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BRIEFING

Remuneration and its Motivation of Service Personnel

Focus Group Investigation and Analysis

Hans Pung, Laurence Smallman, Tom Ling,
Michael Hallsworth, Samir Puri

Prepared for the UK Ministry of Defence

The research described in this report was prepared for the UK Ministry of Defence.

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1200 South Hayes Street, Arlington, VA 22202-5050
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Summary

This document, prepared for the Service Personnel (Policy) (SP(Pol)) Directorate within the UK Ministry of Defence (MOD), presents key findings and trends from a series of focus groups which RAND Europe conducted at a tri-Service level. The objective of this work is to better understand the views of serving personnel of the pay and allowance package provided by the MOD and to identify trends for further analysis.

Within the context of this project, the MOD wished to examine six key issues relating to the overall remuneration scheme. They are:

- Motivational utility of specific pay and allowance packages
- Ability of the remuneration package to encourage military recruitment
- Satisfaction with the current remuneration package
- Career aspirations and the role of remuneration
- Impact of home ownership and family stability
- Identification of additional remuneration options

Key Perceptions/Findings

After analysing the responses of focus group participants in light of the project objectives, a number of key findings stand out. While we examine these in greater depth later in this report, a summary follows:

- **The remuneration package is complex and difficult to understand:** Nearly all of our focus groups describe the current pay and allowance package, particularly allowances, as complex, difficult to understand, and difficult to determine eligibility and entitlement. Service members do not know what allowances they are entitled to, nor do they find it easy to claim allowances—either through, from their perception, ill-informed clerks or due to inadequate direct information from the MOD.
- **The current basic pay package and pension scheme are satisfactory:** Focus group members are largely satisfied with their basic pay and pension arrangements. Individual participants have some specific negative comments regarding pay and promotion banding introduced in Pay2000 and the lack of additional pay for operational deployments; however, these concerns are not salient across all focus groups, and, in general, pay and pensions have a positive impact on Service members.
- **Aspects of the remuneration package drive unwanted behaviour:** There are many cases where eligibility requirements concerning certain allowances are incentives for Service personnel to act in ways contrary to MOD aims or expectations. Three particular examples stand out; in some cases, the benefits of promotion (particularly to the non-commissioned officer ranks) are mitigated through insignificant pay increases

coupled with increased responsibility and expense (mess bills, for example). This lessens the attraction of promotion to certain Service personnel. Likewise, some Service members feel pressure to marry because of the resulting increased benefits (eligibility for a married quarter, increased displacement allowance, etc.). Finally, the eligibility requirements surrounding allowances, such as Continuity of Education Allowance (CEA), encourage Service members to contort their mobility behaviour in order to continue sending their children to boarding school.

- **Other factors more directly impact recruitment than the remuneration package:** When examining why people joined their respective Service, the focus group participants rarely cite remuneration reasons as direct factors for joining the Armed Forces. Other factors, such as lifestyle and family/colleague experience, appear to be more directly relevant. However, the pay and allowance package might *indirectly* impact recruitment through its influence on perceptions of Service life or experiences of former Service members (who, in turn, influence others to join the military).
- **There is an overwhelming desire for less stretch and disruption in Service life:** Although not directly related to remuneration, the focus groups reveal a desire for reduced stretch and disruption in their careers. Stretch is seen as causing more frequent deployments and operational tours, or increasing the hours and intensity of work. Disruption often occurs in two forms—short-term disruption caused by Service requirements such as postings or operations and longer-term disruption which impacts on family stability, education, spousal career, etc. The salient view of the focus groups is that the remuneration package should mitigate the effects of stretch and disruption.

Focus Group Methodology, Conduct, and Composition

For this project, we used focus groups as the method to capture Service member perceptions about their remuneration package. Focus groups are a qualitative research method where multiple groups of individuals are asked to discuss a topic to gain insights into their perceptions and attitudes. Questions are asked in an interactive group setting where participants are free to talk with other group members.

During a two-week period at the end of January and beginning of February 2006, we conducted twenty-seven focus groups with MOD Service personnel at seven locations in the UK¹. Within each site, groups were divided by rank structure², in order to provide an environment where participants felt comfortable sharing their candid comments. This structure also allowed them to focus on issues and areas that most affected them.

Overall, 162 serving Service personnel participated in twenty-one groups. Additionally, we held a session at each site for military spouses/partners in order to capture their views as well. A total of 35 spouses/partners participated in these sessions.

¹ The sites visited were: RAF Cottesmore, RAF Halton, Northwood, Blandford Camp, Bulford Camp, HM Naval Base Portsmouth, and HM Naval Base Plymouth.

² The rank groups were Officers, Senior NCOs, Junior Ranks, and Spouses.

Each of the focus groups lasted between 70 and 90 minutes. The semi-structured protocol allowed the project team to guide the groups and so ensure that their discussion was consistent and also flexible and dynamic. A facilitator led focus groups while another member of the project team took notes of the session. The note takers attempted to capture the essence of the discussion and used the participants' own words to the greatest extent possible. After completion of the groups, we summarised the sessions and entered the data into a software package designed to assist in data analysis. By being able to look at responses both across all sites, but also within rank or Service groups, we were able to determine which perceptions were *salient* to their respective groups. The salience of responses is the crucial factor when identifying key trends across the various focus groups. Salient responses are those that occur across a majority of the groups and, thus, can be taken to be more representative of the groups' views than those responses that only occurred in one or two groups.

