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Masters in Defence Studies

**The Perfect Storm:
The Canadian Forces' Fight To Retain Its People;
How Can It Win In This Competitive Talent Environment**

By /par

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Abstract

The Canadian Forces has, since as early as 2000, consistently acknowledged that it needs to take action with regards to retaining its members. It has created strategies that speak to the need to build and maintain a retention culture and it has conducted surveys and produced reports that indicate that it has a retention problem, especially in the mid-level management category. These efforts have proven to be insufficient to deal with this critical issue.

The CF must recognize that its most valued human resource assets are the service members that it already has in its ranks. It must do more to make the retention of its members an activity rather than a policy or buzzword. To become an employer of choice, the CF will have to become truly creative and flexible in its approach to human resource management.

This study demonstrates that the Canadian Forces' human resource retention strategies and activities are not aggressive enough in comparison with the most successfully managed companies in Canada and the rest of the public sector with regards to voluntary employee turnover. It makes some recommendations with regards to possible short and long term courses of action to improve retention and identifies possible outcomes of failing to become competitive in this important human resource endeavour.

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1.0 Introduction

The Canadian Forces (CF) leadership states publicly that people are its most important resource; its men and women in uniform are highly trained, skilled and dedicated, and Canadians should be proud of their country's military ambassadors. But what are those CF leaders doing to ensure that these critical resources, trained and experienced personnel, remain within its ranks? Is there a comprehensive and effective CF retention strategy that will ensure that the soldiers, sailors and air personnel do not choose to depart for better opportunities in the private or public sectors?

In 2007, in response to a continued shortage of trained and experienced personnel, the Vice Chief of Defence Staff (VCDS) wrote to recently retired members of the CF with mid-level management experience. His letter was a plea for these former members to consider re-committing to the CF in any capacity, be it as regular force members, reserve force members, civilian employees or as contractors in support of CF requirements.¹ The VCDS undertook this activity to reinforce the increasing shortfall of seasoned and experienced service members in the face of an ever-increasing operational tempo. It was considered by many to be a bold and creative step by the CF leadership to bridge the human resource crisis in the short term.²

The need for the plea, however, was indicative of the unsuccessful human resource strategies that the CF has pursued over the last twenty years. It lacked strategic

¹ LGen W.J. Natynczyk, "Vice Chief of Defence Staff". *Letter to the Supplementary Reserve*. (Ottawa: Department of National Defence, 30 March 2007); http://www.armee.forces.gc.ca/lf/English/10_1_4.asp; Internet; accessed 09 March 2008.

² CTV.ca News Staff, *Canadian Forces Ask Retired Vets to Re-enlist*. http://www.ctv.ca/servlet/ArticleNews/story/CTVNews/20070824/military_recruits_070824/; Internet; accessed 25 August 2007.

vision, and attacked the results of the problem rather than its source. Approximately 50 percent of serving CF personnel have more than 15 years of service and are either in a position or are close to being in a position to retire with an annuity.³ Yet, there was no letter from the CF leadership to members of this demographic group underlining their importance to the organization and no attempt made by that same leadership to engage these loyal and valuable members of the defence team to continue contributing to the defence mission into the future. Rather, the CF leadership focussed its efforts on members that had already chosen to leave: too little, too late. What message and indeed what effect does such an activity have on maintaining and/or building upon CF manning levels into the future? Was this a part of an integrated personnel resource strategy or was it a stove-piped, stop gap measure? Were the pros and cons of such an action studied and understood prior to deciding to execute?

Retention of CF personnel has been a secondary focus to another area of human resource management over the past ten years: recruitment. Notwithstanding the fact that recruiting in the CF has suffered in the new millennium as a result of several internal and external factors, the leadership has once again concentrated most of its time and energy on attracting people from the outside. The result is that regardless of the increased efforts centred on recruiting talent, the overall force structure has not grown significantly. There continues to be an exodus of trained and experienced personnel through unnecessary voluntary attrition as a result of the lack of perceived and real effort to close the “back

³ Auditor General of Canada, *2006 Report of the Auditor General of Canada to the House of Commons - Chapter 2 - National Defence - Military Recruiting and Retention*, (Ottawa: Office of the Auditor General of Canada), 2006, 53.

gate.”⁴ When one considers the reality of the costs of human resource management, the fact that “recruiting is an expensive alternative to retention,”⁵ and that the uniqueness of the CF with regards to hierarchy, culture, training, and commitment make direct recruiting/retention tradeoffs virtually impossible, this imbalanced focus is irresponsible.

