

LAHKO DOBIMO TO VOJNO? IZZIVI PRIDOBIVANJA IN ZADRŽEVANJA KADRA V SLOVENSKI VOJSKI 15 LET POZNEJE

CAN WE WIN THIS WAR? SLOVENIAN ARMED FORCES RECRUITMENT AND RETENTION CHALLENGES 15 YEARS LATER

Povzetek V članku so predstavljeni izzivi in uspešnost pridobivanja in zadrževanja vojaških oseb v Slovenski vojski ter vloga ugodnosti in nadomestil v nekaterih članicah Nata. Prehod na poklicno sestavo Slovenske vojske in njen zakonodajni okvir ne podpirata zaključka njene profesionalizacije. Petnajst let po opustitvi naborniškega sistema se je Slovenska vojska znašla pred veliko dilemo glede svoje funkcionalnosti. Do tega je prišlo zaradi neuspešnosti pri pridobivanju in zadrževanju kadra. Zaradi nizke stopnje popolnjenosti enot v SV in posledično tudi njihove nizke stalnosti in stabilnosti vojaške enote vse težje dosegajo visoke standarde usposobljenosti in s tem tudi sposobnost izvajanja osnovnega poslanstva – sposobnosti za bojevanje. Slovenska vojska je kot organizacija izpostavljena velikemu demografskemu in ekonomskemu pritisku trga delovne sile in danes ni prepoznana kot zanimiv zaposlovalec za mlade. Ne le za svoj nadaljni razvoj, temveč celo za obstoj nujno potrebuje nov družbenopolitični konsenz v družbi.

Ključne besede *Slovenska vojska, oborožene sile, zagotavljanje virov, pridobivanje in zadrževanje kadra v vojski, beneficije in nadomestila.*

Abstract This article presents the challenges and the success of recruitment and retention of military personnel in the SAF. It also addresses the role of benefits and compensations in some NATO member states. The transition to a professional army in the SAF and its legal framework do not support the conclusion of its professionalization. Fifteen years after abolishing the conscription system, the SAF has come to a big dilemma regarding its functionality. This has occurred because the recruitment and retention of its members have not been successful. Due to a high level of vacancies in SAF units and consequently their low continuity and stability, military units have great difficulty achieving high capacity standards and consequently the competence of carrying out their main mission – combat ability. The SAF as an organization is

exposed to important demographic and economic pressure of the labour market and is nowadays not perceived as an alluring employer for young people. It is, therefore, in urgent need of a new socio-political consensus within the society, not only to ensure its future development, but also its sheer existence.

Key words *Slovenian Armed Forces, armed forces, provision of resources, military recruitment and retention, benefits and compensations*

Introduction Military personnel policy (recruitment and retention) in Slovenia is a purely national choice. It is actually based on four main factors: economic, political, social and demographic trends. It is clear that there is a strong correlation between them, so the absence of any of them can undermine the success of military recruitment and retention. On the other hand, a high level of synergy between them could present an excellent opportunity to achieve a *raison d'être* for the Slovenian Armed Forces (SAF) – making it ready to fight. Combat readiness represents the core and sense of the existence of SAF in the state. Any kind of deviation from that could easily represent a huge failure of national security.

The worse scenario concerning the SAF is one where the military organization loses more than 6% of their troops each year, while on the other hand achieving a low level of Recruitment Successful Rate (RSR¹) with those individuals who fail to qualify for a job in other sectors of society.

The armed forces as an organization in states does not have a direct obligation to compete with non-military organizations in terms of salaries, deferred compensations and benefits in-kind, because this is under the direct responsibility of the government, which sets up conditions for them in society.

Successful human resource management (HRM) and an adequate financial budget are fundamental for the SAF to ensure that it can implement and accomplish the delegated goals of national security. Both governmental control through the Ministry of Defence of the Republic of Slovenia (MOD), and the legislative framework which monitors the defence budget play an important role in this regard, particularly when it comes to the composition of the armed forces. There is serious competition in all countries for the allocation of human and material resources.

1 IS ORGANIZATIONAL INNOVATION EVEN AN OPTION FOR THE SAF?

After the Cold War many countries moved their armed forces away from the more than 200-year-old idea of conscription. Understanding this, it is important to realize the possible consequences of separating the armed forces from society. Schemella

¹ "The Recruitment Successful Rate is the result of dividing the number of new recruits in by the size of the recruitment niche." (Sandell, 2006, p.76).

explained that such a step is also called the “Great Divorce” of society, and can lead to a lack of both expertise and interest in defence issues within the civilian sector, which can pass into the political structure so that elected leaders eventually lose touch with the reality of military concerns. Before a government clearly defines the structure of its armed forces, it must clearly articulate whether to have armed forces at all. If the answer is positive, the very next step should be to determine what such armed forces should do in society, and what their primary role should be as the guardian of the state. Peacekeeping has become important, not only for security reasons around the world, but also for internal domestic political reasons (Shemella, 2006).

