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**Surly Bonds? An Examination of Pilot Retention Issues and Strategies and Their
Application to the Canadian Forces**

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Abstract

The author puts forth that current Canadian Forces retention strategies are insufficient as pilot retention strategies and are failing to stem the outflow of experience needed to re-establish the pilot occupation manning levels. The problem of pilot retention while linked with general military retention encompasses unique aspects which must be addressed separately. Specific cause factors affecting retention are examined in order to better define and qualify the issue; including the effect of changing demographics within the pilot force. The success of financial incentives as a retention tool, implemented by the Canadian Forces, United Kingdom and Australian militaries is examined, suggesting financial measures as a valid short term, though incomplete, solution. The key remains the implementation of systematic changes to stabilize attrition rates and allow for rebuilding. A multifaceted approach to pilot retention is required, addressing aspects of retention common to the military profession as well as pilot specific retention issues.

“Retention is not spelled B-O-N-U-S”¹

- LGen Angus Watt, Chief of the Air Staff

The Canadian Forces (CF) is faced with a crisis in pilot retention. “The pilot occupation is currently under its preferred manning level by approximately 13 percent and this deficit is growing.”² With a manning level of about 1500 pilots, this translates to a shortage of approximately 250 pilots. This is a persistent problem, which can be traced back to the 1990’s when the CF experienced, as a result of planned force reduction efforts, a rapid decrease in the number of air force personnel. In his address to the Senate Defence Committee, Lieutenant General Angus Watt, Chief of the Air Staff, clearly summed up the problem:

The most critical aspect is retaining [trained individuals] in the air force. We project attrition to be approximately [eight] per cent this year, and I have a large group of individuals entering the range of service at which we expect high attrition.³

This essay seeks to clarify the reasons behind the pilot retention crisis. It will show that broad based quality of life (QOL) retention strategies, such as those currently employed by the CF, are insufficient as pilot retention strategies and ineffective in stemming the outflow of experienced pilots needed to re-establish the pilot occupation

¹ D. Pugliese, "Air Force Short 250 Pilots but Getting a Handle on Retention," *Ottawa Citizen*, sec. Communities, 13 June, 2009, <http://communities.canada.com/ottawacitizen/blogs/defencewatch/archive/2008/06/13/air-force-short-250-pilots-but-getting-a-handle-on-retention.aspx> ; Internet accessed 9 February 2009.

² Ibid.

³ Ibid.

within the CF.⁴ It will be shown that retention issues are not unique to the Canadian military but rather they find their source in systemic issues and challenges many of which are common to other militaries. The Royal Air Force (RAF) of the United Kingdom (UK) and the Australian Defence Force (ADF) will be used to highlight retention issues which transcend national issues.

Retention is by no means an issue unique to pilots. That being said, there exists an economic reality that military pilots possess a skill set which is highly marketable in the civilian sector at an attractive pay rate. A multifaceted approach to retention is required, targeted specifically at the pilot military occupation code (MOC) while at the same time addressing those aspects of retention common to the military profession in general. It will be shown that pilot retention issues stem from a concomitant shift in the pilot force demographic with a shifting of career milestones, as well as being the result of QOL and external economic stress factors. Any solution to pilot retention must address all of these factors to be successful.

The problem facing the CF will be defined, clarifying both the general military retention issues and the unique aspects of pilot retention. This will be followed by an examination of specific cause factors affecting retention including external economic pull and QOL issues, both in general and specific to pilots. Changing demographics will be highlighted as a key cause factor. In conclusion, an examination of retention strategies,

⁴ A discussion of non-pilot specific general military retention within the CF is beyond the scope of this assessment. A more detailed account of CF general retention efforts may be found at: Semianiw, W. MGen Canadian Forces Chief of Military Personnel, "Dimensions and Demographic Challenges of Canadian HR and their Effects on the CF" (CMP Power Point Presentation, 2008).

beginning with a focus on financial incentives as a retention tool, and followed briefly with an assessment of retention strategies will be conducted with an aim to proposing possible means to address the issue.

In the 1990's as a cost saving measure post Cold War, the CF was mandated to reduce in total force strength from approximately 90,000 to 60,000 personnel. To achieve this reduction the CF introduced the Force Reduction Program (FRP), a financial compensation package designed to generate early retirement in overmanned MOCs. First offered in 1992, and continued up to and including 1996, the FRP resulted in approximately 14,000 releases, which along with reduced recruiting and normal attrition rates, resulted in the target strength of 60,000 personnel CF being reached in 1997.⁵

The impact of the reduced recruitment and the targeted release policy of the time resulted in a demographic "bubble" within the CF. Currently, approximately 50% of CF members have 15 to 20 years of service and are thus either eligible or soon will be eligible, for the 20 year retirement gate with annuity. Given the associated time to recruit and train replacement members, the real possibility exists that the CF may lack sufficient numbers of experienced and trained personnel for future operations.