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The CF must recognize that its most valued human resource assets are the service members that it already has in its ranks: the service members who have demonstrated loyalty, received training and gathered experience over the long or short period that they have served their country in uniform. The CF must do more to make retention of its members an activity rather than a policy or buzzword. To become an employer of choice, the CF will have to become truly creative and flexible in its approach to human resource management.

The defence requirements in the current and future security environments are human resource intensive and training and experience dependent. If the CF does not make significant strides to improve retention, it will continue to lose valued service members who voluntarily cease to serve before they achieve the limits of their usefulness to the organization. Given the realities of the human resource talent pool, both today and into the future, the competition for quality personnel in the new millennium will be fierce. As a direct result of current human resource strategies and practices, the CF is

⁴ BGen L. J. Colwell, *February 2008 PARRA Report Summary*, (Ottawa: Department of National Defence), 2008, 1.

⁵ International Public Management Association for Human Resources, "Discussion Paper on Workforce and Succession Planning," *Twenty-Eighth International Symposium on Public Personnel Management*, (May 2003), 41

⁶ Department of National Defence, *Canadian Forces Retention (Draft)*, (Ottawa: Department of National Defence, 2008), 10.

poised to lose that competition to the public and private sectors when it can least afford to. Losing people is a normal activity, and it can be good for the organization. The problem lies in losing the wrong people, at the wrong time, and for the wrong reasons.

This study will demonstrate that the Canadian Forces' human resource retention strategies and activities are not aggressive enough in comparison with the most successfully managed companies in Canada and the rest of the public sector with regards to voluntary employee turnover. It will make some recommendations with regards to possible short and long term courses of action to improve retention and it will identify possible outcomes of failing to become competitive in this important human resource endeavour.

2.0 Background

In April 2002, the Office of the Auditor General of Canada outlined a number of problems with the CF human resource system including: a lack of an integrated human resource management system, a lack of human resource data, a lack of training capacity, a lack of situational awareness on attrition trends, the assignment of members into key human resource management positions with no human resource experience and the lack of vision exercised during the CF Force Reduction Program (FRP).⁷ To truly understand how the CF human resource framework was allowed to deteriorate to this state, and why retention is so important to the CF in achieving its human resource requirements into the future, it is necessary to look at both the history of personnel resource management decisions within the department and the landscape of the human resource environment of the future. There are several factors that are contributing to the “Perfect Storm”⁸ that is looming on the immediate horizon. These include but are not limited to: the CF FRP, the increased operational tempo, the current terms of service and their accompanying pension plans, the lack of a retention culture, the diminishing youth cohort, the realities of the new generation of potential recruits, and the low unemployment rate.

2.1 Canadian Forces Force Reduction Program

The decision to reduce the CF from a trained effective strength (TES) of eighty-eight thousand to sixty thousand was made by the government in the early 1990’s and was included in the Defence White Paper in 1994. Originally, the reductions were

⁷ Auditor General of Canada, *2002 Report of the Auditor General of Canada to the House of Commons - Chapter 5 - National Defence - Recruitment and Retention of Military Personnel*, (Ottawa: Minister of Public Works and Government Services Canada, April 2002), 16.

⁸ Perfect Storm: The existence of unique conditions that bring about a storm of potentially disastrous consequences.

scheduled to be pursued using normal attrition, restricted or selective recruiting, and stricter application of the renewal of the terms of service policies. The guidelines for offering contract renewals to existing members were severely limited and thus a number of service personnel who normally would have qualified to extend their careers at renewal gateways (Intermediate Engagements (IE) or Indefinite Period of Service (IPS)) were not offered contracts.⁹

Given the magnitude of the required reductions, these policies proved insufficient. A further initiative was undertaken that saw compensation packages offered to entice members in certain career fields to release early or retire. This program commenced in 1992 and continued through 1996. The total number of service members that released under this program was close to 14,000.¹⁰ After the FRP ended, the recruiting/retention deficit remained.

