

CHAPTER 1

INTRODUCTION

1.1 GENERAL

In the present time to manage the army, one has to face many challenges which could be internal and external that could be a threat to national interest and its core values. To face these threats, an army needs not only modern and sophisticated weapons but also well-dedicated and professional soldiers. To achieve this, the army needs to evaluate, develop, maintain and retain a well-dedicated workforce. With limited budget and resources, the army has to plan and manage carefully the human resources to attain a well-balanced force with high efficiency and effectiveness.

Ministry of Defence is most likely to be concerned about military pay and benefits when the military services are having problems with recruiting or retention, or military personnel are reportedly paid at a level that force them and their families to live at a much lower standard of living. Some of the factors believed to be responsible for recruiting problems compare with the private-sector job, is the increasing desire and availability of a rising living standards that put military lifestyles at a disadvantage.

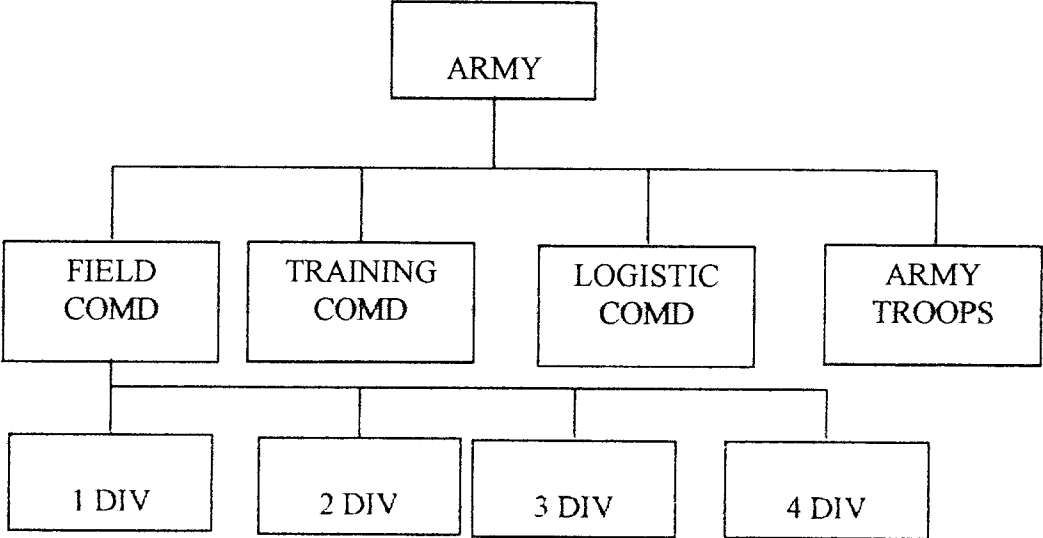
This study will analyse pay appraisal of other ranks in the Malaysian Army: Effect on Quality of Service. In responding, Ministry of Defence was mindful of the decreased military personal quality, mostly because of low pay. Consequently, Ministry of Defence responded with salary increase, introduced special incentives and bonuses, recruiting more resources, and planned military retired pay reductions for future retirees. Still at issue is what additional pay and benefit increases that are best suited for military personal. Of particular interest is cash compensation on the one hand and improvements in benefits such as housing, health care, and installation services on the other. The military pay discussed each year relate to military basic pay. A key issue in

determining the annual percentage increase is whether a pay appraisal effect on the quality of service. This report will give an overview of the recruitment and attrition rate amongst the other ranks from the year 1998 to 2002. Based on secondary data collected from the Army Human Resource Department of the Ministry of Defence, it shows that there has been a steady increase in the attrition rate during this period. Besides that, the research objectives, significance, scope and methodology of the research as well as the organization of the whole report are discussed in this chapter.

1.2 AN OVERVIEW OF THE MALAYSIAN ARMY

The Malaysian army started with an experimental company on 1 March 1933 where a group 25 Malay youths were recruited and trained by British at Port Dickson, Negeri Sembilan. The numbers were then increased to 150 and the company was given its official designation of the Malay Regiment and became regular force. Since then the Malaysian Army has gone into an evolution in terms of strength, equipment and firepower. Today the Malaysian Army has strength of 80,000 personnel and 15 different corps, such as Royal Malay Regiment (RAMD), Royal Rangers (RRD), Royal Armor (KAD), Royal Artillery (RAD) and etcetera. The Infantry Corp forms the largest portion of the army. The organization of the Malaysian Army as shown below:

FIGURE 1.1: MALAYSIAN ARMY ORGANIZATION CHART



1.2.1 The Strengths and Weaknesses of the Malaysian Army

The Malaysian Army is rich with tradition and culture; most of it was inherited from the British army. Over the years the army has modified these traditions to suite the Malaysian way without loosening the foundation of it. The army has always emphasized integrity, cooperation and fostered esprit de corps amongst officers and men. On this basis the army has gain a reputation in the eye of the public and has developed a good civil-military relationship.

It has been a tradition in the army to always look after the basic needs of the soldiers by providing accommodation, housing allowances, medical benefits and food. The army also assists in providing educational needs and certain welfare requirements for the family members of the military personnel's.