⁵ Chief Review Services, *Audit of Force Reduction Program, 1997,(7055-29)* as cited in: Vass, John D., Maj Canadian Forces, "Retention in the Canadian Forces" (Master of Military Art and Science, U.S. Army Command and General Staff College), , <http://stinet.dtic.mil/cgi-bin/GetTRDoc?AD=ADA475574&Location=U2&doc=GetTRDoc.pdf> ; Internet accessed 25 January 2009).

The CF has become cognizant of the potential shortfall in manning. As a result it has implemented initiatives which target both recruitment and retention.⁶ This effort has taken on particular significance given the current climate of increased military operations, with its inherent retention and recruiting challenges.

“Ensuring that people do not leave the [military] when they are of most value is a priority concern for the Government”⁷ This is concern, expressed by the ADF, resonates clearly with the established concerns of the UK and the CF military commands. Pilot retention may be seen as a subset of overall military retention. Significant issues exist unique to the pilot profession which will be examined. In particular the looming experience drain will be discussed to highlight the potential impact of failed pilot retention on CF operational capability.

Some degree of attrition is in fact desirable. What is important is that this attrition be predictable, steady and replaceable through production. It is important that retention strategies be applied to ensure that enough people remain to train the next cadre and fill the gap. As the ADF notes:

. . . overall separation rates are not, by themselves, regarded as a particular problem, as the [military] needs a constant throughput of young, enthusiastic personnel. Rather, identified retention problems relate to specific combinations of trade, rank, location and Service.⁸

⁶ Semianiw, W. MGen Canadian Forces Chief of Military Personnel, "Dimensions and Demographic Challenges of Canadian HR and their Effects on the CF" (Power Point Presentation, 2008).

⁷ Australia, *Retention of Military Personnel Follow-Up Audit* (Canberra: Australian National Audit Office,[2003]), http://www.anao.gov.au/uploads/documents/2002-03_Audit_Report_31.pdf ; Internet accessed 25 January 2009.,26.

In 2000 the Rand Corporation was commissioned to conduct a study on the effects of the “experience drain” within the United States Air Force.⁹ The study showed that the requirement for inflow of new pilots, based on numerical shortages and high attrition is diluting the hours available for training given fixed yearly flying rate (YFR) and operational flying. To fly a plane in the air force, an untrained or inexperienced pilot requires an experienced, qualified pilot or aircraft commander (AC) to provide essential supervision. The requirement for an AC for each inexperienced first officer or wing man, limits the number of hours which can be applied to absorption and training. This number is defined by the number of AC’s and the maximum number of hours each AC can fly.¹⁰

Recruiting of additional pilots results in a pool of untrained individuals awaiting absorption into operational squadrons, further diluting experience levels. The available pool of hours from which experienced AC’s can fly is spread more thinly, resulting in fewer experienced pilots being produced, which is counter intuitive. This problem is exacerbated by the current operational tempo (op tempo), i.e. burning YFR on operations

⁸ Australia, *Retention of Military Personnel Australian Defence Force* (Canberra: Australian National Audit Office,[2000]), http://www.anao.gov.au/uploads/documents/1999-00_Audit_Report_35.pdf ; Internet accessed 25 January 2009.,26.

⁹ While the United States Military has been addressing retention issues for over 50 years, it was felt that the scale was not appropriate for direct comparison with the Canadian retention efforts. In particular the size of the armed forces, the defence budget relative to the Gross National Product and the extended history of retention bonuses which has bred a culture of expectation significantly different from the Canadian experience. For the purposes of this examination the UK military (RAF) and the ADF were felt to be a more appropriate comparison.

¹⁰ As experience levels drop i.e. more inexperienced pilots are on the squadron, more of the squadron’s yearly flying rate must be used to train the inexperienced pilots, thus leaving less available for conducting operations.¹⁰ If the yearly flying rate for conducting operations cannot be sacrificed for training (the expected outcome given the current operations tempo), it will consequently take longer for the inexperienced pilots to upgrade.

vice it being available for upgrading and absorption of new pilot recruits. High op tempo results in a burn out of the experienced aircrew and acts as an incentive to release.

