Competing for the Best and Brightest: Recruitment and Retention in the Australian Defence Force

Keith Thomas and Steve Bell

The Australian Defence Force (ADF) is facing considerable personnel challenges, as recognised in the Australian Defence White Paper 2000 and confirmed in two recent Personnel Environment Scans (2001, 2003). With a diminishing recruitment base of young Australians, the ADF will need to compete harder for high quality, skilled employees. This article examines the ADF's human resource management strategies and practices in the light of research related to workplace attitudes and the relationship between selection standards and training in terms of the concepts of organisational fit, psychological contract and organisational commitment. The aim is to help the ADF achieve competitive advantage—a superior position in the marketplace relative to labour-market competitors—in a complex labour market.

> *Recruiting and retaining sufficient skilled and experienced people will be one of the most significant challenges in building the ADF of the 21st Century.*
>
> Defence 2000, p. xii

Social and demographic trends have significantly altered Australia's social landscape and collectively with other factors have led to an increasingly competitive labour market. The challenge facing the Australian Defence Force (ADF) is to adopt policies and practices aligned with the dynamic nature of the contemporary workplace and that enable the ADF to gain a superior position in the marketplace relative to its competitors—that is secure a competitive advantage.[1] Diminished competitive advantage, given the ADF is a people-intensive business, risks sustainable organisational capability, which is based on the capacity to attract and retain an adequate pool of talent and to develop these people through effective human resource management (HRM) practices.[2] More immediately, the inability to attract and retain skilled technicians compromises the Services' self-sufficiency as they outsource capability to the private sector. Thus, the pressure to recruit talented employees in a competitive labour market is a real issue, exacerbated by the fact that the ADF is reliant on a complex equipment inventory and an equally complex logistics support system.

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[1] L.S. Kleiman, *Human Resource Management: A managerial tool for competitive advantage*, New York, South-Western College Publishing, 2000, p. 7.
[2] George Dreher and Thomas W. Dougherty, *Human Resource Strategy: A Behavioural Perspective for the General Manager*, New York, McGraw-Hill Higher Education, 2002.

This paper is based on an exploratory study of supply-side issues in recruitment and retention in the ADF. It primarily uses secondary data associated with Defence Exit and Attitude Surveys of ADF personnel. Defence's Directorate of Strategic Personnel Planning and Research (DSPPR) administers the Defence Attitude Survey (DAS) annually to a 30% sample of the ADF and the Australian Public Service personnel. The purpose of the DAS is to collect information about the feelings and opinions of Defence personnel towards leadership, working in Defence, conditions and communication. DSPPR also conducts the Defence Exit Survey (DES) to identify separating members' reasons for leaving the ADF in order to identify important retention issues.

Data associated with the contemporary labour market is used to contextualise recruitment and retention issues. Overall, the approach taken is an organisational level review emphasising the effect of entire HRM systems—defined as integrated sets of activities, rather than single function interventions—on organisational outcomes. Selected human resource (HR) theories and models are used to provide insight into the efficacy of ADF practice. The aim is to suggest how Defence might align its HR policy and HR practice with the realities of the contemporary labour market in order to achieve and sustain competitive advantage—a superior position in the marketplace relative to labour-market competitors—and so organisational capability.

The ADF Workforce Challenge

ADF workforce planning is premised on a projected increase of approximately five percent to a total permanent force of 54,000 by 2010.[3] However, historic recruitment and retention figures, as well as demographic projections, have raised concerns over the capacity of the ADF to achieve and sustain this target within the projected timeframe. Understandably, recruitment and retention mechanisms to meet both long and short–term challenges of the labour market and the expectations of the Australian Government are under the spotlight.[4]

There are two broad components in workforce capability. Workforce '**demand'**, defined as the requirement by Defence for specific competencies and numbers is one key component of capability. The challenge, as the Strategic Workforce Planning Review recognises, is to change the (demand side) distribution of components, people and competencies across the capabilities required.[5] Issues include the civilianisation of some military positions, as well as defining the role of some 16,000 Defence Australian

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[3] Department of Defence, *Defence 2000: Our Future Defence Force*, Canberra, Australian Government Publishing Service, 2000, p. 62.
[4] Ibid.; P. Sharp, *Defence Workforce Overview*, Australian Command and Staff College Course, 22 May 2006.
[5] *Report of the Strategic Workforce Planning Review*, Canberra, Department of Defence, 2003.

Public Servants (APS) and the employment of private sector individuals or Professional Service Providers, some 2000 people who can fill front–line positions in place of both ADF and APS personnel.[6] Also noteworthy is the impact of technology, where for example, converging technology may lead to increased competition among projects for the same competencies and people. These demand side trends will swamp any offsets that might accrue from decommissioning assets or improving capabilities, will impact on workforce projections and will require judgements in the Defence Capability Plan.

Table 1: ADF recruitment performance

	FY 2000/2001	FY 2001/2002	FY 2002/2003	FY 2003/2004	FY 2004/2005	FY 2005/2006
Navy	71%	80%	80%	84%	70%	68%
Army FT	79%	100%	79%	84%	81%	89%
Army PT	49%	70%	92%	84%	76%	83%
Air Force	80%	78%	81%	80%	81%	80%
Overall	**69%**	**82%**	**83%**	**83%**	**77%**	**80%**

Source: D. Zanker, *Navy Recruiting Brief*, January 2006.

Workforce capability also has a '**supply**' side, concerned with the availability of people to meet stated and emerging ADF objectives and the HR system that can support or hinder Defence achieve its goals. This article focuses on supply-side issues, where there are a range of internal and external forces at play. These include perceptual issues, selection restrictions because of previous experimental use of drugs and physical capability of potential employees, as well as general ADF conditions of service and more temporal considerations such as competition for skilled labour from a booming resources sector and changed demographics in the Australian labour market. Notably historical recruitment figures (see Table 1) show the ADF has not met enlistee targets since the late 1990s.[7] Overall, average ADF recruitment performance since that time has been 76.6 percent of target figures.

