

# ***Incentives***

***Improving The Efficient Use Of Military Manpower***

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***James L. Wilson***  
***Institute For Defense Analyses***

- *Whose Behavior Do You Want To Influence?*
- *Three Inter-related Problems*
  - *Organization Level*
  - *Timing*
  - *Making Incentives Effective*

## *What Organization Level?*

- **Empowerment**
  - Opportunity and authority to make changes
  
- **Knowledge**
  - Understanding of the production process
  
- **Incentives**
  - Something that induces action or motivates effort



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## Interactions

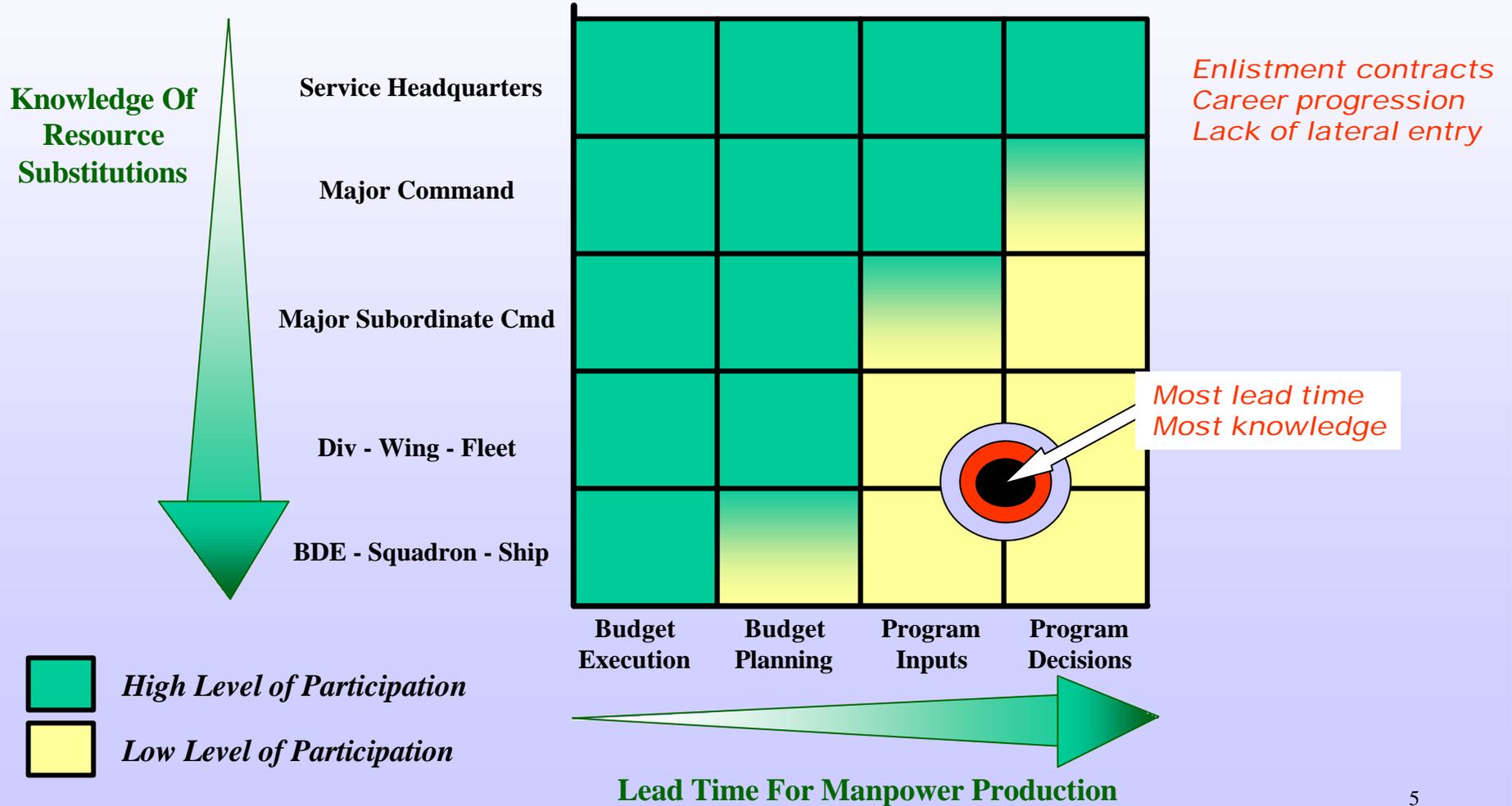
	OSD	Service/Agency Headquarters	Major Subordinate Commands	Major Combat Commands	Divisions Wings Ships
Empowerment	Little	Yes	Limited	Little	Little
Knowledge	Little	Limited	Limited	Yes	Yes
Incentive	Yes	Yes	Limited	Little	Little



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# What Process?