One of the main missions of the SAF, as stated in the Defence Act (Article 37: “execute obligations assumed by the state in international organizations and through treaties”), had a serious impact on its development after it joined NATO to become a “peacekeeper”. It also enabled the Slovenian government to gain international recognition and prestige and, besides that, to commence the professionalization of the armed forces. The main threat to consistently carrying out peacekeeping operations in the long run is that it can have a negative influence on military readiness² or it can cause its degradation. Governments which support the defence establishment also decide on the size³ and strength of the military force, which has direct implications on the predictions of the costs of the forces, in both current and future terms. It is a real challenge to distribute limited resources across a wide variety of public purposes. If there is no clear and evident understanding of what armed forces are obligated to do, any distribution of resources (manpower, finance, equipment, etc.) is going to be unbalanced or even catastrophic. A weak resource policy (in terms of both financial and human resources management⁴) over a long period of time can have serious negative long-term consequences, not only on the SAF but also on national security.

Civilian intervention produces military innovation⁵ in peacetime, either directly or indirectly through the officer core, which provides the civilians with the expertise they lack (Posen, 1984). Machiavelli noted over four hundred years ago that “there is nothing more difficult to carry out, nor more doubtful of success, nor more dangerous to handle, than to initiate a new order of things.” (Rosen, 1991, p.1).

² *“Military equipping and training will inevitably conflict with the need for elected officials to serve the wider policies of the state. Senior military officials often conclude that they have been given insufficient resources (limited defence spending) to meet the national security requirements established by the state.” (Young, 2006, p.23).*

³ *“In tactics, as in strategy, superiority of numbers is the most common element in victory.” (Clausewitz, 1976, p.194).*

⁴ *According to Alexandrou and Darby, “Human resource management (HRM) within the armed forces is dominated by the need to recruit and retain the best available talent, contraction of the core workforce (i.e. armed personnel) and contracting demands on the public purse. The aim has been to deliver and improve efficiency, effectiveness, and flexibility. In practice, it seems to be characterized by a significant decrease in the number of service personnel, overstretching, low morale and difficulties in recruiting the next generation.” (2006, pp.157-158).*

⁵ *March and Simon (1985) suggest that organizational innovation begins with individuals in a problem-solving activity, which, under certain conditions, can then generate new organizational procedures.*

Avant states that a civilian decision on how to organize a military institution affects the integrity and institutional bias of that organization. Its integrity is the degree to which it presents a unified front. Different types of standards induce a commonality among members of the organization (Avant, 1993).

One of the biggest concerns about the distribution of power within the state is when it becomes institutionalized and shapes the decision-making views of military policy. In many cases, the government persists past its initial formulation, so that when civilians make decisions about military policy, their choices reflect their country's past experience with the armed forces and the role military played in securing a particular distribution of power within the state (Kier, 1995, p.68).

In the case of the SAF and its role in the society since independence in 1991, we can see that after 15 years as an all-volunteer force (AVF), it seems that the SAF today faces some serious and diverse challenges. As one of NATO's armies in Europe, it can be seen that it has a quite vaguely defined vision of how it is going to solve the main challenges that it currently faces:

- a) The old concept of defence legislation which limits further development of the SAF has a negative impact on the unfinished process of professionalization.⁶
- b) The fact that military personnel are public workers has in many ways an unpleasant impact on building strong cohesive military units (military units up to company level can reach a high level of cohesiveness if they have stressful and realistic military training, manpower stability and success).
- c) Extremely negative demographic trends in the recruitment niche which dramatically reduce the recruitment pool (36% decrease from 2004 to 2024).
- d) Unsolved economics of military manpower procurement, which is currently seen as the complete lack of competitiveness of the SAF on the labour market through serious problems with recruitment and retention. Since 2012 more personnel have left the SAF than have enlisted, and the future prognosis is also negative.
- e) Balanced long-term defence planning between material and human resources.

Bland states that the essence of defence policy is to define defence objectives, identify resource requirements, establish the rules of governing the uses of force, and provide civil authority⁷ over the armed forces. The object of defence administration is to establish, equip and sustain the armed forces, so as to produce as much usable coercive force as possible from the resources provided by the government. The purpose of the armed forces is to train up to standard and use coercive force at the

⁶ Kotnik (2015, p.23) believes that "specific areas of professionalization require further or continued attention; there was an explicit mention of salaries, infrastructure, family, welfare, leadership, relationships, adjustments in legislation and SAF promotion which, based on daily experience, could be at least expanded with a career path, care for the welfare of members, adjustments in legislation, cooperation with ministries, a complete system of criteria and programmes for selection and education and training in military leadership, and relationships with the civilian environment".

⁷ Civil authority over armed forces could be explained through seven traditional mechanisms of civilian control (Young, 2006, pp. 24-29): limits of the mission, limits of the size, limits on the budget, constitutional and legal limitations, the culture of professionalism, societal norms and a free press.

behest of the government. Soldiers are the people in societies who must be protected and valued. Moreover, they are the essence of the purpose of each armed force and they constitute the most expensive component of every military capability. Because of this, their overall readiness must be the central object of each defence administration. There is an unspoken social contract between the defence administration and military forces in the way that soldiers will not be put at risk unnecessarily or exposed to situations beyond their capabilities (Bland, 2005, pp.1-9).

According to Young (2017, p.9) “Slovenia is adopting Western defence and military concepts and its healthy civil-military relations, but is still suffering from making ambitious development plans, which even if endorsed by government and parliament, have been subsequently underfunded and declared as unimplementable”.

The SAF was more than aware in advance of the challenges of its own functional effectiveness and survivability in the post-modern era, where it is more than obvious that recruitment⁸ and retention⁹ policies rapidly supersede the conventional preoccupation of defence institutions with the acquisition process of military equipment.