The results of the Rand study identified a relationship between experienced and inexperienced numbers on a generic air force squadron which may be extrapolated and applied outside of the US context. For an operational squadron to be sustainable with a fixed yearly flying rate (YFR), a minimum of sixty percent of pilots must be experienced i.e. at the highest flying category.¹¹ In summary: “The shortage consists solely of experienced pilots.”¹²

This section will examine the QOL cause factors influencing both general retention and those factors unique to pilot retention. These issues include op tempo, external market pull and the limitation of flying opportunity. As a catch all phrase, QOL encompasses a number of factors which impact general military retention. However specific QOL issues do exist which carry more weight in influencing pilot retention and will be shown to be common amongst air forces in an effort to better define the pilot retention issue. This examination will include a focus on the changing demographic amongst pilots and its impact on retention.

¹¹ William W. Taylor, S. Craig Moore and C. Robert Roll Jr., *The Air Force Pilot Shortage : A Crisis for Operational Units?* (Santa Monica, CA: Rand Corporation,[2000]).

¹² Ibid.,4.

A member's decision to leave the military is “. . . rarely based on a single factor, rather a multitude of interacting factors lead to the decision to leave”¹³ It therefore comes as no surprise given the similarities of military life, that the main themes to emerge in exit surveys are very similar amongst the CF, ADF and RAF and include diverse quality of life and family issues. Of note though was also the clear influence of civilian career prospects and marketability.¹⁴

QOL dissatisfaction comes from the imposition of the military personnel tempo (pers tempo) which in the past was acceptable to a younger cohort, onto an aging military demographic. Dual income families are less tolerant of multiple moves and low pay. Specifically, aircrew pers tempo is not being recognized the same way as the army in that it often does not involve a continuous deployment. Both the RAF and the CF have developed guidelines for limiting op tempo following deployments. However these do not capture the additional op tempo of a pilot who may be on the road away from home for over half the year as part of normal home station operations.¹⁵

¹³ Australia, *Retention of Military Personnel Australian Defence Force*, 57.

¹⁴ The themes listed in the 2002/2003 ADF Exit survey: a desire to change careers while still young enough to be considered competitive in the civilian job market; a perception that better career prospects are available in civilian life than in the ADF and dissatisfaction with career management and development opportunities in the ADF; a lack of job satisfaction, low morale and a desire for greater recognition of their work and work hours; and a desire for greater stability in their home and family lives.

¹⁵ The RAF directs that there is to be no less than 16 months between tours which are generally three to four months in duration. Air crew Op tempo is differentiated from other branches within a military whose deployments are normally characterized by a single period of deployment of a determined length, aircrew are by nature of their occupation, deployed in short bursts which have cumulative impact but are not continuous, nor captured as Op tempo in the sense commonly applied in research or policy.

New equipment and airframes, held up as a “. . . key retention tool . . . ”¹⁶ by the CAS, are also the platforms with the highest op tempo. These same new fleets are the busiest and are deployed most causing burnout within their communities. Inequitable distribution of operational deployment causes deep rooted dissatisfaction. That is, some fleets are incredibly busy to the point of being over tasked, whilst others feel under employed. Case in point, the tactical helicopter and C130 fleets are currently stretched to breaking, whilst the CP140 and CF188 fleets are searching for relevance in the current operational environment.

Amongst ADF pilots, higher civilian salaries have been identified as a pull factor enticing early retirement. Short term retention of key trades has historically been addressed by the ADF through retention and completion bonuses. Many pilots have accepted bonuses when they had no intention of leaving the ADF.¹⁷ Recent efforts have in addition focused on a holistic effort to improve quality of life issues in a manner similar to UK and the CF but also with a complete review of the ADF remuneration system intended to provide a flexible response to market competition as well as a competitive wage for the amount of work being done.¹⁸

The UK National Audit Office (NAO) notes that “. . . Despite an array of temporary and permanent financial measures, there continues to be a strong pull from the

¹⁶ Pugliese, *Air Force Short 250 Pilots but Getting a Handle on Retention*

¹⁷ Australia, *Retention of Military Personnel Australian Defence Force*, 59.