Supply-side challenges are in two parts: first, effective **recruitment** and second, the **retention** of serving (and skilled) personnel. For recruitment, clearly the ADF needs to widen the ADF's demographic target base beyond the traditional Australian born, young, white Anglo–Celtic male (see Table 2) by accessing a more diverse labour supply in terms of age, gender and ethnic background. Research also shows organisations with high quality recruitment systems typically outperform their competitors.[8] There is also an

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[6] Sharp, *op. cit.*, p. xii
[7] D. Zanker, *Navy Recruiting Brief*, January 2006.
[8] C. Donaldson, 'Bad hires come at a high price,' *Human Resources Magazine*, 17 May 2005.

additional consideration that emerges with the current high ADF separation rates. The pressing need is for the ADF to improve **retention**, as separation from service fluctuates between 8–12 percent,[9] concentrated in the peak exit periods (circled in red—see Figure 1). Peak exit points are at less than 1 year of service, after 3 years, 10 years, and 20 years.[10]

Table 2: Ethnic distribution of the ADF and Australian society

Country of Birth	Total ADF	Australian Population
Australia	85.8%	76.7%
China	0%	0.7%
Croatia/Serbia/ former Yugoslavia	0.1%	1.1%
Germany	0.4%	0.6%
Greece	0%	0.8%
Hong Kong	0.1%	0.4%
Italy	0.1%	1.4%
Netherlands	0.3%	0.5%
New Zealand	1.7%	1.8%
Philippines	0.2%	0.6%
United Kingdom and Ireland	6.8%	6.6%
Vietnam	0.1%	0.9%
Other	3.7%	8%

Source: F. Summers, *1999 Defence Attitude Survey Report*, Canberra, DSPPR, 1999.

Recruits exit from service in the first 12 months primarily for medical and administrative reasons. Either they cannot handle the arduous nature of military duty or they decide military life is not for them.[11] The second peak at 3–4 years of service is associated with completion of the minimum period of service for junior non-commissioned personnel, with individuals leaving the ADF for a variety of reasons. The third peak at 10 years is associated with end-of-service requirements for ADF officers, in particular those personnel who complete tertiary studies through the Australian Defence Force Academy. The fourth peak represents a traditional exit point for ADF personnel after 20 years service under the Defence Force Retirement, Death and Benefits Scheme. This peak is expected to diminish as the Military Superannuation and Benefits Scheme (MSBS) that encourages individuals to stay in the ADF for as long as possible, takes effect. However, the MSBS

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[9] T. Schindlmayr, and P. Ong, *Defence Personnel Environment Scan 2020*, DSPPR Occasional Paper No. 1, Canberra, Department of Defence, 2003.
[10] Sharp, *op. cit.*
[11] R. Fincham, and P. Rhodes, *Principles of organisational behaviour*, Melbourne, Oxford University Press, 1999; A.G.C. Wallace, *Career Decision Points - Brief for DGWPRR*, TTCP Conference, 2006.

scheme arguably also lacks a mechanism to convert short–term careers (<5–6 years) into longer careers in which personnel remain in the ADF for 15 years, when they become eligible for financial incentives designed to encourage personnel remain in service.

Figure 1: ADF key separation points in relation to length of service
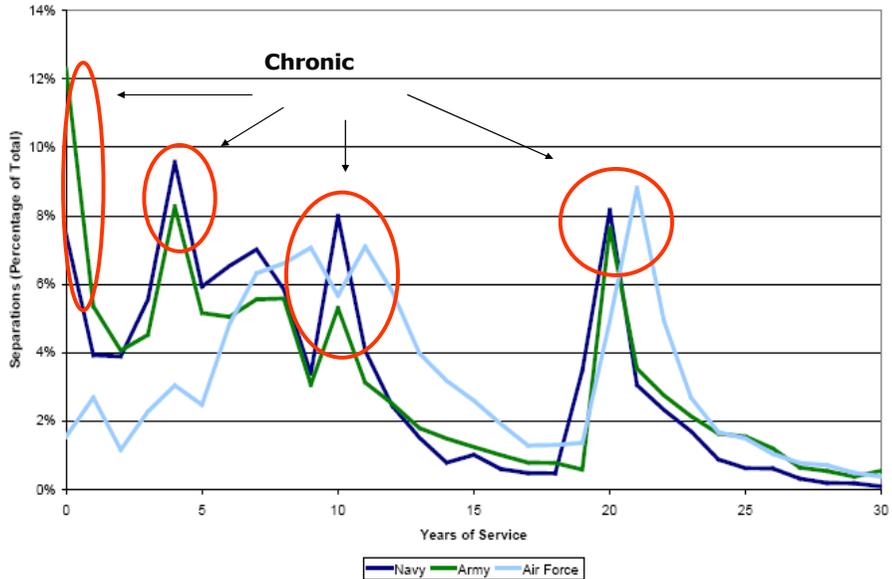
Source: P. Sharp, Defence Workforce Overview, Australian Command and Staff College Course, 22 May 2006.

The ideal ADF separation rate is 7%, as this rate allows for organisational renewal and keeps the workforce from stagnating. A higher than ideal rate of separation however means a net loss of valuable and scarce skills. Under the circumstances, as Sharp has suggested, retention strategies offer greater potential for the ADF than recruitment, as illustrated by the following simple rule:

> 1 percent increase in recruitment or retention effectiveness ≈ increase of 500 people (vice versa for 1 percent decrease)[12]

Assuming a force of 51,000, a one percent improvement in **recruitment** will realise some 500 enlistees. Conversely, a one percent increase in the effectiveness of **retention** results in two outcomes: first, it keeps 500 trained personnel within the organisation and second, it means 500 less people need to be recruited to maintain current levels of organisational capability. Thus, a one percent increase in the effectiveness of retention translates to a

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[12] Sharp, *op. cit.*

net benefit of 1000 people, over and above other organisational benefits such as training cost savings and the retention of valuable organisational memory, skills and experience.

Australia's Contemporary Labour Market

Issues such as globalisation, generational transitions, ageing population and social diversity are shaping Australia's contemporary labour market and, hence, the personnel dimension of ADF organisational capability. The overall complexity and competition characterising the Australian labour market places the ADF in a unique and difficult position.[13]

Globalisation represents a broad external influence affecting the labour market at every level.[14] Globalisation is a worldwide phenomenon of increasing social, political, economic and cultural exchange, brought about by modern communications, transportation and legal infrastructure, as well as by political choice for greater cross–border relations with regards to finance and trade. As globalisation becomes much more pervasive,[15] organisations need to recognise these influences and adapt for operations in a global context. Another external factor is the emerging predominance of a new generational cohort—Generation Y that reflects a broad element of social change in Australia.[16] Although labels for generational shifts are often clichéd, they help tailor management practices for a diverse workforce.[17] The different characteristics and preferences of the three major cohorts— Baby Boomers, Generation X and Generation Y—are illustrated in Table 3.[18]

These generational characteristics mean employing organisations need flexible HRM practices. Underlying attitudinal shifts are 'life stages' or 'eras' associated with generations that occur in 10–12 year windows.[19] These life stages identify other factors underlying generational 'labels', much like the earlier research in Erikson's universal life–stage analysis.[20] The effect of transitions in life stages is to suggest organisational flexibility in dealing with 'routine' differences associated with life stages amongst employees, as well

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[13] A. Kelly, T. Brannick, et al., 'Linking organisational training and development practices with new forms of career structure: a cross-cultural exploration,' *Journal of European Industrial Training*, vol. 27, no. 2-4 (2003), pp. 160-168.