2 THE SLOVENIAN ARMED FORCES AND DEMOGRAPHIC PRESSURES

The SAF has a relatively short tradition with a volunteer force. From 2003 on, each year more and more generations of young people have been exposed to the SAF’s recruitment effort. For those who did not join in their first year (after high school), the possibility of attracting¹⁰ them later on is likely to be even lower. This is the major reason why the Recruitment Successful Rate (RSR) in the SAF has fallen from 3.53 (2004-2006) to only 0.91 in 2017. If we examine the enlistment in five-year intervals, we can easily see the decrease (see Figure 1) in the enlisted on average per year (505 from 2004-2008; 332 from 2009-2013; 187 from 2014-2017). From 2020 on, the SAF will be exposed to much higher numbers of regular retirements from its personnel (overall 613 from 2010-2017 versus 1773 from 2018-2025). Both trends will have a tremendous effect on the SAF’s strength. The only way to control both processes is by achieving a much higher RSR and retention.

The prediction for future enlistment (from 2018-2027) relies on the same level of RSR as that of 2017. We can argue that the SAF will not be capable of increasing its RSR by any serious amount if conditions for employment do not become much more

⁸ “Recruitment is the process which occurs prior to enlistment. It deals specifically with marketing, advertising and the establishment of a trusting relationship between the recruit organization and the candidate” (RTO-TR-HFM-107; p. D-2).

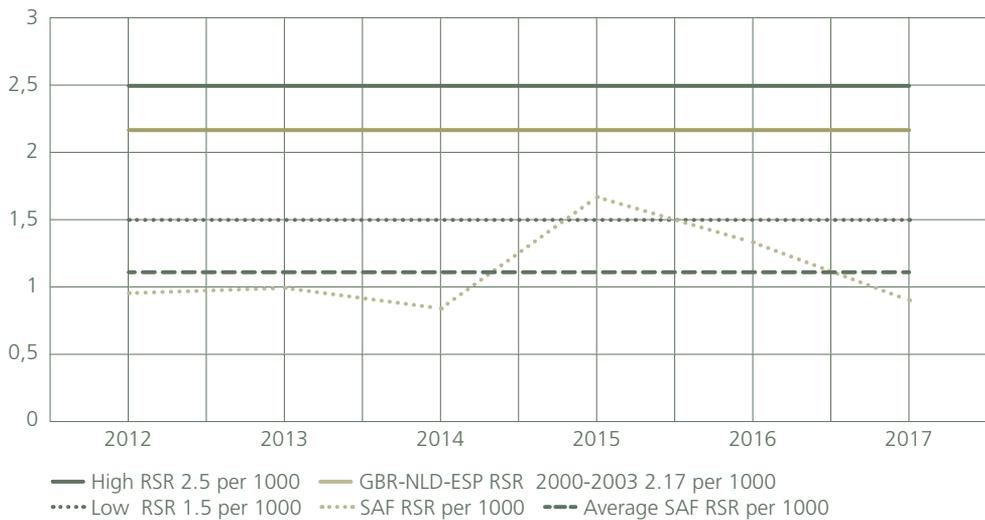
⁹ “Retention is the process of keeping adequate numbers of suitable personnel in the military in order to meet the needs of the organization. The primary concern will be to identify the factors contributing to the retention goals of the organization” (RTO-TR-HFM-107; p. D-2).

¹⁰ Schreurs and Syed (2004) recognize the non-behavioural indirect outcomes of attraction as organization prestige, the perception of the organization, and the recommendation of the organization to others.

Figure 1:
Number of newly enlisted and retired SAF personnel on average per five years; projected enlisted personnel from 2018-22 and 2024-27 (MFERAC, 2017)



Figure 2:
Size of the SAF's RSR (2012-2017) in comparison with low and high RSR – compared with the average RSR for Great Britain, the Netherlands and Spain (2000-2003) (Sandell, 2006, pp.76-77)



attractive in general terms *vis-à-vis* the current situation on the labour market (higher basic salaries, different benefits in kind, and deferred compensations).

The SAF's success in recruitment efforts is very low in comparison with some other NATO countries. Great Britain, Spain, and the Netherlands have been able to recruit about 2 per thousand of their recruitment niche¹¹ (RSR = 2.17, from 2000-2003). The

¹¹ "Recruitment niche is defined as a population niche which can fulfill the personal defence capacity in the armed forces" (Sandell, 2006, p.73). It is a different interval in different countries; currently in Slovenia it is from 18-27 years.

SAF's attraction measured through RSR is much worse (See Figure 2). The average RSR for 2012-17 is only 1.11.

If the SAF had been able to reach a similar RSR in the last 7 years as the other three countries, it would today have 1032 more soldiers (See Table 1) . With this number, the SAF could easily follow and achieve their yearly cohort¹². The answer as to why the RSR in the SAF is so low is complex, and affected by several different causes.