Figure 1: Annual CF Enrolments and Releases

Year	Enrollees	Releases	Comments
92/93	1369	5713	CF at 90,000; reductions start
93/94	1881	5852	
94/95	2109	7458	
95/96	1931	7690	
96/97	3085	5112	CF at 60,000; reductions end
97/98	2498	4079	
98/99	2601	3942	
99/00	2300	3600	

Table 1: Annual Enrollments and Releases 1992-2000
(Source: CF Communication Strategy Document, 10 December 2000)

⁹ Indefinite Period of Service (IPS): is a TOS that extends a member's service until lawfully released. Intermediate Engagement (IE): is a fixed period of service in the Regular Force of up to 20 years of continuous service. This has since been revised to IE25 or to 25 years of service.

¹⁰ Christopher Ankersen and Losel Tethong, "Birds in the Hand: The Need for a Retention Based Strategy for the CF," *The Canadian Military Journal* (Summer 2001): 33-49, 45.

As a direct result of these force reduction initiatives, a demographic hole was created that saw a significant reduction in both the number of people recruited and the number of people retained following initial engagements in the period from 1991 through 1996. This hole, given the terms of service gateways in the CF where members are eligible for pension benefits (twenty, twenty-five, and twenty-seven year marks), began to have a significant effect on the number of personnel serving in 2007 and will continue through to 2013 and beyond. The example in the table below examines the actual Non-Commissioned Member (NCM) population (the bar graph), against an ideal, stable NCM demographic (the line graph).

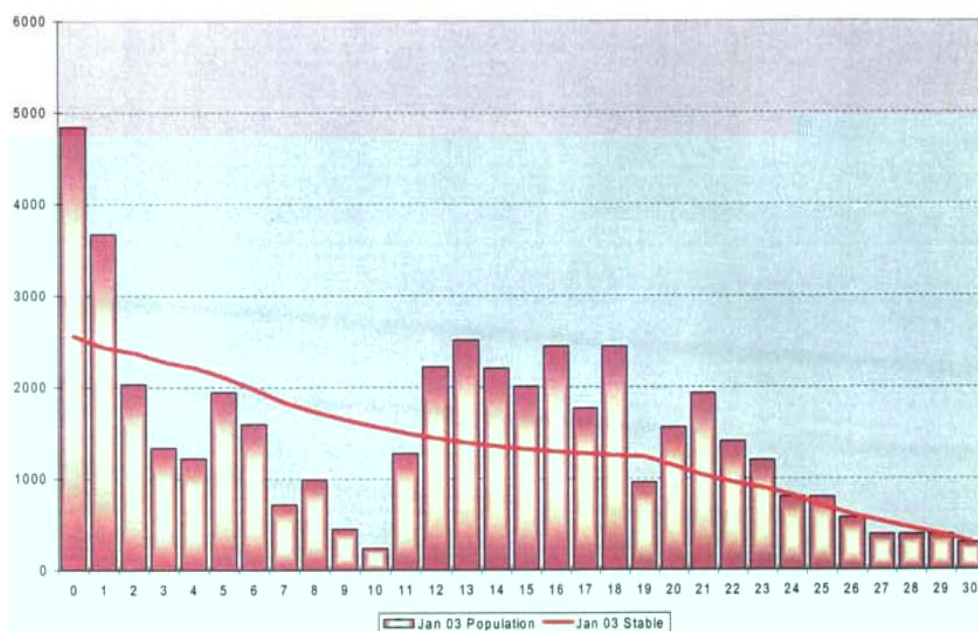


Figure 2: CF NCM Demographics¹¹

¹¹ G. E. Woodill and P. R. S. Bender, "Assessing the Organizational Wellness of the Canadian Forces," *Presentation to the 2003 CDS Issues Seminar*, (Ottawa: Department of National Defence, 2003), 7.

While this example only depicts the NCM population, the overall CF reality is no different, as was determined by the Office of the Auditor General in its 2006 Report on National Defence and Military Recruiting.