[14] J. Bayliss and S. Smith, *Globalisation of World Politics*, New York, Oxford University Press, 2001.

[15] Ibid.

[16] N. Cornelius, *Human Resource Management: A Managerial Perspective*, London, International Thomson Business Press, 1999, p. 230.

[17] H.C. Thie, M.C. Harrell, et al., *A future officer career management system: an objective based design*, Santa Monica, RAND, 2001.

[18] H.C. Yu and P. Miller, 'The generation gap and cultural influence: A Taiwan empirical investigation,' *Cross Cultural Management*, vol. 10, no. 3 (2003), pp. 23-41; A. Williams, *The Labour Market to 2010 and Beyond - "Skills Shortages"*, Canberra, Hudson, 2005.

[19] D.J. Levinson, C.N. Darrow, et al., *The Seasons of a Man's Life*, New York, Knopf, 1978, p. 57.

[20] E. Erikson, 'Identity and the life cycle,' *Psychological Issues*, vol. 1, no. 1 (1959), pp. 18-164.

as to cope with specific nuances that overlay those changes as a result of generational differences.

Table 3: Social trends resulting from generational transitions

Baby Boomers 1946-1964	Generation X 1965-1977	Generation Y 1978-1994
View work from a process oriented perspective	Independent and resourceful with free agent approach to careers	Self-reliant and independent with a desire for freedom and flexibility
Value company commitment and loyalty	Accepting of change and comfortable with diversity	Entrepreneurial thinkers comfortable with change and diversity
Believe in sacrifice in order to achieve success	Have high expectations of work/life balance	Technology and media savvy
Value teamwork and group discussion	They want it now (demanding (?))	Place high value on education and skill development
Believe in achievement after paying dues	Technologically literate and life-long learners	Relish responsibility and want to play meaningful roles
Seek long-term employment but don't expect a job for life		Social responsibility is a business imperative

Source: A. Williams, *The Labour Market to 2010 and Beyond - "Skills Shortages"*, Canberra, Hudson, 2005.

**Figure 2: Age Group Proportions of Australia's Population**
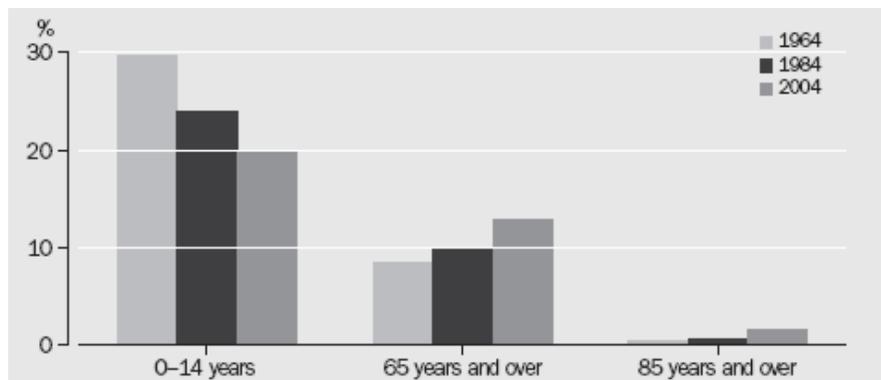
Source: D. Trewin, *2006 Yearbook Australia*, No. 88, Canberra, ABS, 2006.

Another aspect of social change is the trend towards an ageing population. Australia's demographic profile, in terms of age, has changed through the latter half of the 20th century. It has resulted in a reduced proportion of youth in the population and labour market.[21]   Changes to the relative distribution of Australia's population across age groups are illustrated in Figure 2.

According to some projections by the Australian Bureau of Statistics, trends in youth numbers will continue to decline for the foreseeable future (see Figure 3), even translating to an absolute decline sometime during the next 10 years.[22]   Declining youth numbers are likely to generate considerable negative impacts for the ADF, particularly given the necessary reliance on youth.[23]

Figure 3: Projected Age Structure of Australia's Population
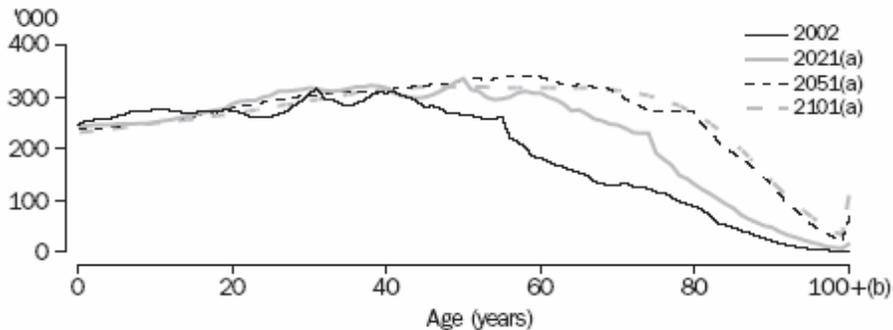
Source: D. Trewin, *2006 Yearbook Australia*, No. 88, Canberra, ABS, 2006.

Importantly, declining numbers of young Australians mean that the growth rate of Australia's labour market has also fallen and is projected to continue falling for the foreseeable future. This decline exacerbates challenges faced by the ADF, which will need to compete harder for a diminishing resource that is now being replenished at a slower rate than it has been historically.[24]

The diminishing youth labour supply and a declining labour market growth rate will force ADF workforce planners to look for tangible answers. Compounding the problem of fewer working age people is the nation–wide skills shortage,[25] reflected similarly in the ADF, especially in the technical trades and in specialist areas, such as medical staff, electricians and

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[21] Australian Bureau of Statistics, *Population projections: Our ageing population*, Canberra, ABS, 2006.
[22] D. Trewin, *2006 Yearbook Australia*, No. 88, Canberra, ABS, 2006.
[23] Sharp, *op. cit.*
[24] Williams, *op. cit.*
[25] Department of Employment and Workplace Relations, *Skills in Demand – States and Territories*, Canberra, DEWR, 2006.

linguists.[26] These critical shortages[27] and the difficulty in attracting sufficient numbers of high quality employees have prompted concern about the viability of an all–volunteer ADF using current management practices.[28]