1.2.2 Role of the Malaysian Army

The main role of the army is to defend and safeguard the nation's sovereignty and stability from external aggression. In addition, the army also had played the major role in defeating communism in this country. This has helped the nation to develop a strong political structure. The stable condition of the country has contributed to the rapid development in the socio-economic sector, manufacturing sector, information sector and a balance distribution of the wealth and this has created harmony among different races. In the recent years, the army has been performing as part of the peacekeeping force and also as observers under the United Nations (UN). These success and achievements in the UN missions has put the Malaysian Army in a respectable and recognizable position among the international community. Since 1996, the army has been largely supporting the Malaysian Royal Police in curbing and preventing the entry of illegal immigrants into the country. In maintaining the security of the nation the army has also developed good working relationship with other government agencies, which in turn has increased the respect of the public for the army. To

further enhance this confidence, from time to time, the army has carried out projects such as "hearts and mind" projects in certain areas of interest and "Tentera Masuk Desa" projects in the rural areas. Similarly the army also maintains good relationship and ties among the ASEAN countries and with some of the major powers through bilateral exercises, exchange programmed and other military arrangements.

Another major role of the army is to contribute directly or indirectly towards the nation's Vision 2020 by creating a knowledgeable, credible and highly trained Information Technology (IT) work force. This work force upon leaving the service can contribute towards the development of IT and other technical fields in the public and private sectors.

1.2.3 Service Concept

The ranks structure of the other ranks in the Malaysian Army is very much similar with other country. Generally they form three main groups; the lowest rank is Private follow by the lower Non-Commission Officers which consists of Lance Corporal and Corporal, follow by Senior Non-Commission Officers that is Sergeant, Staff Sergeant, Warrant Officer 11 and lastly the higher most rank is Warrant Officer 1.

Upon completed their basic military training, they need to serve in the service for 10 years with 2 years reserved service. Thereafter, they can request to continue their service every 3 years until they reached 21 years of service for optional retirement. However, they can still continue the service until age of 45 years. Beyond this age a special approval is required from the higher authority.

The term 'service' in this study can be define as the active duty that they must perform, be it during trainings, operations or administration period. If the

soldier's cannot perform one of these tasks without any valid reason, stern action will be imposed accordingly.

1.2.4 Pay and allowances in the Malaysian Army

Since the formation of Malaysian Army in 1933, there are tremendous change in development, improvement and increment in the pay and allowance scale. The pay and allowance revision has been carried out from time to time accordingly. However, in comparison with public and private sector in Malaysia generally, the army pay was deemed insufficient to attract teenager or youth to pursue their career in the Malaysian army. The recent economy downturn in 1997 has increased the percentage of recruitment, but the increment was very small.

Misunderstandings about the nature of military pay and benefits may explain part of the confusion surrounding comparisons of military and civilian raises and pay levels. The military pay system differs in many respects from the systems offered to civilians in private industry, in part because of the special nature of military service. Such service requires a high degree of loyalty to the military, acceptance of a strict hierarchical structure, limits on personal freedom, and a willingness to relocate frequently or to deploy for unknown periods under dangerous conditions.

Arguably, the current structure of military pay and benefits reflects in part the military's special needs. It supports the military hierarchy by ensuring that people in higher ranks are paid more than those in lower ranks largely irrespective of occupation. The food and housing allowances may ease the strain of frequent moves and, according to some military leaders, encourage a sense of community and loyalty. The military retirement system, with an immediate annuity at 21 years of service, provides a strong incentive to remain with the military throughout a 21 year career and at the same time supports the requirement for

youth by encouraging members who are eligible for retirement to leave voluntarily.

1.2.5 Comparison of Pay and Allowances Satisfaction with United States of America (U.S.) Army

The U.S. Army Research Institute for the Behavioral and Social Sciences, known as ARI, has conducted the "Sample Survey of Military Personnel" (SSMP) to provide Army leaders with information to assess soldier and family well-being. Data collected from spring 2001 to spring 2002, revealed that soldiers' satisfaction with their jobs and quality of life has improved significantly for about half of the 58 satisfaction items measured. The percentages of soldiers who were satisfied or very satisfied are shown below for three years over a 10-year period.

FIGURE 1.2: SAMPLE SURVEY OF MILITARY PERSONNEL UNITED STATES OF AMERICA (U.S.) ARMY

Job Security	1993	1998	2002
Enlisted	56%	67%	84%
Officers	46%	64%	87%

Retirement Benefits	1993	1998	2002
Enlisted	44%	29%	56%
Officers	55%	36%	65%

Basic Pay	1993	1998	2002
Enlisted	35%	29%	38%
Officer	61%	58%	64%

U.S. congress has responded to the Army by providing significantly larger pay raises than those in the mid 1990s. The change in the retirement system enacted in 1999 also helped to reverse the trend of growing dissatisfaction. The U.S. Army is doing a lot to improve the quality of life for soldiers and their families, although it is still in the developmental stages. The Army's well-being initiative will track quality of life issues and identify when and where changes need to be made.