Table 1:
Recruitment
Success Rate
of the SAF,
2012-2017
(Statistical
Office of RS;
MFERAC,
2017)

| | Number of new recruits in SAF | RSR | Population aged 18-25 | Average RSR 2.17 ¹³ "for SAF" |
|------|-------------------------------|------|-----------------------|--|
| 2012 | 170 | 0.96 | 177337 | 385 |
| 2013 | 171 | 1.00 | 170765 | 371 |
| 2014 | 140 | 0.85 | 164344 | 357 |
| 2015 | 264 | 1.66 | 159062 | 345 |
| 2016 | 205 | 1.33 | 154550 | 335 |
| 2017 | 137 | 0.91 | 150560 | 326 |
| | Total: 1087 | | | Total: 2119 |

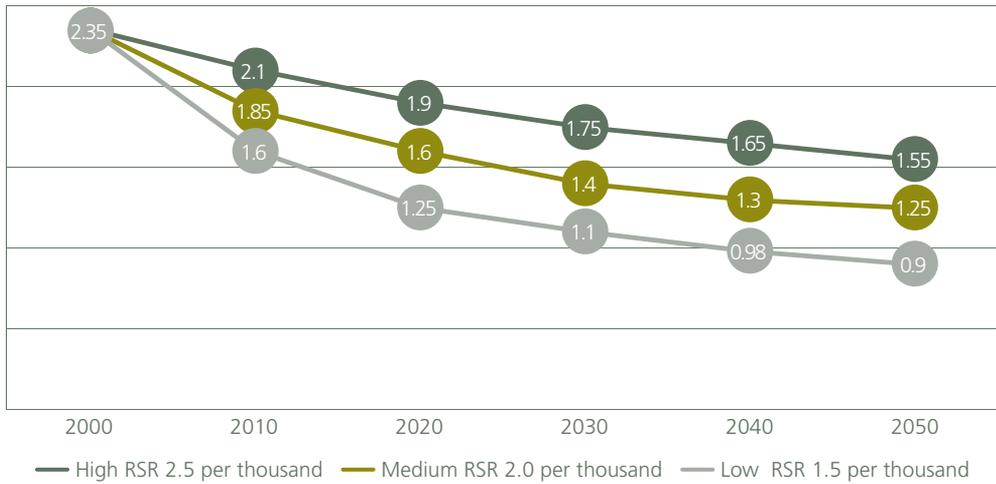
Three different recruitment scenarios (see Figure 3) could seriously affect the size of NATO's European militaries. Demographic shifts between 2000 and 2050 (and a RSR scenario of 1.5 to 2.5%) could reduce the overall size of NATO's European armed forces by 45% or even 65%. Furthermore, Sandell explains that to increase the number of troops across that timeframe would actually mean that the armed forces would have to either improve their RSR above the level of each scenario, or lower the exit rate. Different institutions on the labour market are even more attractive alternatives for many young people in the military's recruitment niche, so competition for them may become even fiercer and armed forces may lose this competition (2006, p.84-85).

Quester explains that in many advanced countries, the total number of younger people will seriously decline as an absolute number. The military personnel of most European countries retire at a considerably younger age than workers in the civilian sector. Some military tasks demand the stamina of youth, because it is hard to be effective in direct combat at the age of 45 (Quester, 2005, pp.27-28).

¹² A 'cohort' can be understood as a group sharing a common factor in a statistical survey, for instance, age (Webster's New World College Dictionary, 2010).

¹³ Average RSR for Great Britain, Spain and the Netherlands from 2000-2003; Sandell (2006, pp.76-77).

Figure 3: Aggregated numbers (in millions) of the European Armed Forces (NATO) from 2000-2050 and RSR (Sandell, 2006, p.84)



The main resource in an organization of the four outlined in the literature (human, material, information and financial) is simply people. Because of this, the selection, recruitment and retention of human resources begins to be recognized as one of the keys to organizational success. The main conclusions of this could be that:

- human resources (HR) are unique in terms of potential growth and development;
- HRM is one of the most challenging processes in the armed forces;
- HR constitute human potential, which must be understood, motivated and trained;
- the effective use of other resources depends on the efficiency of using HR (Badea et al., 2015, pp.198-202).

The fact is that the current demographic situation and future demographic trends will seriously stress current recruiting and retention practices. The biggest threat for the SAF is that clear demographic projections will not be taken seriously. Currently, the SAF is already falling under the inexorable influence of demographic pressure that can be seen in our very low RSR. This is going to force the HRM policy of the SAF towards some necessary and radical recruitment and retention practices; otherwise, the SAF will simply vanish without a trace in the years ahead. How the SAF will adapt to the clear demographic trends in the future also depends on the future requirements of its size (see Figure 4).

If the decline is not acceptable, there will be tremendous challenges to achieve a much higher RSR (achieving a higher level of RSR is in direct correlation with a higher defence budget). Šlebir (2017, pp.73-90) uses bivariate analysis to show strong correlations between the level of personnel expenditure and the overall personnel strength of the SAF (at least 1.6% of GDP for 7600 SAF personnel).

Figure 4:
Recruitment niche of the
SAF, 2004-2034
(Statistical
Office of RS)



For the last few years, the SAF has received a negative evaluation rate on its combat readiness (this evaluation is carried out in accordance with NATO evaluation procedures), and one of the major reasons was a lack of military personnel. We can agree that the economic and political support of armed forces within our society, as well as, in same manner, its social support, fall under direct political responsibility, and we can recognize them as dependent variables (social and political support can change over time, and also financial support depends on the yearly budget). Meanwhile, demographic trends could be recognized as a prognostic factor. If the SAF wants to achieve a higher level of RSR based on the current demographic niche (i.e. to be alluring as an organization on the labour market), the other three factors, social support, political support and financial support, must be in synergy and in a direct supporting role to achieve a high RSR. Understanding these direct correlations between all four factors, allows military and civilian leaders to make informed decisions and also to help facilitate effective policy-making decisions. A strategic approach on how to manage the recruitment and retention policy relies on clear strategic concerns and priorities about available resources.