Military Workforce Attitudes

Research by Charles Moskos suggests that internal attitudes in Western militaries have shifted from an *institutional* to an *occupational* framework. As a consequence, Moskos argues that military workforces may no longer be responsive to *institutional* practices.[29]   To clarify the institutional– occupational (I–O) dichotomy, Moskos identifies an institutional organisation as focussed on collective issues, requires commitment and 'looks after its own', whereas an occupational organisation tends to be driven by market forces, monetary rewards and employee involvement in negotiation of wages and conditions.[30] Moskos' I–O model is summarised in Table 4.[31]

Table 4: Moskos' Institutional–Occupational Transitions in the US military

Force Variable	Modern (Pre-Cold War) 1900-1945	Late Modern (Cold War) 1945-1990	Post-Modern (Post-Cold War) Since 1990
Dominant Military Professional	Combat leader	Manager or technician	Soldier-scholar/soldier-statesman
Civilian Employees	Minor component	Medium component	Major component
Women's' Role	Separate or excluded	Partial integration	General integration

Source: C.C. Moskos, 'Toward a Post-Modern Military: The United States as a Paradigm,' in *The Post-Modern Military: Armed forces after the Cold War*, eds. C.C. Moskos, J.A. Williams, and D.R. Segal, New York, Oxford University Press, 2000, pp. 14-31.

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[26] Department of Defence, *Defence Annual Report 2004-2005*, Canberra, Australian Government Publishing Service, 2005

[27] In this case, 'critical' adopts a dual meaning. Firstly, there are 'critical categories' which are those necessary to achieve the ADF mission (i.e. technical and war fighting capabilities). Secondly, some categories suffer from 'critical' manning levels which mean that they are so short on personnel that they may no longer be viable if recruitment and retention issues are not addressed immediately.

[28] C. Barrie, 'Reflections on the Future,' *Australian Defence Force Journal*, no. 170 (2006), pp. 7-15.

[29] C.C. Moskos, *'From institution to occupation: Trends in military organization,' Armed Forces and Society*, vol. 4, no. 1 (1977), pp. 41-50.

[30] Ibid.; C.C. Moskos, 'Institutional/Occupational trends in armed forces: An update,' *Armed Forces and Society*, vol. 12, no. 3 (1986), pp. 377-382; C.C. Moskos, *Soldiers and Sociology*, Evanston, IL, US Government Printing Office, 1988.

[31] P. Bresnick-Kendler, 'Demographic trends,' *Bank Systems & Technology*, vol. 43, no. 2 (2006), pp. 38-40; S. Harper, 'Mature societies: planning for our future selves,' *Daedalus*, vol. 135, no. 1 (2006), pp. 20-31.

The effect of the attitudinal shifts captured by Moskos' I-O model are similar to the notion of a 'new employment deal',[32] where the nature of implicit relationships between employee and employer—the *psychological contract*—has altered significantly.[33] This concept of a psychological contract, which underpins organisational commitment, is defined by Herriot and Pemberton as the inferred relationships and expectations between employees and their organisations that combine to create a level of commitment, loyalty and satisfaction.[34] Accepting Moskos' analysis, it can be seen that continued application of institutional practices in a predominantly occupational workforce is unlikely to result in ideal outcomes. Moreover, as other research[35] shows, breaking the psychological contract can have serious impacts on the employee–employer relationship and given the complexity of this tacit exchange, it may only take a small indiscretion to damage the psychological contract over the long–term.[36]

Linking HRM with competitive advantage

Although founded in economic theory, the concept of *competitive advantage* is applicable to HRM and has been adapted by many organisations including Defence, as illustrated by a Defence Consultation Team report that states "*people should not be regarded as a cost, but valued for what they provide – the competitive advantage*".[37] Kleiman suggests organisations can achieve competitive advantage either directly or indirectly through practices focussed on achieving both *employee centred* outcomes, such as organisational commitment, competence and motivation, and *organisation centred* outcomes, such as organisational capability, legal compliance and retention of a high quality workforce (see Figure 4).[38] Competitive advantage can also be enhanced by improving image, as image influences people's confidence in the service (and product) offered and thus their inclination to join.

As research by Stanford professor Jeffrey Pfeffer suggests, competitive advantage can provide tremendous (economic) return through a combination of organisational factors such as selectivity in recruiting, employee owner-

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[32] J. Sturges, N. Conway, et al., 'Managing the career deal: The psychological contract as a framework for understanding career management, organisational commitment and work behaviour,' *Journal of Organisational Behaviour,* vol. 26 (2005), pp. 821-838.
[33] D. Rousseau, *Psychological Contracts in Organisations*, Thousand Oaks, CA, Sage, 1995.
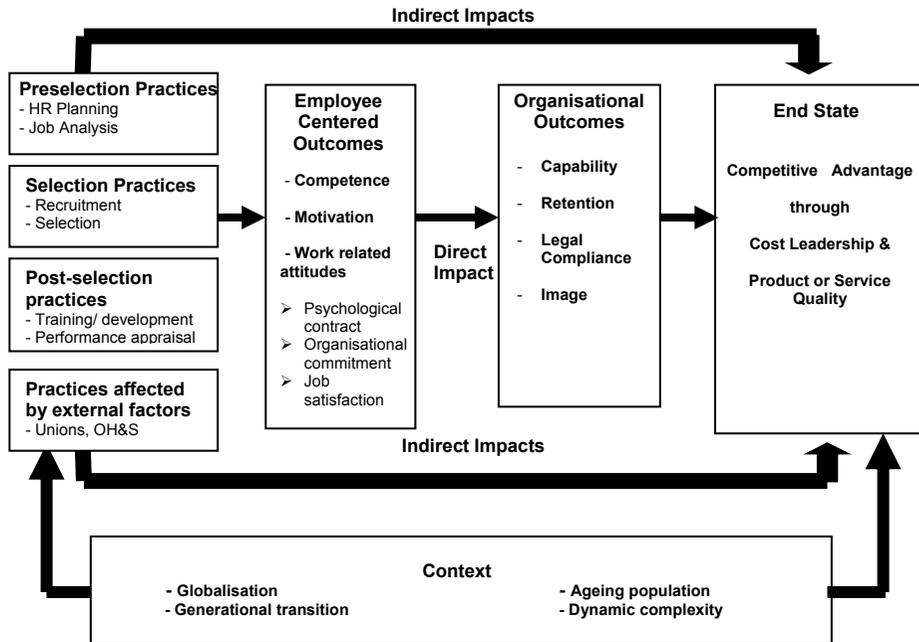[34] P. Herriot and C. Pemberton, 'Contracting careers,' *Human Relations*, vol. 49, no. 6 (1996), pp. 757-790.
[35] Ibid.; J. Coyle-Shapiro and I. Kessler, 'Consequences of the psychological contract for the employment relationship,' *Journal of Management Studies*, vol. 37, no. 7 (2000), pp. 903-930; J. Chew, A. Girardi, et al., 'Retaining the core staff: the impact of human resource practices on organisational commitment,' *Journal of Comparative International Management*, vol. 8, no. 2 (2005), p. 28.
[36] S. Lester, W. Turnley, et al., 'Not seeing eye to eye: differences in supervisor and subordinate perceptions of and attributions for psychological contract breach,' *Journal of Organisational Behaviour*, vol. 23 (2002), pp. 39-56
[37] Department of Defence, *Defence 2000: Our Future Defence Force*, p. 61.
[38] Kleiman, *op. cit*.