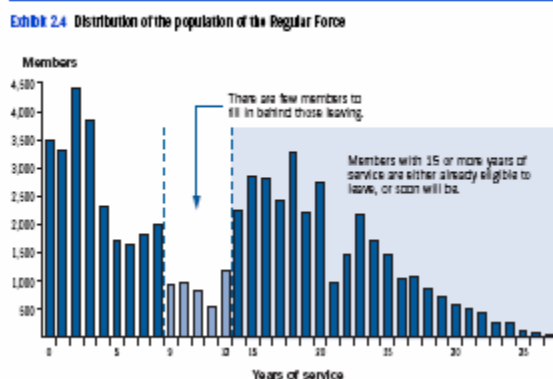


Figure 3: 2006 Distribution of the Population of the Regular Force¹²

2.2 Operational Tempo

The CF has sustained a high operational tempo in the new millennium as a result of increased expeditionary commitments, internal organizational transformation, and a focus on training resulting from the necessity to rebuild the force through recruitment. This high tempo has caused the CF to increasingly demand more of its members over longer periods of time. The Chief of Defence Staff, General Rick Hillier, is known to compare the realities of the operational tempo facing the CF with a well-known advertising campaign for Electronic Data Systems Corporation (EDS). In this advertisement, the employees are seen constructing an airplane in mid-flight, seemingly without any consequences to either the company or its employees: ‘Much like the airplane, we are transforming the CF in mid-air!’ While this comment might well be an

¹² Auditor General of Canada, 2006 Report of the Auditor General of Canada to the House of Commons..., 54.

excellent analogy of the challenges the CF is facing with regards to fulfilling its mandate to the government while transforming itself internally, it risks trivializing the magnitude of the impact such an undertaking has on the people within the organization. Even more importantly, it is more often than not the same high-quality, mid-level leaders within that organization who are required to bear the brunt of this intense operational tempo and the pressures that come with achieving mission success.

The reality that the CF has faced over the last five years and will continue to face in the short to medium term future demands personal sacrifices from its members to sustain operations and training. In order to effectively transform and grow the force while maintaining current operations, it is often necessary to call upon those with experience to return from one of their many operational deployments and occupy either key Headquarters staff positions or key training institution positions. Although, in the past, these may have been seen as opportunities to recuperate from high-stress, fast paced postings, the focus on support to operations, the demands of transforming the organization, and the processes to achieve that focus preclude one from finding any respite, even in the short term. Indeed, according to Christopher Ankersen and Losel Tethong, retired CF officers now consulting on strategic management concepts, “the simple fact that units are already undermanned makes it increasingly difficult for any NCOs and officers to be spared for any surge in recruit and basic trades training...and the extra training burden could very well be the final stressor for many of the forces already over-tasked professionals.”¹³

¹³ Ankersen and Tethong, "Birds in the Hand...", 46.

The increased frequency of deployments caused by a shortage of personnel is beginning to have a detrimental effect on retention.¹⁴ The quality of life issues that soldiers are facing are causing them to choose between their careers, their families and their health. The CF can ill-afford to have soldiers confronted with this difficult decision in light of today's competitive environment for talent.

2.3 Work-Life Balance

A direct by-product of the reality of the increased operational tempo is the difficulty it creates for service members in achieving sufficient work-life balance. The ability of the CF to sustain itself throughout this demanding and challenging period continues to require members to spend less and less time at home. The work-life balance essential to maintaining adequate quality of life for CF members is out of equilibrium and is quoted regularly in CF exit surveys as a principle reason for voluntary turnover.¹⁵

Recognizing the importance of personal and family life is a key factor in gaining organizational commitment from employees. There is also a direct link between employee commitments and their intention to stay with an organization even if offered a similar job with slightly higher pay, and with their intention to stay with an organization for an extended period.¹⁶

¹⁴ Jason Dunn and Major Rob O Morrow, *Should I Stay Or Should I Go: Attrition Questionnaire Revision Project - Phase 1 Findings*, (Ottawa: Department of National Defence, 2002), 41.

¹⁵ Donna I Pickering, *The Relationship between Work-Life Conflict/Work-Life Balance and Operational Effectiveness in the Canadian Forces*, (Toronto: Defence Research and Development Canada, 2006), iii.

¹⁶ Kimberly Bachman, "Work-Life Balance - Measuring what Matters," Canada: *Conference Board of Canada*, 2000; <http://sso.conferenceboard.ca/e-Library/LayoutRecentPublications.asp>; Internet; accessed 8 January 2008, 10.

