

The Volunteer Force Meets Generation Next

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About a year ago I was invited to serve as a member of the Naval Personnel Task Force, a group created by the Assistant Secretary of the Navy for Manpower to look at the ability of the Navy Department's personnel systems to meet Navy and Marine Corps needs for human resources in the future. I was one of a few economists in the group; other members included human resources experts, current and retired uniformed personnel, and people with backgrounds in areas such as information systems, management, budgeting, and military doctrine and practice. The Task Force completed its work as a group in July, and its report is in the final stages of publication and should be released in a matter of days.

I mention this background because my experience on the Task Force has changed my thinking on a lot of issues related to human resources in DoD. Rather than focus on the adequacy of the Navy's HR systems to meet today's needs and those projected for tomorrow, we decided to look a generation out, at the world of 2020. And from that look came a number of propositions that have relevance, as well, for today's volunteer force.

First, the military workplace is changing. We focused on the Navy and Marine Corps, but all the services are riding the wave of technology. Historically military service has been essentially a blue-collar activity, organized around operating and maintaining complex equipment in demanding environments. But the skills needed to perform that mission are changing, and will change more: just as in the civilian economy, the skill mix needed by the services is shifting toward the high-tech end. The day of the Navy's GenDets is ending. More generally, the traditional service approach to manpower, of bringing in high-school graduates and training them in first basic and then more advanced skills, is fast becoming inconsistent with the types of personnel the services need.

Second, traditional labor pools are drying up. The smart high-school graduates the services covet, and compete for, are increasingly opting for college. That doesn't mean they have no interest in military service; but by the time they leave college after two or four years, they are no longer interested in being accessed as E-1s and asked to serve a two-year apprenticeship.

Third, civilian competition is becoming more challenging. The alternative to joining the service these days isn't flipping burgers at McDonald's, it's taking a two-year course in networked systems and going to Oracle. That's stiff competition, not just in terms of current pay, but also in self-esteem, quality of life, and career expectations. The services are not going to be successful if their approach to meeting the competition is bumping up the size of enlistment bonuses and putting some more recruiters in the field.

Fourth, today's young people, and even more tomorrow's, are not like you and me. It's not just that they know how to program VCRs and feel seriously underdressed

without their cell phones. More than that, they have a different approach to work and careers: they expect to have two or three different careers in their working lifetimes, they have no intention of spending more than a few years working for any single employer, and they have far less tolerance for apprenticeship and busywork than was true of past generations. If you don't give them useful work, they'll be gone, and it doesn't matter if they stand to forfeit fifty percent of basic pay at retirement instead of forty percent.

Finally, it is becoming harder and harder to keep up with the rate of change. This is most noticeable with respect to technology, but the vastly greater access to information has implications for all kinds of policies affecting military manpower. About fifteen years ago a retired Air Force colonel named John Boyd analyzed the requirements for success in air-to-air combat in terms of something he called an OODA loop, which boiled down to the proposition that you need to react faster than your opponent. Well, surprise: today the opponent – the civilian employer – is reacting faster than ever before, and much faster than DoD has ever been able to. Employers are responding to changing market conditions by constantly revising pay offers and working conditions, and they are only going to become better at it with practice and more information. In contrast, DoD is afflicted with pay and personnel systems that have all the adaptability of the dinosaurs. It is ludicrous to imagine in today's world, let alone tomorrow's, that the services will be able to survive with one-size-fits-all compensation systems and promotion practices.

Taken together, these propositions say to me that it's time for the two words most dreaded by economists: "paradigm shift." We may be able to get by for a little while longer by refining our estimates of supply elasticities, or changing the contribution ratio for the Montgomery GI Bill. But if not next year, then within a few years more, there will have to be fundamental changes in the services' approaches to recruiting, retaining, and rewarding people. I don't know specifically what those changes should consist of, nor did the Task Force. But we did recommend that the Navy institute a process for letting its component commands think strategically about their human resource requirements, and for giving the commands a lot more latitude to respond to market conditions than they have today, or have had in the past. We need to begin preparing now for the very different world that lies ahead.