MASTER OF SCIENCE
IN
MANAGEMENT

U.S. ARMS SALES TO THE GULF COOPERATION COUNCIL STATES
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The purpose of this thesis is to discuss existing U.S. arms sales to the Gulf Cooperation Council states (GCC) and to propose an appropriate strategy for future arms trades. The GCC states' existing strategy for acquiring weapon systems has not been sufficient for the defense needs of the six countries. Each country has its own strategy and its main arms source. The reduction of the GCC states' resources due to a gradual reduction in oil price makes it necessary to consolidate their arms acquisition strategy to reach an efficient strategy that serves future defense requirements. U.S. weapon systems were discussed as one solution to obtaining state-of-art weapon systems with lower life cycle cost. U.S. foreign military sales (FMS) is a good tool to facilitate the arms trades between the U.S. and the GCC states. Direct offset was examined for future arms trades that enforce the GCC self-reliance. The U.S. M1A2 tank sales to Saudia Arabia and Kuwait were discussed as a case study to clarify proposals and recommendations. Lastly, recommendations for improving the FMS process were reviewed.

DoD KEY TECHNOLOGY AREA: Other (Gulf Cooperation Council, Foreign Military Sales, M1A2 Main Battle Tank)

KEYWORDS: Gulf Cooperation Sales, Foreign Military Sales, M1A2 Main Battle Tank

BASIC DIMENSIONS OF FINANCIAL CONDITION WITHIN THE DEFENSE INDUSTRY
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In the current economic climate of fiscally constrained resources, the Department of Defense (DoD) has become extremely sensitive to the ways in which it spends money in support of its mission of providing national security. Before awarding contracts to defense industry firms, the DoD routinely performs financial analysis on these defense contractors in order to assess their financial stability. The primary purpose of this thesis was to analyze financial data from a sample of defense industry firms in order to determine the basic dimensions of financial condition in the defense industry. A related objective was to compare these results with previous studies. This analysis is particularly relevant due to the recent and numerous changes, particularly mergers, that have reshaped the economic landscape for defense industry firms during the mid-1990s. The research covered fifty of the top one-hundred defense contractors. Fifty-one different financial ratios for these companies were calculated and analyzed. Factor analysis was the primary statistical method employed. The analysis concluded that were nine distinct dimensions of

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financial condition within the defense industry. Future financial analysis of the defense industry should cover these distinct dimensions of financial condition.

DoD KEY TECHNOLOGY AREA: Other (Financial Condition of Defense Industry)

KEYWORDS: Defense Industry, Financial Ratios of Financial Condition, Factor Analysis, Indicators of Defense Industry Health

AN ORGANIZATIONAL ANALYSIS OF THE MILITARY (NAVY) PERSONNEL PLANS AND POLICY DIVISION (N13)

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This thesis is a descriptive organization analysis of N13, the Military (Navy) Personnel Plans and Policy Division. The purpose of the study was to describe the strategy, structure, processes, tasks, people, and culture of N13 using three models: the Systems model; the Configuration model, and, the Mintzberg model. Based on model comparisons, document reviews, semi-structured interviews and questionnaire responses of N13 leaders and managers, conclusions indicate that N13 is severely stressed due to personnel reductions and a partial relocation of BUPERS to Millington, Tennessee. N13 is struggling to cope with fast-changing 1990s problems using a post-Cold War, Political-Reactive configuration. Recommendations are offered to assist leaders and managers in making systematic change to improve the efficiency and effectiveness of N13 as well as the manpower and personnel system. Specific recommendations include: realignment to a team-based community approach vice the current fragmented and duplicative approach; divestiture of non-core areas; and creation of a realistic training program tailored to rapidly enhance individual knowledge and skill sets.

DoD KEY TECHNOLOGY AREA: Manpower, Personnel, and Training

KEYWORDS: Manpower, Personnel, Organization, Organizational Change, Management, Bureau of Naval Personnel, BUPERS

RECOMMENDATIONS OF RULES, REGULATIONS, AND CODES FOR MANAGING THE FEMALE OFFICERS IN THE TURKISH NAVY

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The Turkish Navy commissioned its first female graduates from the Naval Academy in 1957, but these officers were not utilized in combat roles onboard ships. In 1960, the Navy ceased commissioning women altogether. Political and social pressure in the 1980s caused the Navy, once again, to open its doors to women in educational, engineering, and medical roles. In 1992, the Naval Academy updated its rules and regulations and allowed women to enter with the goal of fulfilling combat roles. As a result of this process, the Turkish Navy commissioned its first combatant female officers in the summer of 1996. This created a need for new rules, regulations, and codes for managing these combatant female officers. Research using the United States system as a likely source for managing issues related to combatant female officers and the

description of social, traditional, and cultural differences between American and Turkish Nations in historical perspective are the focus of this thesis.