Surveys of members and their spouses in 2001 indicated that forty-two percent of members wanted deployments or tours to be reduced to enable them to spend more time with their families. A significant percentage of spouses (forty-six percent) indicated that the family dimension of their quality of life had to improve and that they were concerned with the workload being placed upon their CF partner due to the lack of personnel. On average, CF members and their spouses saw their family relationships as slightly worse than those of their civilian counterparts. In a separate survey, only twenty-five percent of CF members agreed that DND supports an environment that is conducive to a work-life balance and only thirty percent believed that DND's policies help to sustain members' efforts to achieve work-life balance. Both of these figures are significantly lower than those of civilian DND employees (forty percent and fifty percent respectively). A Defence Research and Development Canada Report published in 2006 concluded that "These findings suggest that work-life conflict may be more of an issue for CF members than employees from the Public...and Private sectors."¹⁷

Although acknowledged by the senior CF leadership in countless studies, reports, and strategies, there have yet to be any effective action plans implemented that will address the work-life imbalance in the short to medium term. Organizational leaders must act to ensure employee satisfaction in their efforts to properly manage their work and personal responsibilities. Not doing so will further contribute to retention problems as organizations that do not respond to the work-life challenges of staff lose key people.¹⁸

¹⁷ Pickering, *The Relationship between Work-Life Conflict...*, 8.

¹⁸ Judith L. MacBride-King, *Managers, Employee Satisfaction, and Work-Life Balance*, Canada: Conference Board of Canada, 1999; <http://sso.conferenceboard.ca/e-Library/LayoutRecentPublications.asp>; Internet; accessed 08 January 2008, 1.

2.4 Terms of Service/Pension Gateways

The CF Superannuation Act was structured to promote a healthy turnover of personnel at specific ages or years of service. CF members were entitled to receive a pension after twenty years in uniform. The Office of the Auditor General acknowledged in 2006 that the “Terms of service were originally designed to release eighty percent of members at or before twenty years of service. They were based on cold war conditions and the availability of new recruits.”¹⁹ The CF changed the terms of service conditions in 2005 in an attempt to hold on to experienced personnel longer. The new terms of service now require members to continue serving for twenty-five years before they are eligible to receive an unreduced annuity.

The effects of this change in policy will not be confirmed until the first group of personnel engaged under these terms enter into the extended five year period some time between 2013 and 2015. One thing that is certain, however, is that this will not affect those personnel who originally agreed to the old terms of service and, as such, are eligible to retire between 2007 and 2014. These trained, experienced members are still eligible to leave voluntarily with a pension after twenty years. Given the demographic hole illustrated in Figure 1, this will not enable the CF to bridge the human resource gap in the crucial mid-level management category unless it takes action to retain those personnel entering the pension gateway.

¹⁹ Auditor General of Canada, *2006 Report of the Auditor General of Canada to the House of Commons...*, 64.

2.5 Retention Culture

There is one related area, however, in which I believe we still have room for improvement – the application of policy in the individual case. If we genuinely hope to become an employer of choice, we have to establish and maintain a culture in personnel administration...there are also lots of situations which afford considerable opportunity to be creative in our solutions to individual problems. Therefore, when you've made an administrative decision that affects an individual member, ask yourself, as a final check on the rightness of your decision: What would an employer of choice do?²⁰

The CF set out to improve its relationship with the individual members in its ranks as far back as 2001. The Armed Forces Council (AFC) directed that the CF implement a retention strategy with the theme “Strengthening the Social Contract” as its foundation. In 2008, in a briefing to Canadian Forces College, the Chief of Military Personnel stressed that direction had been given to stop focusing on the process and start focusing on the individuals: “You know what right looks like,” he said “Do the right thing.”²¹ The fact that it is necessary to make such statements some seven years later, within the same HR Management context, demonstrates that there has not been enough success in creating a retention culture in the CF based upon that desired social contract between the member and the organization.

Efforts have been made over the past seven years to deal with some of the dissatisfiers that affect voluntary turnover, including improvements to pay and benefits. However, the effective establishment of a retention culture has failed during that same timeframe as a result of the CF's inability to ensure that all levels in the bureaucracy take responsibility for developing and maintaining that culture. In accordance with the CF

²⁰ LGen C Couture, *CF Retention Strategy ADM (HR-MIL) Group Action Plan*, (Ottawa: Department of National Defence, 2001), 7.

²¹ Major-General W. Semianiw, "Military Personnel Management," *Presentation to the Joint Command and Staff Programme*, (Toronto: Canadian Forces College, 10 January 2008).

Retention Strategy issued in 2001, the CF leadership acknowledged at the time that “Inherent in this division of responsibility is the idea that retention is a leadership responsibility and that every commander, supervisor and staff must do their part.”²² This acknowledgement however, did not result in action. There are still too many occasions in the CF where individuals are treated in a manner that does not account for individual circumstances when the situation allows for both the CF and the individual to benefit. Anecdotal evidence suggests that administrators continue to use the excuse that “We have no specific policy on that issue and we are not comfortable approving a request that would appear to privilege one member above others.”²³ This type of approach is in direct contradiction to what the CF set out to do in 2001. It is for reasons such as this one that the Chief of Military Personnel must continue to reinforce the key role that individual leaders play in looking after members in the CF.