We can agree with Sandell who recommends that some cooperative measures can be useful; he claims that armed forces are not alone in modern society in providing security services, and that competition over human resources within intra-state security organizations is not productive (Sandell, 2006, p.94). One solution could be a sharing of human resources within an intra-security organization in the state, so people could easily transfer from one area to another e.g. from the armed forces to the police.

3 THE SLOVENIAN ARMED FORCES AND ECONOMIC PRESSURES

Tresch and Leuprecht point out that the “current demographic and labour market trends mean that armed forces will hitherto have to rely increasingly on strong incentives, in terms of tasks, working conditions, professional development, remuneration¹⁴, and other benefits, both to retain their current workforce and to position themselves strategically in an increasingly competitive labour market” (Tresch and Leuprecht 2010, p.4). We can expect that this will be the biggest challenge in the near future for SAF also.

However, according to Micewski, one of the crucial questions will be the way the military integrates with society, and for an AVF the profound challenge will be how to meet recruitment goals and attract individuals to join the armed forces. Recruitment and retention must always be well organized, but differently between the states with an AVF because of the specific individual nation’s circumstances. This apparently requires an adequate financial¹⁵ basis and a properly functioning legal and bureaucratic structure. Soldiers must really believe that they are spending their time in the military meaningfully. Any deviation from this will have huge implications for the RSR, as well as for soldiers leaving the forces too early. If soldiers have the awareness that their service time in the military improves and enriches their personal and family lives, as well as offering skills that can be used in the civilian sphere (Micewski, 2006), we can understand that the recruitment and retention policy can count on success, which is recognized by achieving a higher level of RSR.

Figure 5:
Correlation
between RSR
and Defence
Expenditure
as a share
of GDP (%)
(Yearly Report;
MOD, Republic
of Slovenia for
2016)



¹⁴ Manigart (2005, p.570) showed that the main motivations of Belgian enlisted personnel to join the armed forces were regular pay (81%), job security (80%) and varied work (74%).

¹⁵ Knodell (2017, p.5) explains that the British military was struggling to find new recruits in 2016 (shortfall of 28%). A strong growing economy meant that future recruitment was not granted. The British ministerial answer to that was: “in response we have in place a number of short and long-term plans to ensure that the offer of military service in the armed forces continues to be competitive so that we can recruit and retain in sufficient quantity to meet strength targets”.

Figure 5 explains in general the correlations between the SAF's level of RSR in 2009-2017 and defence expenditure as a share of GDP (%). With the decrease in GDP for defence, the RSR also dropped to its current 0.91. We can argue that there are no evident correlations between defence expenditure and RSR in 2015 and 2016 (the RSR actually increased), despite the decline in defence expenditure. We can assume that the cash compensation for the additional workload during the migrant crisis in 2015 had in some way a positive effect on enlistment overall. On the other hand, higher defence expenditure could have a direct influence in achieving a higher RSR only when some of the additional finance would be allocated to a cash bonus, benefits, and deferred compensations. It is not a surprise to realize that there are direct links between the level of GDP (%) for defence and the proportion of spending on personnel, equipment, infrastructure and operational costs. The lower the relative defence GDP of a country, the higher the proportion of the overall percentage which must be spent on personnel (Slovenia, Belgium, Bulgaria, Portugal, Albania and Italy), and vice versa; the higher the relative defence GDP in a country, the lower the overall percentage set aside for personnel (USA, the UK, Estonia, Norway, Poland and France).

Monitoring and evaluation of military salaries, deferred compensation, and benefits in kind for the efficiency of military personnel are among the crucial tools for the competitiveness of the armed forces on the open labour market. Hartley states that British armed forces' pay¹⁶ and conditions are evaluated annually by the Armed Forces Pay Review Body¹⁷, an independent body that provides advice to the UK Government on remuneration and allowances for military personnel. Its recommendations are based on the need to reach attractive pay for military personnel in order to be more comparable with civilian salaries on the open labour market, together with the need to recruit, retain and motivate suitably able and highly qualified individuals for a life in the service (Hartley, 2006, p.309).

Figure 6 explains what has happened to SAF soldiers' salaries in the last decade. Their salaries have remained the same for the whole time, while there has been a dramatic increase in the Slovenian gross minimum monthly wage and the gross average monthly wage. Over ten years, salaries in the SAF have decreased by 31% in the nominal term (a 23.6% inflation rate and an 8% decrease in salaries in 2012). In the case of the SAF, we can see a strong trend and a clear positive correlation between the decrease in soldiers' salaries against the gross average monthly wage and the number of newly enlisted members in the SAF. The only divergence occurs in 2009, where an evident increase in the newly enlisted can be seen. We can argue that this peak had consequences in the 2008 payment of benefits (19% increase in salary) in accordance with Article 59 of the SAF Service Law, which once more clearly shows that increasing salary has a direct positive influence on recruitment and retention.

¹⁶ Daffix (2006, p.314) states that the French experience shows that the overall economic situation in France was a key factor in the success and in the final costs of the transition to a volunteer force.