¹⁸ Australia, *Retention of Military Personnel Follow-Up Audit*, 70.

commercial market”¹⁹ While the airline industry downturn following the September 11, 2001 attacks introduced a degree of uncertainty previously not present in the hiring equation, this economic uncertainty is mitigated the fact that the industry is cyclical in nature and all previous industry downturns have proven to be temporary. Current airline demographics point to continued hiring as the senior pilots reach the mandatory retirement age for the industry of 60 years of age.²⁰

Those pilots who stay in the military during times of economic downturn do not become less marketable and in fact increase their experience and skill level. Given the cyclic nature of the airline industry these same people leave when the market conditions improve. The reduction in squadrons common to both the CF and RAF, with the resultant restricting of command opportunities is put up against an expanding civil aviation sector offering “. . . increasingly attractive financial and career packages.”²¹

Do air force pilots continue to aspire to command? Requests not to be promoted in order to remain in a flying position are becoming more common and while not entirely new within the CF or other militaries, this trend points to “dissatisfiers” within the system. These issues must be addressed if experienced pilots are to be retained. A Major flies less and has significantly more responsibility than more junior ranked aircrew and faces the

¹⁹ United Kingdom, *Thirty Sixth Report - 2007* (London: Armed Forces Pay Review Body,[2007]), <http://www.official-documents.gov.uk/document/cm70/7016/7016.pdf> ; Internet accessed 20 January 2009.,41.

²⁰ Claire M Levy, *The Civilian Airline Industry's Role in Military Pilot Retention: Beggarman Or Thief?*. Santa Monica, CA: Rand Corporation, 1995. Internet accessed 21 January 2009.

²¹ United Kingdom, *Thirty Sixth Report - 2007*, 41.

likelihood of an imminent ground tour less flying pay. Put more bluntly, more workload and responsibility for effectively less pay.

In the CF, the end of Captain incentive pay following 12 years in rank, often aligns with the time in the career path being targeted for retention. Staying beyond the point where salary increase options no longer exist is de-motivating. In a profession which uses promotion as a reward, pay raise and acknowledgement for strong performance can only currently be achieved with higher rank. On the other hand, promotion most likely means the end of a flying career. The perception exists that pay does not compare to civilian employment with the same responsibility and that pay does not increase with increasing responsibility. In the UK, “. . . [the] fact that pay is often tied to rank can limit the ability to offer financial rewards for personnel with certain skills. As such, the [MOD] has decoupled pay from rank for certain . . . aircrew trades”²² In exit surveys, ADF pilots identified dissatisfaction with being promoted out of flying positions. The main reason they had joined Air Force was to fly. Instead their perception is that they are “. . . forced to accept promotions and as a result [are] no longer be permitted to fly.”²³

As an alternative to targeted retention, the RAF offers a Professional Aviator Pay Spine, which provides those pilots who wish to remain flying an option of a continued

²² United Kingdom, *Ministry of Defence Annual Report and Accounts 2006-2007: Government Response to the Committee's Fifth Report of Session 2007-2008* (London: Hansard,[2008]), <http://www.parliament.the-stationery-office.com/pa/cm200708/cmselect/cmdfence/424/424we16.htm> ; Internet accessed 26 January 2009.,6.

²³ Australia, *Retention of Military Personnel Australian Defence Force*, 38.

career without being “promoted out of the cockpit”²⁴. It was implemented to provide the RAF with some control over cockpit manning.²⁵ This approach is not without its pitfalls however. In the RAF the Professional Aviator Pay Spine has raised issues of retention which have become even more specialized, resulting in the need to aim retention initiatives at the “command” stream in order to ensure sufficient senior leadership.²⁶

Retaining experience within any military remains a challenge. In the case of the CF, the initial stages of the shortage had its inception in the reduction schemes of the 1990’s, however this essay asserts that a significant shift in the alignment of the pilot career stream milestones with the characteristics of the current military personnel demographic has taken place. The resulting new alignment has lead to an increase in the attrition of experienced pilots, as will be shown through examining CF pilot career issues and demographic changes.

New military pilots are no longer the stereotypical 18 year old male, willing to move around throughout an entire career. A pilot who remains in the CF beyond his or her initial flying tours is now faced with the prospect of retirement and entering the job market following three years on the ground with stale flying skills. The decision to leave early must now therefore be considered following the second flying tour.

²⁴ Ibid.,38.

²⁵ A separate pay spine with pay decoupled from rank for aircrew has been available since 1 April 2003. Take-up since its introduction was 74 per cent for Officers and 100 per cent for Non Commissioned Aircrew.

²⁶ United Kingdom, *Thirty Sixth Report - 2007*, 41.

The CF pilot career path has changed. Twenty years ago a pilot could join straight out of high school and expect to be flying within two years. That pilot could expect two, or even three, consecutive four year flying tours followed by a ground posting and then a third flying posting to finish off a 20 year career. As a result of training progression timelines, the experienced candidate of 10-15 years flying experience, targeted by retention initiatives, has now shifted to a point in his or her career which presents itself as a logical point to exit just when the military is searching for ways to retain them.