The question protocol that we used can be found in Appendix A of this report; further focus group demographic information can be found in Appendix B.

Focus Group Perceptions

When asked why they joined the Armed Forces, group participants provided four reasons that were salient across the groups. Opportunities to travel, a family history or experience with the military, a career with job security, and the only/best option available at the time were the reasons given across all groups. Within Service and rank groupings, officers tended to join because of altruistic reasons while junior and senior ranks joined because it was the best option available to them at the time. Within the Services, Navy personnel expressed an interest in joining the military for the training opportunities provided.

When looking at positive aspects of being in the Armed Forces, six factors were salient across all groups: career options and job security, remuneration (especially pensions), camaraderie, lifestyle (to include sport and adventure training), variety (in both job opportunities and posting locations), and the opportunity for travel. Within the different rank groups, officers tended to view job variety, camaraderie, and responsibility as positives, while junior ranks appreciated the military lifestyle involving travel, sport, adventure, and social opportunities.

Turning to negative aspects of the Armed Forces, three factors stood out: disruption—both in terms of family instability and the imposition of short-term requirements, (over)stretch issues, and some remuneration factors, to include Pay2000 'banding' and instances of insignificant pay rises upon promotion. Within the rank groups, officers and senior NCOs voiced concerns about (over)stretch, while spouses stressed displeasure about the impact of family disruptions.

When looking at factors which provided the greatest influence in deciding to stay in the Armed Forces, focus group members provided four salient reasons: remuneration options (primarily concerning the pension), desire for reduced disruption, career and promotion prospects, and job satisfaction. Within rank groups, junior ranks most valued job security and lifestyle factors while officers and spouses focused on reducing (family) disruption.

There were several comments about the overall remuneration package. The pension was almost universally perceived as a positive factor; most basic pay (or rate of pay) comments were positive,

with the exception of Pay2000 'banding' which could disincentivise promotion and pay levels for hours worked. The allowances received a mix of positive and negative comments.

When asking focus groups what actions the MOD could take to encourage people to stay in the military, four reactions were salient: reduce disruption, reduce stretch, provide better communication regarding remuneration issues, and improve perceived disparities among the Services. Focus groups also made three salient suggestions of additions to the remuneration package to encourage retention: to increase operational/deployment net pay, improve the childcare provision, and improve the disturbance allowance to assist single personnel. There was no consensus regarding suggestions of the remuneration package to cut, although there was a very strong divergence of views over certain allowances.

Linking Questions to Target Issues

We are now able to relate the perceptions of the focus groups to the MOD's target issues identified at the beginning of this summary.

- *Satisfaction with the current remuneration package:* The salient view of the focus groups is one of satisfaction with the pay and pension package. Together, *amongst those still serving*, the package as a whole is sufficiently attractive to encourage officers, NCOs and Junior Ranks and their spouses or long-term partners to accept the demands of Service life. The salient view of participants, however, is that pay does not compensate for the increased stretch that they now face. Allowances are considered to be unsatisfactory overall, particularly so in the way in which they mitigate the effects of disruption.
- *Motivational utility of specific pay and allowance packages:* Pay and pension motivate personnel in the Armed Forces to remain in their Service until pension entitlement. The perception of the focus groups is that personnel leave when the attraction of the pay and pension package is outweighed by the effects of disruption. Of the two, the pension is seen as the more important. The salient view of the focus groups is that the allowance package is difficult to understand and use due to the perception of it being too complicated and poorly communicated. They see some allowances as contradictory or a distortion of normal behaviour, motivating claimants to accept other compromises to continue receiving certain allowances.
- *Ability of the remuneration package to encourage military recruitment:* The perception of the focus groups is that pay and pension are amongst many potential influences that persuade personnel to join the Armed Forces. Pay has an indirect effect for those that conclude joining the Forces is their best option. Serving family members are an important influence on many who join. We discuss above the positive perception of the focus groups of their pay and pension and so we believe that both have a positive, *indirect* link to recruitment. Other non-financial, quality of life factors also encourage people to join.
- *Identification of additional remuneration options:* Participants identify few potential changes to the remuneration package. Their proposals include increasing net pay for those on deployment or operations; improve childcare provision; improve other allowances associated with disruption (particularly for those moving location; remove

differences in allowances between the Services and between married and single personnel and those in long-term relationships; and remove the pay (and promotion) anomalies associated with Pay2000.

- *Career aspirations and the role of remuneration:* The common theme of the focus groups is that career progression is linked to promotion. Some of these groups see promotion as a tool for retention as being positive, too. None of the respondents link promotion and pay or pension, except where they discuss the negative effects of Pay2000. Some respondents comment that promotion causes disruption. We expect a link to exist between career aspirations and remuneration, since pay and pension play such an important role in career satisfaction as discussed above
- *Impact of home ownership and family stability:* Though the protocol asks participants about home ownership, the focus groups express no salient view linking home ownership and family stability. The overwhelming perception that more needs to be done by the MOD to counter the effects of disruption focuses on the ability of spouses to work, access to medical facilities, and education of children. Consequently we found no evidence linking the demographic responses and perceptions on home ownership. Some participants comment on the allowances MOD offers to assist home ownership, but these are not often mentioned views.

Finally, we identified a number of areas that require further study on the basis of questions raised during this series of focus groups and the resulting analysis. By examining these issues in greater detail, the MOD will be able to better formulate remuneration policy and improve its impact on the behaviour of Service personnel.