Figure 4: Kleiman's model (adapted) linking HRM with Competitive Advantage

Indirect Impacts

Preselection Practices
- HR Planning
- Job Analysis

Selection Practices
- Recruitment
- Selection

Post-selection practices
- Training/ development
- Performance appraisal

Practices affected by external factors
- Unions, OH&S

Employee Centered Outcomes

- **Competence**

- **Motivation**

- **Work related attitudes**
  ➢ Psychological contract
  ➢ Organisational commitment
  ➢ Job satisfaction

Direct Impact

Organisational Outcomes

- **Capability**

- **Retention**

- **Legal Compliance**

- **Image**

End State

Competitive Advantage through

Cost Leadership & Product or Service Quality

Indirect Impacts

Context

- Globalisation
- Generational transition

- Ageing population
- Dynamic complexity

Source: L.S. Kleiman, Human Resource Management: A managerial tool for competitive advantage, New York, South-Western College Publishing, 2000.

ship in the organisation, information sharing and cross-utilisation that can collectively distinguish an organisation from others.[39] Moreover, these features are not easily replicated. In a complex labour market, the ADF's ability to attract and to retain a high quality workforce and so sustain organisational capability is essential to its competitive advantage.

Towards Effective Recruitment

Paul Muchinsky illustrates the effectiveness of the recruitment process as a function of section criteria and training performance/standards. The basic model (see Figure 5) shows four component groups that explain the relationship between selection standards and effective recruitment. The model is a useful framework to understand the potential effects of changes to recruitment strategies, whether through selection policy adjustments or through training process transformations. On the selection axis, the model suggests people fall on either side of an accept/reject axis, based on a compatibility with the organisation in terms of emotional, mental and physical capabilities. Conversely, the training performance (successful/unsuccessful)

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[39] J. Pfeffer, *Competitive advantage through people: Unleashing the power of the work force*, Boston, Harvard Business School Press, 1994.

axis suggests given selection standards some individuals will be successful, whilst others will not.[40]

Figure 5: Selection Standards and Recruitment
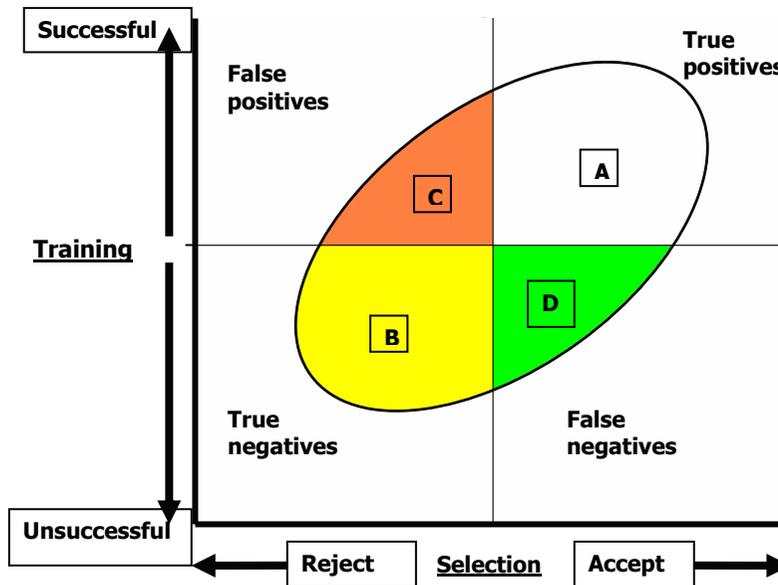
Source: P.M. Muchinsky, *Psychology Applied to Work*, Belmont, Wadsworth Thomson Learning, 2003.

The object is to maximise the size of the 'true positives' or Quadrant A by selecting individuals who are arguably compatible with the organisation, as well as considered likely to achieve success in the training continuum and add value to the organisation. However, some individuals will also be successful in selection, but fail in training—'false negatives' or Quadrant D— and some who succeed in training, but will have been rejected in the selection process—'false positives' or Quadrant C. Ideally, Quadrant A can be improved by better recruitment (such as by altered selection standards) to shift the accept/reject axis to the left (see Figure 6). Equally, attempts to triumph over recruitment challenges through one dimensional shifts may beself–defeating due to unintended consequences,[41] such as the administrative and training costs of processing large groups of training failures (quadrant D). The model suggests that in concert with selection

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[40] P.M. Muchinsky, *Psychology Applied to Work*, Belmont, Wadsworth Thomson Learning, 2003.
[41] R. Stacey, 'Management and the science of complexity: if organisational life is nonlinear, can business strategies prevail?' *Research Technology Management*, vol. 39, no. 3 (1996), pp. 8-10.

policy shifts that move the accept/reject axis leftward, the ADF should also review training (and cultural) processes in order to incur a sympathetic downward shift in the successful/unsuccessful axis.

The concept of *organisational fit*, which is implicit in the selection process, refers to how an individual identifies with an organisation's aims, values and mission.[42] Arguably, by seeking to maximise the level of organisational fit within the ADF, suitable people are likely to be attracted to ADF employment and these people are likely to show high level of organisational commitment and so be less likely to leave. Conversely, the concept of *organisational fit* also explains how companies seek the 'right types' who 'fit' the organisational culture and who are perceived as similar to current incumbents.[43] Thus, organisational fit can lead to the selection of candidates similar to the organisation's leadership, a force that moves the organisation towards workforce homogeneity. Balancing the right culture and workforce structure are both arguably essential and while organisational fit suggests individuals and the organisation can share a common bond and a good working relationship,[44] in the current unfavourable environment for employers, organisations need to adapt and effect change, as well as seek to take advantage of workforce diversity.[45] Consequently, managers need to distinguish between a culture that promote homogeneity and one that promotes change and diversity. They will also need to recognise that in applying selection standards that homogenise the workforce they may cause a large proportion of the population to disengage from the military, because the institution looks and feels too different from the wider social context.