With the requirement for a “degreed” officer corps, second language training and delays in the training system, the same officer is seven years older prior to beginning a flying career, and three to seven years further along a military career.²⁷ Pilots can expect two flying tours and are then faced with the spectre of a ground job which may take him or her to an age at which finding an outside career will be difficult. The decision to stay is therefore force upon them following the second flying tour. This does not allow for a third flying tour where the experienced gained may be passed back to the institution.

From a demographic standpoint, it is now more likely that the member has a spouse who works and whose income is required for the family to “make ends meet”. Experienced pilots are older, mostly married, men and women, many with families and the associated expenses. The incompatibility of service life with modern life style and new expectations, including having families late in life, requires an individual to question the wisdom of remaining in the military rather than seeking more lucrative and family friendly employment opportunities.

²⁷ Pugliese, *Air Force Short 250 Pilots but Getting a Handle on Retention*

Is the air force culture part of the problem, failing to motivate pilots to remain in service? We as an institution are now 60 years removed from World War II and the glory days of Royal Canadian Air Force (RCAF) culture with which we seek to inspire a new generation. Perhaps tales of Spitfires and Lancaster bombers are falling on deaf ears. Do we need to re-brand and find new motivation and new heroes to define and inspire a commitment to the military profession and lifestyle?

The real challenge faced by the CF as a whole is the shift in demographic which has resulted in dissatisfaction and quality of life issues squarely aligned with contractual exit gates. In particular this section examined the demographic cause factors which are influencing military retention and pilot retention in the CF, striving to answer whether military members and pilots in particular have become more selfish, more inclined to self than service of the profession. It is asserted rather that it is a combination of military career path and demographic change that have had the greatest influence.

Retention challenges, including those specific to pilot retention, are common amongst the CF and the allied nations of this assessment. In this section, historical CF efforts at financial retention initiatives will be examined to ascertain why, while the retention issues are similar, the use of financial incentives remains a viable strategy for only the RAF and the ADF but has been discounted by the CF. A brief assessment of

retention strategies will follow, with an aim to identifying possible means of addressing the issue.

In the summer of 1998, responding to severe personnel shortfalls and “unprecedented rates of pilot attrition”²⁸ the CF introduced the Pilot Terminable Allowance (PTA), a short term financial retention scheme targeting the pilot MOC.^{29,30} In her paper on the role of retention bonuses in the CF, Major Howe summarises the questions raised by financial retention initiatives such as those in use by the RAF and ADF and the initiatives which have historically been implemented within the CF such as the PTA. The military pay system, she asserts, is not intended to make the military member rich but rather provide a fair wage while serving a higher calling. She notes:

Though on a direct salary-to-salary basis the CF’s pay structure does not always align with civilian wages for comparable occupations, this organization strives to provide a ‘reasonable standard of living’ for its members and offers a comprehensive financial and benefits package that includes both direct base salary, incentive, specialist pays and allowances and indirect benefits such as dental and health care, holidays, and pensions.³¹

In the case of the RAF, “The most pressing retention consideration . . . is that of officer aircrew, where outflow is exceeding inflow.”³² Pinch points, or areas where there

²⁸ D. Howe, Maj Canadian Forces, *The Bonus Fix: The Role of Retention Bonuses in the Canadian Forces and Policy Recommendations* (Ottawa: National Defence,[2005]),.61

²⁹ Three target groups were identified and depending on the group a retention bonus of either \$75K or \$50K paid over three years was paid in return for 5 years return of service. During the two-month period that the bonus opportunity was offered, 567 (65%) of the 867 pilots eligible for the program accepted the terms of the allowance. The Pilot Terminable Allowance scheme closed 31 March 2003.

³⁰ *Ibid.*,61.

³¹ *Ibid.*,61.

is a shortfall, are identified and closely managed to alleviate their impact. These pinch point trades are currently managed through Financial Retention Incentives (FRI) which are a “. . . targeted measure of last resort to ensure operational capability in a critical manning area is maintained.”³³ According to the MOD, financial incentives are:

. . . highly effective, quickly stemming outflow by guaranteeing service from personnel . . . allowing the Department a period of time to address the underlying causes of a manning shortfall . . . [however] . . . a Financial Retention Incentive is always part of a wider package of financial and non-financial measures to address the issue.^{34,35}

Financial incentives are described by the ADF as “. . . a key tool in tackling retention difficulties, particularly in the shorter-term.”³⁶ They do however note that “. . . there are several limitations associated with financial incentives.”³⁷ Specifically the difficulty in accounting for all retention factors in the decision to stay and that many who accept financial incentives would have stayed in the military regardless. They note that:

The Department [MOD] has introduced a range of financial retention incentives which have, based on the evidence available, provided an effective short-term fix. The Department does not know the extent to which the offer of a financial incentive, as opposed to other factors, influences personnel to stay in the Services.³⁸

³² United Kingdom, *Memorandum from the Ministry of Defence to the House of Commons Defence Committee* (London: Hansard,[2008]), <http://www.parliament.the-stationery-office.com/pa/cm200708/cmselect/cmdfence/424/424we05.htm> ; Internet accessed 26 January 2009.,para 88

³³ *Ibid.*,68.