¹⁷ As in the UK, a similar body in Canada, called SCONVA (Standing Committee on National Defence and Veteran's Affairs, composed of 11 members of Parliament) has existed since 1997. Its task is to annually review the social and economic challenges faced by Canadian military personnel and their families. Their task is to recommend solutions to recognized problems (HC 43, 2007).

Figure 5: Correlation between the number of the enlisted, minimum income salary for privates in the SAF, the Slovenian gross minimum monthly wage, and the Slovenian gross average monthly wage; 2006-July 2017 (Statistical Office of RS; MFERAC, 2017)



In accordance with Kreiger and Kenny, some armed forces with longer experience in military benefits and the compensation system found that they needed to reform the entire paradigm of personnel management. The recommendation is to seek a higher level of flexibility of benefits for military personnel, and an *à la carte* benefit system customized to a service member's individual and family needs, instead of mandating a one-size-fits-all approach (Krieger and Kenny, 2015).

Many different studies of military personnel recruitment and retention have found that both are quite sensitive to military pay. According to Werner and Negrusa, the belief that recruitment and retention is insensitive to military pay can be recognized as incorrect; the higher the military pay, the more the interest from the labour market and the more young people will be interested in serving (2006, p.144). We can therefore conclude that the SAF's success in recruitment and retention will be under the serious influence of not only military salaries, but also the compensation package and benefits in kind; it is important how the government sets¹⁸ military salaries.

Almost a decade ago, Tresch and Kopač (2010) conducted some research into recruitment and retention in the SAF. Even at that time Tresch recognized that recruitment in Slovenia was unsuccessful, and that the SAF was already in a difficult position in 2007. First and foremost, there was a lack of infantry. Many of the interviewees understood the acute shortage of soldiers even a decade ago, and they emphasized a fear that in the foreseeable future (from 2012 onwards), the SAF would no longer be able to fulfil

¹⁸ According to Warner and Negrusa (2006, pp.154-155) "the average monthly income of male workers in the Romanian economy in 2004 was about \$183 per month. Privates who were volunteers were paid between \$191 and \$ 317 per month, depending on their experience".

its obligations towards the EU and NATO. Even at that time, financial incentives were a main motivating factor for Slovenian soldiers. In 2003 a soldier's salary was on average 30% higher than that of a similar civilian job on the labour market. We can agree with Tresch that there were no problems at the beginning of the transformation to an all-volunteer force in 2003 and 2004, and that the first recruitment problems appeared from 2005-06, especially among soldiers (infantry and specialists). At that time Tresch clearly identified the already fierce competition for qualified personnel between the SAF and the civilian police. He identified some helpful measures which could have been taken, if the necessary financial means had been available:

- The armed forces should pay current market salaries;
- The armed forces need to offer a variety of further educational programmes that are also recognized by the labour market;
- The recruitment process for military professions should be clearly structured and efficiently run;
- The armed forces must be recognized as an attractive employer;
- For professional officers and non-commissioned officers, the possibility of a military career is pivotal (Tresch, 2010, pp.145-165).

Kopač's research on retaining¹⁹ military manpower in the SAF shows that interest in re-enlistment among military members is extremely high in Slovenia. We can support his thesis from a decade ago that "a more favourable economic environment can change conditions rapidly, because most of the military manpower would be ready to abandon the SAF if they were offered a suitable position in the labour market. Furthermore, since the SAF only offers fixed-term employment, and for most people in our society permanent employment is still the ideal, retaining²⁰ military manpower will not be an easy task. Among soldiers in 2008, satisfaction with payment was mostly based on the monetary compensation which mostly arose from additional workload and not on the payment for regular work (the longer an individual has been employed in the SAF, the more dissatisfied they are with the payment)" (Kopač, 2010, p. 246).

Scenarios and threats from a decade ago concerning the announcement of problems with recruitment and retention for the SAF have become real. Even though the political leaders knew about the upcoming scenarios, nothing happened. It should be added here that during 2010-2016 members of the SAF stopped receiving cash compensation for additional workload due to the financial crisis (they gained extra working hours, for which they were compensated by extra leave).

In the last five years (2012-17), the SAF has been under serious pressure on how to raise its effectiveness and efficiency because of its severe financial restrictions. In

¹⁹ Moore (2002, p.274) believes "that the two most important variables for retainment in the armed forces are satisfaction with pay and benefits and taking pride in service. The former represents the material factor and the latter the ideal. Taking pride in service is a much stronger variable in predicting whether or not one intends to remain in the military".

²⁰ The Danish Armed Forces, in order to remedy the shortage of military personnel, introduced a policy to incite personnel with attractive arrangements, such as better pay and other individually designed conditions. Their retention policy consists of pushing out some service members while desperately trying to retain others (Sorensen, 2017, pp.9-10).

2013, during the reorganization, one of the SAF's efforts was to provide the service for military personnel as close as possible to their permanent residence (regimental system). Reimbursement for transportation (daily travel to barracks) and deployments have for many years represented a major monetary compensation for military personnel (due to the low basic pay). In 2014 both were decreased in number; fewer deployments and lower reimbursement for transport (almost 40% in total).

The fact is that the SAF today is a smaller and much older organization (on average within a 10-year period: 35 years – 2006, 40 years – 2016; Yearly Report of the MOD of RS for 2016) and this trend will not stop in the next few years, unless there is a serious increase in the defence budget. Slovenian taxpayers will dedicate large financial resources for the modernization of the armed forces in the next mid-term period.