Turning to the training axis, unchallenged training practices and culture can collectively contribute to unnecessary training failures, as well as discourage capable people from making a useful contribution in the military. Another approach to maximising quadrant A in Figure 6 is via the notion of **selectivity**,[46] which relates to enabling greater choice in recruitment. If organisations attract more people than there are positions, then recruitment can 'select' for the best. However, to enjoy selectivity in recruitment will require the ADF to be perceived as an Employer of Choice in the labour market. Yet the evidence with demographic shifts and a narrow recruitment focus is a continued decline in ADF applicant to enlistee (A:E) ratio (see Figure 7). However, the benefit of selectivity is apparent when the Services recruitment results are compared, with the Royal Australian Air Force

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[42] Fincham and Rhodes, *op. cit.*; K.E. Daley, *Some Important Trends in Human Resources*, CORA TR 2005-39. Toronto, Social Science Operational Research Team, Directorate of Strategic Human Resources, Defence Research and Development Canada, 2005.

[43] Dreher and Dougherty, *op. cit.*

[44] W. Bowd, *Employment Branding Research - Results and Analysis*, Sydney, H. G. Resources, 2006.

[45] Dreher and Dougherty, *op. cit*.

[46] A.G.C. Wallace, *Understanding the links between Recruiting and Initial Performance in the ADF (Draft)*, Canberra, Department of Defence, Directorate of Workforce Planning, 2005

(RAAF) reporting a higher A:E ratio (4.5:1) relative to the Royal Australian Navy (RAN) and the Australian Regular Army (ARA) (2.5 and 3:1 respectively). RAAF also consistently appear to have better recruitment outcomes and its turnover figures in the first 12 months are also better than the other two Services.

Figure 6: The effect of single and multidimensional change on the recruitment process
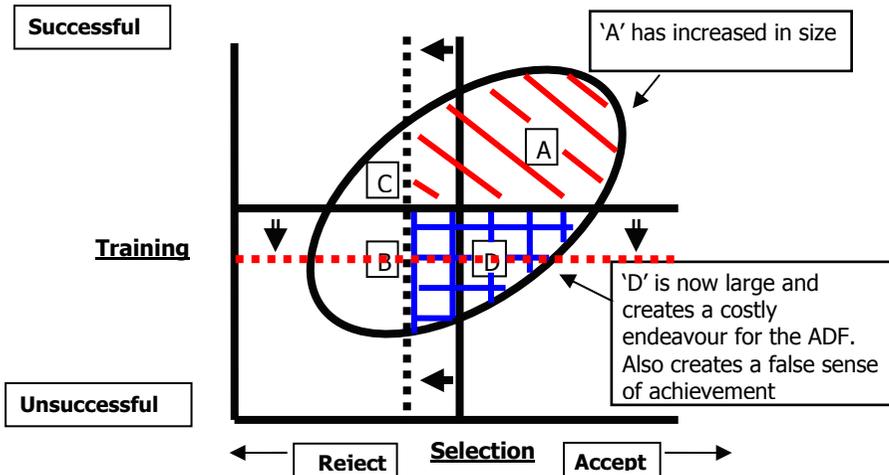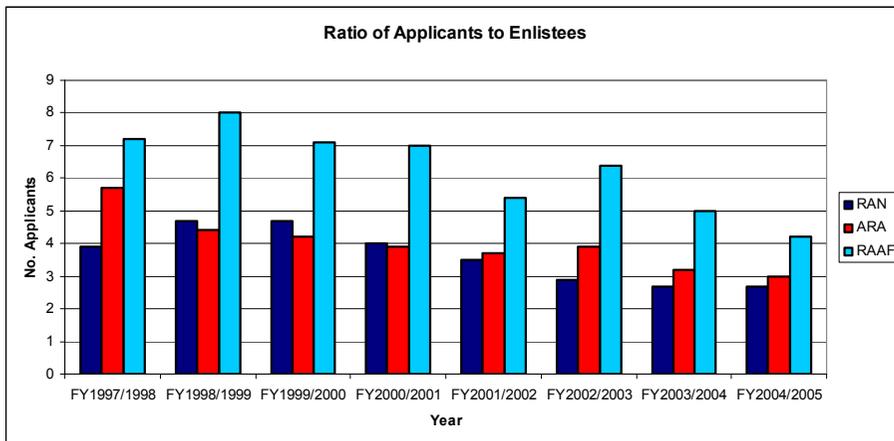

Figure 7: Ratio of Applicants to Enlistees

Source: A.G.C. Wallace, *Understanding the links between Recruiting and Initial Performance in the ADF (Draft)*, Canberra, Department of Defence, Directorate of Workforce Planning, 2005.

Towards Retention of ADF Personnel

This section uses secondary data associated with Defence Exit Surveys (DES) that are completed voluntarily by ADF members leaving the military and Defence Attitude Surveys (DAS), conducted annually by the Directorate of Strategic Personnel Planning and Research, to examine issues and concepts relating to retention in the ADF. A summary of reasons for leaving (RFL) is given in Table 5. Analysis of DES data across several groups (i.e. Services, gender, length of service and marital status) indicates that different groups separate for different reasons. Mean responses and standard deviations are calculated as a function of the degree of influence that each issue had on an individual's decision to leave.

The DES data about reasons for leaving can be grouped into two broad categories. The first category comprises those that appear each year in the top ten reasons cited by people leaving the ADF. These constitute the *chronic* reasons for leaving discussed below. A second category comprises reasons for leaving that have only been cited in the last year of the survey and then only if they are among the top ten reasons for leaving cited in that year. These *acute* reasons for leaving are also discussed below.

Some chronic reasons for leaving:

- '*To make a career change while still young enough*' is most consistently reported across the various response categories—8 of 10 groups. These groups represent a broad cross section of the ADF taken from various perspectives related to Service, age, gender, etc. By showing that there is consistent change across the majority of groups over a number of years, it might be said that personnel issues are not being addressed in a fashion commensurate with the wants and needs of the contemporary workforce.

- '*Desire to stay in one place*' featured in 7 of 10 groups. With geographic stability showing prevalence across so many groups and across an increasing stretch of time, perhaps the ADF needs to consider a broader range of employment options more suited to modern lifestyles and career choices.

- A transition towards settling down—growing stability—occurred as the length of service increased.