1.3 OVERVIEW OF FACTOR AFFECTING THE QUALITY OF SERVICE AMONG THE OTHER RANKS IN THE MALAYSIAN ARMY

Over the years the attrition rate in the Malaysian Army has been on the increasing trend. There are many factors that have contributed to this problem. Those factors are as follows:

1.3.1 Dissatisfaction. Many soldiers have voiced out their dissatisfaction towards the organization because they are burden with unnecessary jobs, which are not related to their core business. In addition, some of them are dissatisfied with they way they are administered, over workload due to shortage of manpower and lacking of logistic support. This situation has created tension and pressure on individuals; therefore many of them decided to leave the service early rather than to wait until the pension able service. If this trend continues it can have an adverse effect on the organization, which in turn can reduce the performance of the unit and increase the workload on the remaining personnel's.

1.3.2 Another reason for leaving the service early is that these soldiers see greener pastures in the outside world compared to army. They are more attractive jobs outside with better pay, lesser rules and regulations to follow and more attractive incentives.

1.3.3 The army also faces the problem of employee retention among the other ranks due to the lack of basic facilities, workload pressure, job redundancy, uncomfortable working conditions and long working hours.

The following statistics show the recruitment and attrition rate among the other ranks in the Malaysian Army since 1998 until the year 2002.

TABLE 1.1: RECRUITMENT AND LEAVING (1998-2002)

Ser	Year	Recruitment	Leaving
1.	1998	1,165	3,046
2.	1999	1,827	3,456
3.	2000	2,255	3,707
4.	2001	4,049	4,614
5.	2002	6,177	5,947
Total		15,473	20,760

(Sources: Record and Pension Department, MINDEF, 2003)

TABLE 1.2: ATTRITION RATE FROM 1998 TO 2002

Ser	Term of Service (Years)					
	Year	10	13	15	18	21
1.	1998	178	89	263	792	1,724
2.	1999	238	118	306	846	1,950
3.	2000	240	129	250	286	2,805
4.	2001	440	228	233	85	3,618
5.	2002	250	128	97	15	5,462
Total		1,346	692	1,149	2,024	15,559

(Sources: Record and Pension Department, MINDEF, 2003)

Table 1 explains the recruitments of soldiers beginning from the year 1998 until 2002. The total amount of soldiers recruited during these five years is 15,473. This table also shows the amount of personnel's leaving the service upon the accomplishment of their terms of service at 10 years, 13 years, 15 years, 18 years and 21 years of service. Over the five-year period the amount of soldiers that have left the service are 22,560. Table 2 focuses on the rate of attrition by year of service. This statistic is focused on the attrition rate of the army since 1998 to 2002. The statistic shows that the attrition rate is quite high among the junior NCOs group and Privates with the average service between 10, 13, 15 and 18 years.

1.4 RESEARCH OBJECTIVES

The research objectives are to examine and analyze pay appraisal of other ranks in the Malaysian Army: Effect on Quality of Service. This study will also examine the relationship between demographic factors such as age, rank, salary and other financial perception. The specific research objectives are as follows:

1.4.1 To examine the problems faced by the other's rank in the Malaysian Army in term of their effectiveness in quality services comparing with current paying and allowances.

1.4.2. To analyze the level of job satisfaction, morale and the motivational factor that can influence the other ranks tin their service.

1.4.3 To examine the pay satisfaction of other ranks in the Malaysian Army and it effect in their quality of service.

1.4.4 To identify whether there is any relationship between pay satisfaction and job satisfaction in quality of service.

1.4.5 To propose measures to overcome the existing problems.

1.5 SIGNIFICANCE OF THE STUDY

From the academic aspect this study will provide significant values for the future researchers to study and understand the phenomena of the pay and allowances that effect of quality of service of the other ranks. At the same time, it highlights those areas that the army can improve or restructure the pay and allowances in the services to enhance the quality of service of the other ranks until the compulsory retirement.

1.6 SCOPE OF THE RESEARCH

This study is going to focus on army units at state of Melaka in Peninsular Malaysia. About 258 respondents consisting of different rank structure of the other ranks were chosen by using stratified sampling method for this study so that comparison can be done. Based on sample and ratio this figure is sufficient enough to represent the army population of 80,000 personnel. Different rank structure is chosen to achieve Reliability Percentage Confident Level.

Due to the following limitations that is time constrain, limited assistance field workers and financial limitation therefore the sample chosen consist only of 258 respondents. The data collection faced some difficulties which were beyond the control of the researcher where some respondents attitude in answering the questions was not sincere and true, which to certain extent have some effect on the outcome of the study.

1.7 ORGANIZATION OF THE REPORT

This study consists of five chapters. Chapter 1 gives a brief explanation of the research. Chapter 2 deals with literature review in this study. Chapter 3 tells the research methodology used to carry out this study. Chapter 4 describes the research analysis with an overview of respondent's profile, respondent's level of pay satisfaction in the service, level of job satisfaction among the other ranks in the Malaysian Army and summary findings. Finally the conclusion of this research is covered in Chapter 5; some recommendations are included so that the army could further look into this result of the study and try to improve on the quality of service.