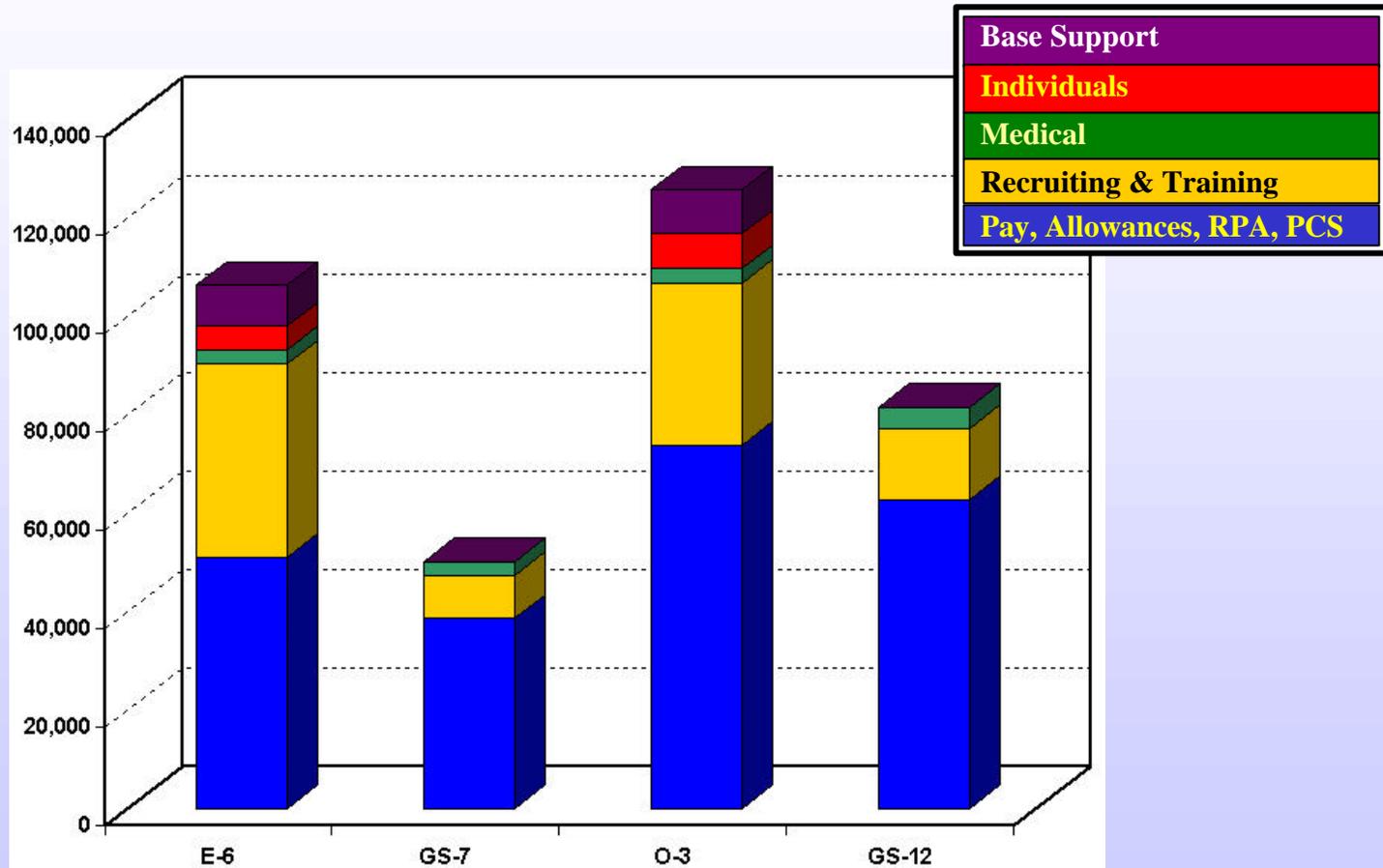
*Military manpower system has a relatively slow reaction time.*





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## What Is the Right Price?



*How does the apparent price of labor affect decision makers?*

## If Lower Levels Have Ability To Make Efficient Trade-Offs

- **How Do Services Comply With Legislated Constraints?**
  - End strength floors, grade restrictions, etc.
- **Who Pays To Implement Service-Wide Policies?**
  - Rotation policies, etc
- **How Important Is Standardization In Unit Staffing?**
  - Can one infantry BN be staffed differently than others?

- **Decision Maker Must Believe That Trades Will Be Sustained**
  - Institutional History
    - Loose compensating increases (O&M, etc.)
      - Budget reviews process
      - Short half life of decisions
- **Mismatch In Reaction Time And Tour Length Can Cause Problems**
  - If gone before change, why bother?
  - If gone before change, look good today and who cares about later
  - Want decisions by stake holders with long term intrests

- Incentives need to reside where there is authority and knowledge
- Incentives need to apply to a point in the decision process where they can be implemented
- Incentives need to be structured to be real to the decision makers