- All three Services returned different Number 1 responses—RAN, '*less separation from family*'; ARA, make a '*career change while young enough*'; and RAAF, '*desire to stay in one place.*'

Table 5: Chronic Retention Issues for the ADF (Reasons for Leaving)

	Ratings						Average Rank
	2005	**2004**	**2003**	**2002**	**2001**	**2000**	
Chronic retention issues for the ADF (n=745)							
Desire to stay in one place	1	1	1	1	2	2	**1.33**
To make a career change whilst still young enough	2	3	3	2	1	1	**2**
Chronic retention issues for the RAN (n=219)							
Desire for less separation from family	1	1	1	1	2	2	**1.33**
Desire to stay in one place	3	2	2	2	4	4	**2.83**
To make a career change whilst still young enough	4	3	3	3	1	1	**2.5**
Chronic retention issues for the ARA (n=309)							
To make a career change whilst still young enough	1	2	2	2	1	1	**1.5**
Desire to stay in one place	2	3	1	1	2	2	**1.83**
Chronic retention issues for the RAAF (n=217)							
Desire to stay in one place	1	1	1	1	3	3	**1.66**
To make a career change whilst still young enough	2	3	2	3	1	2	**2.16**
Chronic retention issues for personnel with less than 5 years of service (n=95)							
Lack of job satisfaction	1	2	2	2	2	1	**1.66**
Better career prospects in civilian life	5	1	1	1	3	2	**2.166**
Chronic retention issues for personnel with 5-10 years of service (n=181)							
To make a career change whilst still young enough	1	2	4	2	1	1	**1.83**
Better career prospects in civilian life	3	3	1	1	2	2	**2**
Chronic retention issues for personnel with 10-15 years of service (n=156)							
To make a career change whilst still young enough	1	2	1	2	1	1	**1.33**
Desire to stay in one place	2	3	1	1	3	3	**2.16**
Chronic retention issues for personnel with more than 15 years of service (n=313)							
Desire to stay in one place	1	1	1	1	1	1	**1**
To make a career change whilst still young enough	3	4	4	3	2	2	**3**
Chronic retention issues for Male ADF personnel (n=628)							
To make a career change whilst still young enough	1	3	3	2	1	1	**1.83**
Desire to stay in one place	2	1	1	1	2	2	**1.5**
Chronic retention issues for Female ADF personnel (n=117)							
Desire for less separation from family	1	1	3	1	4	3	**2.166**
Lack of job satisfaction	6	2	2	3	1	2	**2.66**

- Males and females returned different top rating responses—desire for a '*career change while young enough*' and '*less separation from family*', respectively

Some emerging acute reasons for leaving include:

- Aside from compensation issues, DAS responses indicate that '*lack of control over life*' is the number one acute RFL. This suggests that personnel managers need to enable Service personnel to have more active input into their career decisions

- For the period 2004–2005, '*lack of control over life*' jumped 12 places on average across the 7 groups that it featured in, indicating that employees increasingly desire more control over their career.

- The RAN had the least number of emerging reasons for leaving (one only).

- Notably, some 75 percent of the emerging reasons (acute problems) for leaving were the same for males and females, in contrast to chronic problems, indicating that there are linkages not only between survey groups, but also between persistent and non-persistent RFL.

In terms of male/female differentiation, the 2005 (most recent) DES asked, "*What influence did 'a more attractive salary package in civilian employment' have on your decision to leave?*"[47] Statistical testing to determine the relative significance of results relating to this response identified that females are far less concerned with salary packages in employment than their male counterparts. This in turn suggests that a policy of offering more attractive salary packages as suggested by the ADF Employer of Choice (EOC) framework will not necessarily appeal to females, undermining efforts to correct the gender imbalance or increase the size of the ADF workforce.

Marital status provides another clear differentiation in terms of RFL. In relation to the question, "*What degree of influence did 'a desire to stay in one place' have on your decision to leave?*"[48], significance testing indicated that this issue was statistically much less important to people without spouses. Although this may seem to point out the obvious, the figures clearly indicate that there is not a generic solution to retention from this perspective, nor will one be likely across other groupings.

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[47] Chi–Square testing showed that males returned a statistical significance (p–value) of 0.12983 (mean = 1.77; standard deviation = 1.224), whereas females returned a p–value of 9.39862E–06 (mean = 0.92; standard deviation = 1.284).
[48] Chi-Square test identified that personnel with spouses returned a p–value of 0.01607 (mean = 2.76; standard deviation = 1.001), illustrating that this issue was influential in their decision to leave. On the other hand, personnel without a spouse returned a p–value of 4.45102E–09 (mean = 1.8; standard deviation = 1.241

Conversely, when considering the question, "*What influence did 'to make a career change while still young enough' have on your decision to leave?*", significance testing in terms of Service differentiation shows quite a different result, with all three Services returning very similar figures[49]. This point also highlights the issue of making a career change while young as influential in the decision to leave for individuals across the ADF.

The collective results above suggest a differentiated approach to career (multiple careers) and a better facility for inter–service and ADF to ADO (Australian Defence Organisation) transfers. Moreover, noting research that suggests that some 20 percent of individuals who separate from the ADF return in one form or another within 2 years of leaving,[50] a strategy of encouraging exiting members to consider returning to the ADF (or ADO) without disadvantage after a period in other employment seems worthwhile. Overall, future research into inter–group differentiation seems useful to help ADF HRM practices adapt to the needs of a diverse workforce.

Moskos' I–O model and ADF retention

Moskos' I–O model suggests Western military workforce attitudes have shifted towards an occupational framework, with 'employability' preferred over 'employment'. Data correlations outlined earlier support Moskos' points on the growing integration of females into the military, the increasing distance between spouses and military life and the collapse of the relationship between work and home for military personnel. Similarly, Moskos' research indicating spouses are separated from military life is supported by DES data, which indicate many ADF personnel desire more time with their families away from the work environment. Moskos also suggests a propensity for military members to separate work and home life. DES responses that indicate individuals leave the ADF because of a requirement to live in barracks, or because of the requirement to live in Defence Housing Authority homes, also appear consistent with the research by Moskos. All this and related research suggest that any failure to manage psychological contracts effectively can lead to low levels of organisational commitment and so detract from personnel performance, as well as contribute to higher than desired levels of turnover.

DAS responses also support Moskos' argument that contemporary military personnel are more interested in salary and bonuses than non–cash or

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[49]Chi-Square test returned a p–value of 0.9279 (mean = 2.59; standard deviation = 0.979), showing that making a career change while still young enough is a significant RFL. The combined responses of the ARA and RAAF returned a significant p–value of 0.9696 (mean = 2.495; standard deviation = 1.00)

[50] Thie, Harrell, et. al., *op. cit.*

deferred rewards.[51] DAS responses also show the majority of respondents (an average of 58.9 percent) agree that they receive insufficient reward for what would be considered overtime in the civilian community. Contemporary military employees also seem to want to have their cake and eat it too. For example, although the proportion of ADF personnel satisfied with their salary increased, there was still a significant majority that were not.