³⁴ Costs of FRI’s were anticipated at £3.6 million in 2007-08 and £14.6 million over three years (depending on take-up) compared to, for example, the £6 million costs of training and retaining a Harrier Pilot.

³⁵ *Ibid.*,68.

³⁶ Australia, *Retention of Military Personnel Australian Defence Force*, 2.

³⁷ *Ibid.*,2.

In its report, the ANAO recommended:

. . . [a] shift the focus of . . . retention measures from short-term, predominantly financial retention incentives, to those structural changes needed to provide personnel with greater certainty and, for those affected most, reduced workloads.^{39,40}

The RAF faces additional challenges resulting from the dual stream approach to pilot retention embodied by the Professional Aviator Pay Spine. The issue is more complex than simply filling cockpits. There is a need not only to maintain aircrew in flying appointments but also to “ . . . encourage personnel to continue in the RAF as Career Stream officers to fill the essential staff and flying appointments to the highest levels of the Service.”^{41,42} The CF is also presented with the challenge of retaining experienced pilots to fill senior positions and appointments at higher rank levels.

As with the RAF, the ADF faces retention challenges which echo those faced by CF, both in general and those specific to the retention of trained and experienced aircrew. Financial incentives are used with increasing frequency as a means of retaining members with particular skills and training attractive to civilian employers. These incentives are

³⁸ Ibid.,8.

³⁹ Ibid.,2.

⁴⁰ The UK National Audit Office survey of “pinch point trade” personnel has shown that such incentives were a deciding factor in their decisions to stay for 11 per cent of people who had been offered them while, for a further 53 per cent of people, the incentives had no impact on their decision as they would have stayed anyway. Of note: this is seen as a successful application of retention incentives based on the secured years of service despite the apparent unnecessary payments.

⁴¹ Ibid.,8.

⁴² In response to this requirement , the RAF is offering a narrowly targeted continuation of the aircrew FRI package aimed at keeping aircrew beyond their optional exit point with a 5-year return of service, paying pilots £100,000 and Weapon System Operators £50,000.

offered as an encouragement to extend their length of service. Retention bonuses are used to address ongoing retention issues within specific pilot categories.

In the specific case of the ADF, doubts were raised as to whether retention schemes were a cost effective way to increase retention rates.⁴³ They identified a similar trend as in the UK and the CF, namely that “. . . retention and completion bonuses, in the great majority of cases, were paid to personnel . . . not intending to separate”⁴⁴ This was the result of bonuses, of necessity, being paid to all members in a particular category in an attempt to target the minority who would otherwise consider leaving.

Financial incentives are the “. . . final tier of options to stem separations.”⁴⁵ Pilot bonuses and incentives have been adopted on two occasions within the ADF and continue to be considered within current remuneration reform measures.⁴⁶ It is apparent from the Australian experience that if retention schemes are to be effective in the selective retention of personnel, an accurate assessment of the validity of the retention schemes and the reasons for their success is required. A review of the ADF pilot pay scale is currently underway as part of the Remuneration Reform Project.⁴⁷ This review includes

⁴³ Ibid.,39.

⁴⁴ Ibid.,39.

⁴⁵ Ibid.,72.

⁴⁶ Previous ADF Pilot retention offers: a. First Pilot Retention Bonus, 1988–1994 now closed (\$70K for 6 years); b. Second Pilot Retention Bonus, commenced 1996 (\$120K for 5 years,\$75K for 4 years and \$50K for 3 years); and superannuation adjustment was offered in the form of : a retention benefit (1 year’s salary bonus) for selected members who complete 15 years of service and agree to serve for another five years.

⁴⁷ Australia, *Remuneration Reform Project Reasons for Decision Flying Allowance and Flying Duties Allowance* (Canberra: Defence Force Remuneration Tribunal,[2006]), <http://www.dfrt.gov.au/decisions/2006/Matter%2016%20of%202004%20->

an assessment of past pilot retention bonus offers to identify those personnel for whom the retention bonus was a significant factor in their decision to stay in the ADF.⁴⁸

The solution to retention is complex and establishing a detailed plan of action is beyond the scope of this analysis. Rather, this section will attempt to put forth areas of suggested focus based, in part, on strategies being employed by the RAF and ADF and the authors personal experiences.