There are numerous other examples of the social contract being broken between the CF and its members, but the existence of problems in achieving the perfect retention culture should not be unexpected for an organization of this size. What is truly unacceptable is the underlying perception amongst CF members that the social contract, the efforts to make the CF an employer of choice, and the idea of building a retention culture are platitudes for posters and not serious organizational goals. Confidence in senior leadership (procedural justice, career opportunities and work-life balance) and commitment (career opportunities and job satisfaction issues) are still listed as pan-CF

²² Couture, *CF Retention Strategy...*, 3.

²³ Confidential conversation with serving CF member.

reasons for voluntary turnover and as such, trust in the organization's ability to develop, implement and maintain that culture has not been earned.²⁴

This is not a challenge that is unique to the CF. Organizations in both the public and private sectors are realizing the importance of creating confidence in their abilities to lead and to take care of their employees in those employees' eyes. According to the Conference Board of Canada's study on the public service, potential employees encouraged employers to: "Improve the image of the public sector and more effectively market the organization as a great place to work [and] ensure the work environment is aligned with the employment promise..." as the most significant factors that would influence their ability to attract and retain talent. For that reason, the public sector is focusing its human resource efforts on streamlining staffing processes, improving the perception of organizational leadership and support to employees and "working to map out career opportunities and ensure expectations are clear and promises are kept."²⁵

2.6 Youth Cohort

The depth of talent available to be recruited is becoming increasingly shallower as the new millennium progresses. In 2007, seventy-four percent of private sector companies that responded to a Conference Board of Canada survey reported recruiting

²⁴ Major Deborah Howe and Sarah K. Peddie, Factors Affecting Members Decisions to Leave the Canadian Forces: A Quantitative & Qualitative Examination of the CF Retention Survey for Electrical and Mechanical Engineers (EME) Officers MOSID 00187, (Ottawa: Department of National Defence, 2006) ,i-ii.

²⁵ Allison P Cowan, Carolyn R. Farquhar, and Judith L. MacBride-King, *Building Tomorrow's Public Service Today: Challenges and Solutions in Recruitment and Retention*, (Canada: Conference Board of Canada, 2002), 1, 8.

challenges. This has driven more than half of those organizations (51.6 percent) to identify retention as their number one human resource priority.²⁶

The workforce participation rate of the population in Canada peaked in 2007 at sixty-seven percent. Lower fertility rates and the fact that the baby boom generation is reaching retirement gateways have set the conditions for the country to suffer a labour supply shortage by 2010. This will become even more desperate by 2020 if current trends continue.²⁷

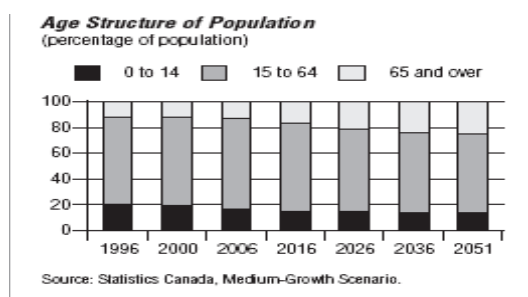


Figure 4: Age Structure of the Population

This shortage of personnel is exacerbated by the attitudes of a youth cohort that is not focused on long careers or interested in sacrificing quality of life for any professional organizations that it might serve. A 2005 DND survey of more than 3700 young Canadians between the ages of 16 and 34 identified that this potential talent pool was motivated by more personal, quality of life issues. This psychographic²⁸ would not be as likely to remain loyal to a single career path or employer and would be more likely to be

²⁶ Stephen Clarke, *Compensation Outlook: Labour Shortages Put Pressure on Pay*, (Canada: Conference Board of Canada, 2006), 9.

²⁷ Nicole Wassink, *Situation Analysis: Your Workforce is Aging...are You Ready?*, (Ottawa: Conference Board of Canada, 2001), 2.