The main concern today is – who will be managing them?

4 ORGANIZATIONAL ADAPTATION OF OTHER NATO COUNTRIES ON DEMOGRAPHIC AND ECONOMIC CHALLENGES

Rostker and Gilroy state that there is a very fragile relationship between recruitment and retention and economic factors, especially in the aspect of the labour market in which the military compete for manpower. Furthermore, they argue that based on many years of experience with an AVF, there are some reasons for its success,²¹ such as:

- Military pay must be set at a comparable level to the civilian sector;
- Specific monetary incentives are needed to motivate individuals to enlist and re-enlist (bonuses and special pay):
- The military must learn how to recruit and quality goals for recruitment must be established;
- Attention and leadership from the top management are vital;
- An advertising strategy must be established;
- Quantitative analysis should be used to test, adjust and evaluate the AVF policies;
- The development of programmes for attracting the necessary type and number of recruits;
- The explanation of the benefits and opportunities of military service and military career opportunities:
- Adequate financial resources. (2006, pp. 233-262)

Clay-Mendez recognizes that a successful AVF requires a compensation package of cash²² and also benefits in kind, sufficient not only to attract high quality youth but also to

²¹ *During the transformation of the Danish Armed Forces, Schaub (2012, p.27) points out that there are two important conclusions which will have positive effects on Danish forces:*

- *Systematic data reporting is imperative for success (annual reports of all personnel data)*
- *Focused development, recruitment, promotion and retention policies are key.*

²² *Most measures to improve recruitment and retention have been based on financial incentives. These incentives have been generally successful in the British Armed Forces (HC 43, 2007).*

retain well-trained and experienced military personnel. Because many older employees already have a family, the compensation package must provide a way of life acceptable to families. Each NATO member has its own historical, political, economic and social environment. Thus, simply copying other countries will not be relevant. All governments should be very precise and cautious when introducing policies, in order to implement a new system for paying an AVF. The balance between salaries, deferred compensation and benefits in kind must be carefully monitored, and it should be recognized that while there are various exceptions, a cash payment is generally most cost-effective. Choices about how compensation is provided can make a big difference to their cost-effectiveness. Because benefits²³ provided in kind restrict individual choice, they are generally less efficient than cash payments (Clay-Mendez, 2006, pp.285-286).

The approach to how to achieve a successful recruitment and retention policy (see Table 2) and a high level of RSR is solved by different NATO countries in their own specific ways. They all recognize the importance of an attractive basic salary and a variety of bonuses and compensations which support not only the enlistment but also the retention of military personnel.

Table 2:
Monetary and non-monetary incentives in some NATO member countries for the recruitment and retention of military personnel (HFM-107, 2007; <http://militarypay.defence.gov/pay/bp/>; <http://waset.org/publications/10004210>; Dolečkova, 2016; Daffix et al. 2006)

| | RECRUITMENT | RETENTION |
|---------|--|---|
| BELGIUM | <p>Attractive basic pay. Reduced time between first contact and employment. Lowering the cut-off score. Selection and training for selectors. New legislation on recruitment and selection. Targeting minority groups.</p> | <p>Different bonuses for different military categories. Special retention bonus. Career pay rise. Possibility to return after leaving the military. Providing day care for small children. Extension of short-term contracts. Bonus for deployments.</p> |
| CANADA | <p>Recruitment allowances. Subsidized educational programmes. Attractive basic pay. Conveying information in relevant forums. Strategies for communication. Improved attractiveness for critically short occupations. Improved basic training that reduces training losses.</p> | <p>The injured, retired and veterans – care of injured personnel. Bonus for military families. Transition includes recognition and work expectation. Bonus for housing – accommodation.</p> |
| | Pay and allowances – compensations for the military job. | |

²³ *The benefits package approved in 2014 by Germany's Cabinet aims to create greater workplace flexibility and to increase financial incentives for soldiers, as part of a broader effort to fill a recruitment gap created by the decision to end the conscription system in 2011. They introduced a 20% increase, distributed over the course of four years, or a one-off payment of 21,000 EUR. The package also gave soldiers a 7% rise, and some more difficult jobs got a 40% rise. The Defence Minister, Ursula von der Leyen, sought to make the military more competitive with private sector employees by offering more flexibility and a greater variety of benefits for soldiers. (<http://www.dw.com/en/german-cabinet-approves-benefits-package-for-bundeswehr-soldiers/a-18027512>)*

