ☐ unimportant
- ☐ very unimportant

Please select how the following changes would affect your decision to remain in the Army.

A. If bonuses offered to mid-career officers are suspended; I would...

- ☐ definitely leave the Army.
- ☐ consider leaving the Army.
- ☐ remain neutral.
- ☐ consider staying in the Army.
- ☐ definitely stay in the Army.

B. If annual military pay raises and time in service pay is suspended for next 3 years; I would...

- ☐ definitely leave the Army.
- ☐ consider leaving the Army.
- ☐ remain neutral.
- ☐ consider staying in the Army.
- ☐ definitely stay in the Army.

C. If special pay (Hazardous Duty Pay, Imminent Danger Pay, and Family Separation) is reduced by 25 percent; I would...

- ☐ definitely leave the Army.
- ☐ consider leaving the Army.
- ☐ remain neutral.
- ☐ consider staying in the Army.
- ☐ definitely stay in the Army.

9. Given the Department of Defense requirement to reduce its budget do you agree that service benefits should be reduced?

- ☐ Yes
- ☐ No

10. What changes to benefits or combination of benefits changes would cause you to definitely leave the Army?

Please specify_____

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