Length of Service & Life Stages

Analysing separations in terms of length of service reveals yet another issue. Once personnel reach 15 years of service, they are less likely to separate from the ADF to pursue careers in the civilian community. For example, the 2005 DES included the question "What influence did better prospects in civilian life have on your decision to leave?" Personnel with 5–10 years of service returned a mean response to this question of 2.57, a third higher than those with at least 15 years service who returned a mean response of 1.71. This response tends to validate the ADF retention strategy of a bonus equal to a full year's salary at the current rank after 15 years of continuous service provided that the individual signs on for a further 5 years of service. However, as this analysis has identified money is **not** a key retention factor for females, nor does pay related issues rate highly across the ADF in terms of DES rankings. Therefore, it is argued the ADF needs to develop non–pay strategies (education, location stability, housing and the like) to encourage individuals to remain within the ADF up to and beyond 15 years of service.

Applying Levinson's life stage argument to RFL data about length of service is suggestive.[52] There is a clear transition of chronic reasons for leaving as length of service increases. For example, in 2005 individuals across the ADF with less than 5 years of service returned a top rating RFL of a '*lack of job satisfaction*'. The highest rating RFL for individuals with 10–15 years of service was '*to make a career change while still young enough*', however for individuals with more than 15 years of service, the highest ranking RFL was '*a desire to stay in one place*'. This seems to corroborate Levinson's argument and, given the diversity of the contemporary labour market, it suggests maximum flexibility in HRM practice is crucial to any retention strategy by the ADF.

Pay-Related Reasons for Leaving

There appears to be a heavy emphasis on monetary rewards as a key motivator for personnel to remain in the ADF. The ADF EOC framework, for example, puts remuneration at the top of the list.[53] Yet, in the 2005 DES

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[51] Moskos, *Soldiers and Sociology*; C.C. Moskos, 'Toward a Post-Modern Military: The United States as a Paradigm,' in *The Post-Modern Military: Armed forces after the Cold War*, eds. C.C. Moskos, J.A. Williams, and D.R. Segal, New York, Oxford University Press, 2000, pp. 14-31.
[52] Levinson, Darrow, et al., *op. cit*.
[53] Sharp, *op. cit.*, p. xix.

data, the top 10 RFL are dominated by arguably more intangible factors and do not include pay related issues (see Figure 8). This implies that the ADF could significantly improve personnel retention by widening its strategies to include intrinsic issues rather than confining them to extrinsic issues like remuneration. Research on motivation, such as Hertzberg's two factor theory that proposed a dual continuum (the opposite of Satisfaction is No Satisfaction, and opposite of Dissatisfaction is No Dissatisfaction), tends to confirm the importance of intrinsic issues (such as achievement, recognition) rather than such issues as salary and status, to achieve satisfaction.[54] Notably, what contributes significantly to dissatisfaction includes company policy and administration, supervision and to a lesser degree relationships with the supervisor.

Figure 8: Relative Rankings of Main RFL for 2005

Degree of Influence of the Reason for Leaving the ADF
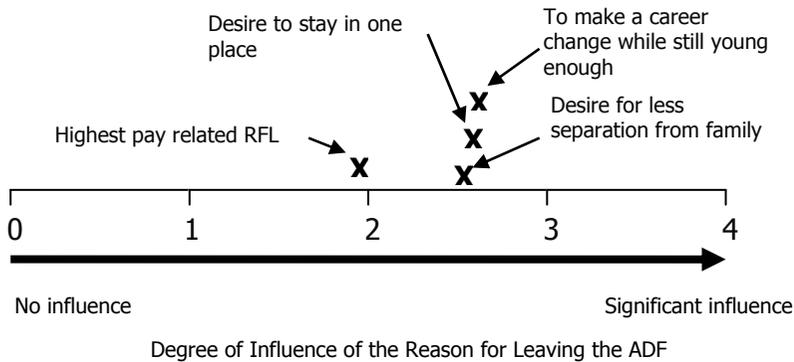
Concluding Remarks

Strategies to address chronic problems of recruitment and retention canvassed in this article include shaping and managing the employer status of the ADF and widening the recruitment catchment in terms of target demographics. This paper also explores other systemic actions that can help optimise the personnel function, underpinned by the need for the ADF to manage its HRM practice with an eye to securing the employer of choice advantage it needs to attract and retain a high performance workforce. The article offers a conceptual framework that illustrates the inter-dependent nature of HR practices, which in turn contribute directly and indirectly to employee and organisational outcomes and so to competitive advantage.

In examining the supply-side component of the workforce equation, the article highlights disparities in age, gender and ethnic dimensions of the ADF

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[54] S. Robbins, B. Millett, and T. Waters-Marsh, *Organisational Behaviour*, Frenchs Forest, NSW, Prentice Hall, 2004.

workforce relative to the wider population. The article also highlights the challenge confronting the ADF in attempting to increase its numbers by approximately 5 percent to a total force size of 54 000 people, despite not having met recruitment targets since the late 1990's.

One recruitment strategy centres on balancing culture and workforce structure with an eye to organisational fit, which arguably can translate into higher levels of job satisfaction and greater levels of organisational commitment. However, in seeking to apply selection standards that achieve organisational fit the ADF can risk creating a homogenous workforce and causing the disengagement of a proportion of the population from the military. Consequently, personnel managers need to recognise the distinction between a homogenous organisational culture and a heterogenous one that promotes change and diversity.

A second recruitment strategy hinges on the related notion of selectivity. The ability to select recruits from a large group of applicants is the key driver to achieving a high quality ADF workforce, as it arguably enables a better applicant to enlistment ratio, as well as improved retention of enlistees in the first 12 months of service. But this requires the ADF to achieve a status of employer of choice in the labour market. A related issue emerges in the analysis by Muchinsky on the relationship between training performance and selection criteria. Muchinsky's logic would suggest improving the recruitment—training relationship requires balanced changes to selection standards in concert with changes to training systems and processes, if sustained success is to be achieved by the ADF.

This article places retention at the heart of sustainable HRM in the ADF. Here the challenge is to align HRM practices with the contemporary market, as well as in communicating and managing expectations. While every organisation needs some turnover to avoid a stagnant workforce, ADF exit rates of around 12 percent only heighten pressure on recruitment, and this at a time when competition for a declining proportion of the primary labour force (17–24 year olds) has increased.

Central to a coherent HRM framework is a flexible response strategy that might include a (multiple) career model to cater for changed workforce expectations and for people at different life stages. For the ADF and arguably the wider ADO to remain competitive in the current and future labour markets, these strategies would need to be tailored to the specific characteristics of sub-groups of the total ADO workforce, including age, gender and ethnic groupings as well as trade and employment categories. The article stresses, however, that any failure to manage the psychological contract effectively can impact on organisational commitment and detract from personnel performance, as well as contribute to higher than desired levels of turnover.

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