The airline industry is cyclical and the need for pilots will not disappear. The military will continue to be the major supplier of pilots to the industry. The success of retention efforts has been impacted by external economic factors such as changes to the airline industry post 9/11, and the recent financial downturn. The timing of the end of the PTA coincided with a major decline in the airline industry and resulted in skewed retention data. As put forth by Howe:

The PTA bonus and the contracted period of service was in effect during a period of environmental and economic turmoil that followed from the 9/11 attacks and forced the restructuring of the Canadian civilian aviation industry, which surely played a role in discouraging voluntary pilot attrition.⁴⁹

[%20Reasons%20for%20Decision%20-%20Flying%20Allowance%20&%20Flight%20Duties%20Allowance.pdf](#). Internet accessed 15 January 2009.

⁴⁸ Of particular note is the insight expressed by the ANAO as to other possible detrimental effects of a retention scheme in terms of morale or retention on those military personnel not eligible or who have chosen not to participate in the scheme. This issue has been raised by the CF leadership as a primary reason for not pursuing financial incentives. This issue will be addressed in a later section of this essay.

⁴⁹ Howe, *The Bonus Fix: The Role of Retention Bonuses in the Canadian Forces and Policy Recommendations*, 63.

The value and effectiveness of the PTA retention bonus therefore was not accurately assessed in the CF. “With the exception of voluntary attrition, no other organizational measures were identified to evaluate the effectiveness of the pilot bonus.”^{50,51}

The key to the retention issue may not be additional money, but a short term drain in experience may yet be targeted with cash incentives. This strategy has been shown by the RAF and ADF to be effective in stemming short term loses. This should be applied by the CF while at the same time implementing more general and broadly based retention initiatives forces wide. Other potential financial initiatives include improving pension compensation rates or facilitating early access to inflation indexed superannuation as a alternative to non pensionable bonus payments. This must be examined in the light that current superannuation reforms may in point of fact be a part of the retention problem. Desire to stay for the pension or the need to get out with sufficient time remaining to work up an airline pension now becomes a dilemma. The recent introduction by the CF, of a 25 year pension gate, vice the previously extant 20 year gate may now make staying for the pension a proposition too distant for those who wish a second aviation career.

The need for constant financial incentives may be indicative of a systemic flaw in a pay system. Remuneration reform as in the case of the ADF, may be an effective means used to increase flexibility in times of economic flux. One solution is an increase in base pay scheduled to create the desire to stay. Currently, base pay differences between pilots

⁵⁰ The CF Pilot Retention study targeted pilots in assessing the perceived effectiveness of the study. When the pilots were asked whether they thought that the PTA was an effective measure for reducing high attrition, the responses were split towards the extreme ends of the scale with 32% of the respondents ‘moderately’ to ‘strongly’ disagreeing that it was effective, whereas 36% ‘moderately’ to ‘strongly’ agreed.

⁵¹ Howe, *The Bonus Fix: The Role of Retention Bonuses in the Canadian Forces and Policy Recommendations*, 58

and general service officers in the CF decrease with increase in rank.⁵² Changes to the CF pilot pay scale were proposed and scheduled for implementation in early 2001. They were, however, withdrawn post 9/11 as part of a major restructuring of the human resource approach to retention and the perceived reduction in civilian marketability of pilots at the time. The proposed changes were substantial and pensionable. It may not be about the money, but an increase in base pay would continue to make members feel valued whilst providing an increase to the value of the pension at completion of terms of service, increasing the motivation to stay to pension.

In her paper, Major Howe highlights the “dark side” of retention bonus programs. Namely the resentment generated in those who are not entitled or not offered a bonus.⁵³ These systemic effects must be seriously considered when contemplating any type of targeted retention and it is for this reason that the CF has to date ruled out retention bonus as a strategy. A possible solution to this would be a universally offered completion bonus to the pilot MOC, paid on completion of a contracted period of service, which would avoid the historical incidence of mismatched pay for rank and responsibility which has been a major disatisfier associated with retention bonuses.

⁵²McKenzie, Mark T., Maj USAF, "Fighter Pilot Retention: Profession Vs. Occupation" (Master of Arts and Science, Air Command and Staff College), 20, https://www.afresearch.org/skins/rims/q_mod_be0e99f3-fc56-4ccb-8dfe-670c0822a153/q_act_downloadpaper/q_obj_57562181-0d2c-49ee-af1e-054e4a9c7906/display.aspx?rs=enginespage ; Internet accessed 15 January 2009.