DoD KEY TECHNOLOGY AREA: Manpower, Personnel, and Training

KEYWORDS: Combatant, Fraternization, Sexual Harassment, Family Care Equal Opportunity, Abortion

RETENTION OF JUNIOR NAVAL SPECIAL WARFARE OFFICERS
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The Commander of the Naval Special Warfare Command (NSWC) has identified junior officer retention within the Naval Special Warfare community as a significant problem. In 1997, the community experienced the highest number of resignations on record, and this trend has continued in 1998. NSWC has taken several steps to identify the cause of recent retention trends, one of which was to provide support for this study. The purpose of this study was to identify the factors that lead to resignation of junior Sea-Air-Land (SEAL) officers. Three data sources were developed specifically for this study: an Active Duty Survey of junior officers serving in SEAL billets, a Resignation Survey of officers who requested resignation in FY98 and FY99, and focused interviews with SEAL officers who recently separated or were awaiting separation from the Navy. The results of the research show that the majority of SEAL officers greatly enjoyed their job. Nevertheless, family separation, improper utilization by operational commanders, minimal chances for conducting combat operations, and the perceived lack of vision of senior SEAL leadership contribute significantly to a service member's decision to leave. Additionally, the study found that pay and marital status did not affect the decision to leave service as long as the service member was satisfied with job-related factors. Once a service member became dissatisfied with the job, pay and marital status were found to play a significant role in the stay/leave decision. The results also suggest that many of the officers departing from service were top performers.

DoD KEY TECHNOLOGY AREA: Manpower, Personnel, and Training

KEYWORDS: Officer Retention, Naval Special Warfare, SEALs, Manpower Planning

STUDY OF GENDER-INTEGRATION IN CLASSROOM TRAINING AT THE NAVY RECRUIT TRAINING COMMAND
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This thesis examines progress towards gender-integrated training at the Navy Recruit Training Command (RTC) in Great Lakes, Illinois. The study is largely descriptive, and attempts to determine if gender discrimination or gender bias occurs in the Navy's recruit training classes. The study adopted a definition of gender discrimination and gender bias by the American Association of University Women in a 1992 evaluation of gender equity in the educational setting. Focus-group interviews were conducted with 34 personnel at RTC. Ten classroom sessions were observed to assess interactions between classroom instructors and recruits and to determine whether gender discrimination or gender bias occurs in the

training classrooms. Six main themes emerged from the interviews and the classroom observations, including: a strong consensus that gender-integrated training is valued by classroom instructors and recruits alike; and no apparent evidence of gender discrimination or gender bias in the recruit training classroom. These results offer an analytical lens for viewing and assessing gender-equitable training at the "bootcamp" phase in the Navy.

DoD KEY TECHNOLOGY AREA: Manpower, Personnel, and Training

KEYWORDS: Gender-Integrated Training, Gender Discrimination, Gender Bias, Recruit Training

FOREIGN MILITARY SALES VERSUS DIRECT COMMERCIAL SALES

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The transfer of arms from the U.S. to other countries under the Security Assistance Program is done in two basic ways: government-to-government Foreign Military Sales (FMS), and contractor-to-government Direct Commercial Sales (DCS). These methods help to increase standardization and interoperability between the U.S. and its Allies. This study examines the U.S. arms sales policies and procedures for FMS and DCS. It is aimed at identifying the advantages and weaknesses of these methods and to provide information to the Turkish Navy decision-makers for future arms procurements. The objective of this study is to improve the effectiveness and efficiency of the Turkish Navy in procuring weapon systems/services from U.S. sources.

The research found demonstrates that the choice of either FMS or DCS is driven by the special circumstances of the Turkish Navy, rather than by substantive differences in the two systems. The final decision on procurement methods with the U.S. depends on the country and items to be purchase. This study examines the major trade-offs between the FMS and DCS systems, and recommends the factors which the Turkish Navy should take into account to minimize costs, maximize effectiveness, and maximize efficiency.