| | RECRUITMENT | RETENTION |
|----------------|--|---|
| CZECH REPUBLIC | Service tariff. Performance bonus. Work-abroad allowance. Allowance for increased responsibility. Allowance for being on call. Bonuses. | |
| FRANCE | Attractive basic pay. Special bonus for military life. | Bonus for special skill. Bonus for interventions abroad. Special bonus for married employees and children. |
| | Non-monetary incentives; a career path and promotion schemes play a major role in the enlistment of new recruits and for the decision to stay. | |
| NETHERLANDS | Substantial improvement in pay and benefits packages. Free driving licence. Possibilities for soldiers to take civilian courses and prepare for a civilian diploma free-of-charge. All kinds of military courses are certified in order for civilian employers to acknowledge the acquired skills and knowledge of ex-military personnel. Familiarization week with the Army. Orientation year (age 17-18), 65% of them join the armed forces at age of 18. Second chance for applicants who fail the physical test. Extension of military basic training from 3 to 4 months. 100 open recruitment offices. | Pay and benefits package. |
| SPAIN | Advertising campaign. Computerized recruitment management system. INFO Hotline. Enlistment Bonus. Strategies for lowering the drop-out rate during the selection process. | Compensation for students. Re-enlistment bonus. Benefits for service time. Family benefits. Housing benefits. Promotion and job opportunities. Individual motivation plan. |
| UK | Attractive basic pay. Housing. Free medical and dental treatment for military personnel and their families. All driving qualifications are paid for. 38 days of paid leave. Subsidized food and accommodation. Free gym and sports facilities. Free pension. Lower council tax. Special life insurance policy. 34% discount for most train tickets (families included). Special discounts for army personnel. | |
| USA | Basic pay – Active Duty pay (annual pay adjustment) Special and Incentive pay; hardship duty pay, hostile fire pay, imminent danger pay, assignment incentive pay, hazardous duty incentive pay. Allowances; basic allowances for subsistence, housing, clothing, dislocation, family separation, family subsistence supplemental allowance. Tax; combat zone tax exclusion, tax exempt allowances Recoupment. Retirement. | |

Conclusion The empirical review in this article leads us to the conclusion that we cannot identify a successful strategic approach in the field of military personnel policy in the SAF. In last decade, an attractive personnel policy evidently failed because of the lack of understanding of the seriousness of the demographic and economic pressures which the SAF was and still is exposed to on the labour market. Understanding this, the Ministry of Defence of the Republic of Slovenia in its Annual Report (MOD RS for 2016)²⁴ recognized human resources as a high-probability risk, which they will try to mitigate with more effective use. A Working Group of the SAF and MOD established and executed 43 tasks in order to achieve a higher RSR in 2016-17. They tended to raise the efficiency of all recruitment procedures, but the enlisted RSR remained at a very low level for both years (2016-17), which reminds us once again of the fact that many studies of military recruitment and retention prove that they are most sensitive to cash pay and benefits.

Individualism in democratic societies puts even more pressure on military organizations, so they have to be even more flexible. Due to the fact that military organizations totally depend on public funds, the power constellations are within the political system that controls the funding, so the political and societal decisions that influence the funding levels of the military organization and employment of personnel play a decisive role in the success or failure of the recruitment and retention of military personnel in the SAF.

From a distance of fifteen years after introducing professionalization in the armed forces, it is evident that the SAF was not exposed to “the military way²⁵” of development, but much more to the way of civilianization. Abandoning conscription and stepping forward to a professional army is not easy task, so we can concur with Young (2017, p.139) who believes that: “the key weakness has been the present failure of HRM, which has occurred due to a simple lack of coherent personnel policies”.

Hartley (2010) argues that because of the fall in real defence budgets, a nation can choose only between three different options, including:

- a policy of ‘equal misery’ (e.g. less training, delays in new equipment programmes, and low pay for military members),
- a continuation of efforts to improve efficiency (e.g. competition, outsourcing, incentive budgeting),
- or a major review of a nation’s defence commitments.

²⁴ “The prevailing risks with a very high probability of occurrence are procedural in nature and refer to the management of the main processes, especially the maintenance of the existing and establishment of the planned capabilities. The prevailing risks with a very high probability of occurrence are also of a project nature and refer to the untimely implementation of orders and measures. Additionally, risks with a very high probability of occurrence include those of financial, personnel-related and regulatory types. When talking about financial and human resources high-probability risks, it is a matter of not providing or not being able to maintain the targeted performances. This means that the MoD’s priority in the short-term must be to further strive for the effective use of the limited financial, personnel and material resources, and systematically direct them towards the implementation of the key long- and medium-term objectives.” (Annual Report MOD RS for 2016, pp.107-109).

²⁵ Vagts (1959, p.13) understands the military way as mid-way between militarization (solving civilian problems in a military way) and civilianization (solving military problems with civilian solutions).

There is a considerable reason to believe that in the future the SAF will be exposed to tremendous quantitative and qualitative recruitment and retention challenges, if as an organization it is not recognized as a much more reliable and attractive employer on the highly competitive labour market.

We can argue that, in the case of Slovenia, where the demographic deficit is exceptional, one of the most reasonable courses of action could be a consecutive sharing of human resources inside the intra-security organization within the state. Sharing of human resources would mean that, after serving a certain number of years in the SAF, a soldier could be easily prequalified for serving in the civilian police, customs service, firefighting units, judicial unit, and so on. This new HRM approach could have a very positive impact on youth who desire to join the SAF. As an organization, it would be immediately recognized as a much more reliable and attractive employer on the labour market, because it would be capable of offering indefinite employment. Furthermore, basic military salaries should be higher (much closer to the gross average yearly wage for newly enlisted members) and also we should analyze and finally decide, what type, and to which level, compensations and benefits are suitable and most cost-efficient for the SAF. Usually, adaptation during wartime and innovations of armed forces in peacetime occur when military units are exposed to a huge organizational default, or when political leaders with legitimate authority over the armed forces recognize the challenge and need to promote the process of innovation.

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Footnote Average RSR for Great Britain, Spain and the Netherlands from 2000-2003; Sandell (2006, pp.76-77).