⁵³ Howe, *The Bonus Fix: The Role of Retention Bonuses in the Canadian Forces and Policy Recommendations*, 32.

Financial incentives run the risk of generating a “pay to play” culture rather than one of service to a higher calling. Howe raises this significant issue at the heart of the bonus discussion:

[It] may be that the retention bonus is the most appropriate tool to keep voluntary turnover under control, the question for employers is how does an organization strategically and responsibly use this transactional tool to ensure that the right personnel are retained and that organizational values and goals are not compromised.⁵⁴

The effectiveness of an incentive program should only be evaluated by its target cohort, i.e. effectiveness must be based on perceived value rather than an actual worth. However, the impact of the offer on the system as a whole must also be considered. Perhaps more “retention value” would be obtained through investment into additional QOL initiatives rather than a bonus. Items such as temporary duty entitlements, better accommodations and *per diem* benefits could be used to improve service life. These are items which were cut during times of fiscal restraint and have been slow to return, giving the perception of doing things “on the cheap”. The calculus of the expense could be applied much as it was to justify bonuses for retention, comparing the cost of retraining versus the cost of the initiatives.

Pilot retention efforts which focus on QOL aim to target “dissatisfiers” which are common to many, if not all, militaries. The quality unique to the pilot MOC is marketability, both actual and perceived, which presents a viable alternative to military life. Past CF targeted retention efforts in the form of a bonus, did little to address these

⁵⁴ Ibid.,3.

issues, and current CF efforts do not address pilot specific issues including the systemic demographic shift. They are therefore insufficient to stem the outflow.

The military is a calling, not an occupation, and the wage structure cannot compete with the civilian sector. However, economics do play a role in retention. A fair wage, recognizing the responsibility and hardships associated with military life will go a long way to inspiring greater loyalty. Remuneration efforts have been employed by other air forces in an attempt to target short term attrition and are being used to address what is now recognized as a degenerative spiral in experience levels. Much has been made, by some, over the fact that pilots already earn too much for what they do. However, I put forth that a retention strategy's effectiveness must be assessed through its results. If pilots continue to leave for "greener pastures" then the retention efforts, financial or otherwise, are insufficient. The solution to retention is complex, and as stated beyond the scope of this analysis. Rather this section has put forth areas of potential focus for efforts addressing the retention issues faced by the CF.

As defined in this essay, the problem of pilot retention is linked with general military retention, though it encompasses unique aspects which must be addressed separately. The problem is one of experience, which is being diluted to a point approaching no return. Specific cause factors affecting retention have been examined, including external economic pull and QOL. In particular changing demographics have been shown to be a key cause factor. Financial incentives as a retention tool have been

tried and continue to be implemented by some militaries with debatable success, and have been shown to be short term solutions. A new strategy that:

. . . combines recruiting and retention is needed and needed now . . . recruiting alone is incapable of meeting the targets set for it; recruiting [focuses] on quantitative deficiencies, while retention emphasizes the qualitative aspects as well.⁵⁵

Current CF retention strategies are insufficient as pilot retention strategies and are failing to stem the outflow of experience and re-establish the pilot occupation manning levels within the CF. The key remains the implementation of systematic changes in order to stabilize attrition rates and allow for the rebuilding. This will require retention rates above those considered normal for the steady state, in order to rebuild an experience base. A multifaceted approach to pilot retention is required, addressing those aspects of retention common to the military profession in general and pilot specific retention issues. Any solution to pilot retention must address the shift in the demographics of the pilot force, quality of life stress factors and external economic factors to be successful. Retention is by no means a unique issue to pilots; it is rather a CF wide challenge.

The CF is faced with a crisis in pilot retention. This is a persistent problem which must be addressed before the level of experience degenerates to an irreparable point. The reasons behind the crisis are varied and complex. Defining the problem and seeking a solution are challenges that current and future air force leadership must pursue with vigour.

⁵⁵ Christopher Ankerson and Losel Tethong, *Retain Or Perish : Why Recruiting Won't Save the CF*, ed. Canadian Institute of Strategic Studies, Vol. 95 (Toronto: , 2001), 4.

*Oh! I have slipped the surly bonds of earth
And danced the skies on laughter-silvered wings;
Sunward I've climbed, and joined the tumbling mirth
Of sun-split clouds - and done a hundred things
You have not dreamed of . . .*⁵⁶

High Flight - Pilot Officer Gillespie Magee
No 412 squadron, RCAF
Killed 11 December 1941

⁵⁶ Wikipedia, "John Gillespie Magee, Jr." http://en.wikipedia.org/wiki/John_Gillespie_Magee,_Jr. ; Internet accessed February 26, 2009.

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