DoD KEY TECHNOLOGY AREA: Other (Systems Acquisition Management)

KEYWORDS: Foreign Military Sales, Direct Commercial Sales, Turkish Navy, Arms Sales, Security Assistance

SOFTWARE AGENTS AND THE DEFENSE INFORMATION INFRASTRUCTURE: RE-ENGINEERING THE ACQUISITION PROCESS

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Process innovation within the Department of Defense (DoD) procurement system ultimately translates into flexibility, combat effectiveness, and technological advantage on the modern battlefield. A critical enabler of process innovation is the effective use of advanced information technology (IT) products, such as software agents. Software agent-based systems are used as an IT enabler for redesigning processes within

the Defense Information Infrastructure (DII) Acquisition system. The Simplified Acquisition Procedures (SAP), a key element of acquisition reform, are used as the focus of our redesign efforts. To accomplish this task, the process is represented using a traditional process-flow model, Use Case analysis to integrate the DII macro-process view and the agent technology micro-view, and using a heuristic measure of process complexity to identify processes suitable for machine verses human performance. By exploiting the inherent strengths of both software and human agents, productivity is enhanced by freeing human agents from routine tasks and enables the refocusing of human resources to high value acquisitions. The result is an agent-based redesign of SAP processes where human agents and software agents share in the responsibilities for process execution.

DoD KEY TECHNOLOGY AREA: Computing and Software

KEYWORDS: Software Agents, Acquisition Reform, Process Innovation, Defense Information Infrastructure

LOGISTICS SUPPORT FOR COMMERCIAL ITEMS AND NON-DEVELOPMENTAL ITEMS CASE STUDY: THE P-3C ANTI-SURFACE WARFARE IMPROVEMENT PROGRAM (AIP)

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The technological advances of the last decade have resulted in the commercial market leading the military market in many areas of technological development. As a result, the military depends on the commercial sector for increased capabilities in many systems. The Commercial Item and Non-Developmental Item procurement strategy has been utilized to capitalize on this development. Using pre-existing systems to provide additional capabilities for military weapon systems results in a shorter procurement time and enables new technology to be used sooner. However, the logistics support of these items suffers since there is less time to test and plan for spare parts, training facilities, and support equipment. More assets are needed during the initial planning stages for these items to identify and produce the support structures needed for the life of the system. Finally, the shift of logistics support from an organic, military support system to a commercial support system has certain cost savings that are realized early in the program, but may have long-term effects in terms of security risk and overall life-cycle cost.

DoD KEY TECHNOLOGY AREAS: Air Vehicles, Materials, Processes, and Structures

KEYWORDS: Naval Aviation, Acquisition, Commercial Items, Non-Developmental Items, Logistics Support

FORECASTING FINANCIAL MARKETS USING NEURAL NETWORKS: AN ANALYSIS OF METHODS AND ACCURACY

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This research examines and analyzes the use of neural networks as a forecasting tool. Specifically a neural network's ability to predict future trends of Stock Market Indices is tested. Accuracy is compared against a traditional forecasting method, multiple linear regression analysis. Finally, the probability of the model's

forecast being correct is calculated using conditional probabilities. While only briefly discussing neural network theory, this research determines the feasibility and practicality of using neural networks as a forecasting tool for the individual investor. This study builds upon the work done by Edward Gately in his book Neural Networks for Financial Forecasting. This research validates the work of Gately and describes the development of a neural network that achieved a 93.3 percent probability of predicting a market rise, and an 88.07 percent probability of predicting a market drop in the S&P500. It was concluded that neural networks do have the capability to forecast financial markets and, if properly trained, the individual investor could benefit from the use of this forecasting tool.

DoD TECHNOLOGY AREAS: Modeling and Simulation, Other (Artificial Intelligence, Neural Networks)

KEYWORDS: Neural Networks, Finance, Time Series Analysis, Forecasting, Artificial Intelligence

MAINSTREAMING MILITARY COMPENSATION: PROBLEMS AND PROSPECTS

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Changes to the military retirement system in the 1980's and attention by law makers, military leadership, and service members to pay comparability between the private sector and the military indicate that current military compensation policies may be inadequate to recruit and retain the necessary personnel. This thesis examines the military retirement system in light of developments in private sector retirement policy. It also examines the pay structure used in the military and addresses current pay gap issues. Defined contribution plans in the private sector have been increasingly successful in public and government organizations. Examples include the Federal Employees Thrift Savings Plan and Section 403 (b), Section 457, and Section 414(h)(2) tax-deferred retirement plans. These plans benefit employees in retirement by providing them with tax incentives to encourage saving during their working years. The recent introduction of the Roth IRA provides individuals a new opportunity to save for retirement years. The success of the U.S stock market since the 1970's indicates that saving through a defined contribution plan or IRA may provide income security for retirement years. It is concluded that the current military retirement system may have to be modified to reflect these developments in the private sector. Prospects for reform include some form of defined contribution plan for military members, eliminating or reducing the perceived pay gap, restructuring the military pay system, and improving DoD's financial management programs.

DoD KEY TECHNOLOGY AREAS: Manpower, Personnel, and Training, Other (Public Policy Analysis)

KEYWORDS: Military Retirement, Compensation, Federal Employee Retirement System, Personal Financial Management, Defined Contribution Plans, Individual Retirement Accounts

MASTER OF SCIENCE IN MANAGEMENT

AN ANALYSIS OF THE IMPACT OF MILITARY EXPORT OFFSETS ON THE UNITED STATES INDUSTRIAL BASE

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The purpose of this thesis is to determine what effect the growth of offsets, as a condition of sale of military articles, has had on the U.S. defense industrial base. These effects are measured by assessing how this trade practice has impacted the employment, trade, and competitiveness of the U.S. defense industry. Additionally, the present U.S. Government policy towards offsets is explained. Analytical data taken from both Office of Management and Budget and Department of Commerce reports are presented and analyzed. Interviews with large and small- to medium-sized business spokesmen, in addition to Department of Commerce experts, are presented to augment the quantitative results. Different levels of U.S. Government oversight are explained as well as their advantages and disadvantages. The macroeconomic effects of offsets on the U.S. defense industry are inconclusive. However, offsets do seem to impact the U.S. defense industry adversely at the subcontractor level when specific industrial sectors are analyzed. Large defense contractors view offsets as a necessary marketing tool in order to maintain global competition. Most small- to medium-sized contractors do not support the use of offsets, claiming that they export jobs and work orders overseas, eroding the defense industrial base at the subcontractor level.

DoD KEY TECHNOLOGY AREA: Other (Defense Industrial Base)

KEYWORDS: Defense Contractors, Offsets, Defense Industrial Base, Defense Industry

THE NAVAL OFFICER OF 2020

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The naval officer of 2020 must be different than the naval officer of today. The environment has changed and the military and the naval service must change with it. For the naval service to be effective and relevant in the dynamic and uncertain environment of the future, the Navy must be fast, responsive to change as measured in seconds and minutes rather than the hours and days of the past. This necessitates that the combat forces, at least, within the Navy be organized in a very flat hierarchy. There will be little or no time for information to flow up and down the chain of command. Decisions are going to have to be made at the lowest level possible. Consequently, the Navy will require officers capable of making decisions and officers capable of leading decision makers. The intent of this thesis is to frame a dialogue about the future naval officer by creating a vision of the naval officer of 2020 and presenting recommendations for the development and management of these officers.

DoD KEY TECHNOLOGY AREA: Manpower, Personnel, and Training

KEYWORDS: Naval Officer, Officer Personnel Management, Revolution in Military Affairs, Network Centric Warfare, Professional Military Education, Manpower

MASTER OF SCIENCE IN MANAGEMENT

THE RECRUITMENT OF AFRICAN-AMERICAN HIGH SCHOOL STUDENTS INTO THE NAVAL RESERVE OFFICERS TRAINING CORPS

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This thesis addresses the recruitment of African-American high school students for Naval Reserve Officers Training Corps (NROTC) programs, with an emphasis on programs located at Historically Black Colleges and Universities. The study seeks to determine if the current recruitment process is adequate to meet the needs of the Secretary of the Navy's "Enhanced Opportunities for Minorities Initiative." This initiative is a recruiting strategy designed to increase the number of minorities on active duty and to create a culturally diverse force that reflects the racial composition of the United States. This thesis draws upon information from Pers-61, Navy Recruiting Command, the Center for Navy Education and Training, and NROTC units, as well a survey conducted with current and former recruiters. Also examined are statements by the Chief of Naval Operations, Chief of Naval Personnel, Commander of Naval Recruiting Command and numerous other Flag Officers in briefings held at the 1998 National Naval Officers Association Conference. A major theme that emerged from the study is that the Navy should enhance its visibility and use more African-Americans in minority recruiting programs for the officer corps.

DoD KEY TECHNOLOGY AREA: Manpower, Personnel, and Training

KEYWORDS: Minority Officers, Minority Recruitment, Race in Military, Blacks in the Navy, Population Representation, Naval Reserve Officers Training Corps

A STATISTICAL ANALYSIS OF BLACK-WHITE PERFORMANCE DIFFERENTIALS OF U.S. MILITARY PERSONNEL

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Research has suggested current civilian black/white wage differentials can be explained primarily by a skill gap. The research also suggests that much of this gap is a result of differences in premarket acquired cognitive skills, rather than innate ability, labor market discrimination, or quantity of education. The first goal of this thesis is to determine whether gaps in military productivity exist and whether they are comparable in size to the civilian wage/productivity gaps. The second goal is to determine whether any gaps in observed military productivity can be explained by acquired cognitive abilities. Following the civilian literature, this thesis uses AFQT to measure the skills of enlistees, and college GPA to measure the skills of officers. Multivariate models are used to analyze black-white performance differences for Navy officers and Marine Corps and Air Force enlisted personnel. The findings indicate that there is a black-white gap in performance of military personnel, although the gap tends to be smaller than civilian wage differences. In addition, acquired skills explain some, but not the majority, of this gap. The relatively weaker relationship between AFQT and productivity in the military is likely to result from selection by the military and self selection by individuals.

DoD KEY TECHNOLOGY AREA: Manpower, Personnel, and Training

KEYWORDS: Productivity, Differential, Black-White

MASTER OF SCIENCE IN MANAGEMENT

ANALYSIS OF THE TRANSFORMATION PROCESS OF GENERAL DETAIL SAILORS

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This thesis investigates the possibility of a training gap between course content at the Navy Recruit Training Command (RTC) and the needs of the fleet. The focus is on the internal and external environments that may drive training decisions and curriculum changes at RTC. General Detail (GENDET) seamen with less than two years of service were studied to reflect the direct effects of RTC's mission and to determine RTC effectiveness in transforming civilians to sailors and meeting fleet needs. The study found that RTC appears to function in a political/reactive configuration, which may drive many of the curriculum changes. RTC's curriculum is designed as a military socialization process as part of the transformation process into the Navy. RTC does not, however, appear to instill work ethic, pride in self and the Navy institution, or respect for authority. The fleet desires sailors with the aforementioned attributes. Additionally, a comparative analysis was conducted between the current RTC curriculum and the Navy Enlisted Occupational Classification System (NEOCS). NEOCS determines Naval Standards for knowledge, skills, and abilities based on each pay grade and rating. It was found that RTC should review NEOCS to incorporate more hands-on training, all recruits should be put in leadership roles while at RTC, Recruit Division Commander (RDC) training time is not standardized, and RTC should review the RDC Excellence Award program.

DoD KEY TECHNOLOGY AREA: Manpower, Personnel, and Training

KEYWORDS: Recruit Training, Navy

COST-BENEFIT ANALYSIS FOR OUTSOURCING MEDICAL TREATMENT FOR ALL ACTIVE DUTY MEMBERS ON THE MONTEREY PENINSULA

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Due to downsizing, many activities within the Department of Defense (DoD) have turned to outsourcing as a means to complete their given missions with their shrinking or limited resources. The primary objective of this thesis was to analyze the various outsourcing options available to California Medical Detachment (CMD) to provide medical services for active duty personnel on the Monterey Peninsula. Three alternative options were identified and evaluated in terms of five criteria: Cost, Accessibility, DoD control, customer service and flexibility of system processes. To address these issues, interviews were conducted with key personnel familiar within the command structure of CMD and the Presidio of Monterey Health Clinic (POMAHC). Financial documents and policy statements were reviewed. The findings were that the current system of providing care through POMAHC was the most practical option in accordance with the five criteria.

DoD KEY TECHNOLOGY AREA: Manpower, Personnel, and Training

KEYWORDS: Cost-Benefit Analysis for Outsourcing all Medical Treatment for all Active Duty Personnel on the Monterey Peninsula

DEFENSE ACQUISITION SYSTEM AND ITS CHALLENGES FROM THE PROGRAM MANAGER'S POINT OF VIEW

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The Defense Acquisition System acquires weapon systems and other items used by armed forces to meet threats to national security in a rapidly changing internal and external environment. Over the last decade, many improvements have been implemented in the Defense Acquisition System. Some have been extremely effective, and others less effective, but the dynamic environment and desire to be perfect lead to continuous change.

This thesis analyzes the Defense Acquisition System and its challenges from a program manager's (PM) perspective and presents a snapshot of the current system by means of a comprehensive review of the system and a survey of acquisition managers.

The major conclusion drawn from this research is that the uncertainty of the environment and the unstable/lack of funding are the main sources of the challenges. Rigid controls placed on all the resources are detracting the program manager from his/her primary function of managing the program. Therefore, effective communication and cooperation between interested parties and an increased empowerment of the PM will increase the efficiency and effectiveness of the Defense Acquisition System.

DoD KEY TECHNOLOGY AREA: Other (System Acquisition Management)

KEYWORDS: Defense Acquisition System, Defense Acquisition Management, Acquisition Reform, Program Manager