²⁸ Psychographic describes a person's lifestyle as opposed to his or her demographic characteristics.

influenced in a decision to remain part of an organization based upon factors that included work-life balance, salary, and flexible hours.²⁹

The ability of the CF to attract and retain the next generation of talent is a serious concern. There are those within the organization who profess to understand this and suggest that strategies and policies have been and continue to be established to address this critical retention issue. But, are strategies and policies enough? Has the CF demonstrated that its policies and strategies drive its actions with regards to retaining talent? Can the CF afford to rest on hollow promises given that it is attempting to increase in strength in the face of this shrinking and evolving youth cohort?

2.7 Unemployment Rates

Canada is currently experiencing a thirty-three year low in its unemployment rate.³⁰ The ability of the CF to appeal to the shrinking workforce as an employer of choice is not as convincing as it was in the past as a result of the competition for talent that exists in this employee's marketplace. The low unemployment rate in this country continues to contribute to the already challenging recruiting and retention environment that the CF is experiencing and will further limit the CF's ability to sustain itself, let alone grow, in the short to medium term future.

²⁹ Department of National Defence, *Young Adults and the Canadian Forces: Results from the Survey of Canadians Aged 16 through 34 on Recruitment into the Canadian Forces and Public Opinion regarding the Canadian Forces Reserve*, (Ottawa Canada: Department of National Defence, 2005), 5.

³⁰ Statistics Canada, "Latest Release from the Labour Force Survey," *Statistics Canada*. <http://www.statcan.ca/english/Subjects/Labour/LFS/lfs-en.htm>; Internet; accessed 03 March 2008, 1.

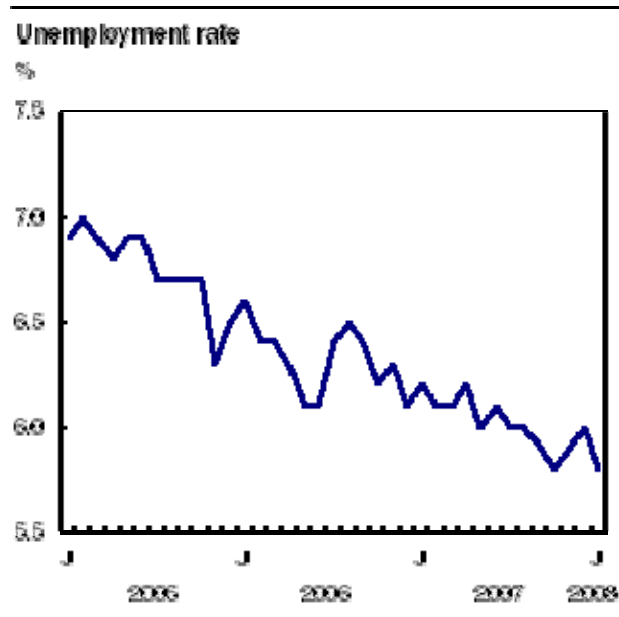


Figure 5: Unemployment Rate In Canada³¹

2.8 Summary

The human resource challenges that exist in the CF today are based upon several factors that include both internal and external influences. The impact of the CF FRP, the effects of the ever-increasing operational tempo, the inability of CF members to achieve an adequate work-life balance, the terms of service and pension gateways, the lack of a retention-based culture, the evolving youth cohort and the low unemployment rates in Canada have shaped the personnel environment in which the CF continues to operate. How the CF has responded to these challenges in the past, and how it approaches these challenges in the future, will determine its success in meeting its human resource requirements.

³¹ Statistics Canada, "Latest Release from the Labour Force Survey," *Statistics Canada*. <http://www.statcan.ca/english/Subjects/Labour/LFS/lfs-en.htm>; Internet; accessed 03 March 2008, 1.

3.0 Canadian Forces Human Resource Performance Assessment

In order to retain the right number of motivated and qualified people, the CF will engage in systematic, planned and coordinated retention strategies. The CF 2020 will be an environment conducive to retention under a fully integrated HR framework that balances individual and organizational interests... They will include all necessary programs and incentives to ensure that the right personnel are engaged within the organization and are committed to the operational mission.³²

The CF has produced a series of strategic documents outlining the future of the forces to 2020 and beyond. They include a human resource strategy entitled “Military HR Strategy 2020, Facing the People Challenges of the Future.” Defined within that strategy is the CF’s HR mission, which is “to develop and implement HR plans, policies and programs to recruit, develop and retain people to effectively support the CF in all operations it is asked to perform.”³³ How has the CF responded to the people challenges of the future since this strategy was first written in 2002? Has it demonstrated the required understanding of the human resource challenges that it faces through the development and implementation of HR plans, policies and programs?

In a Performance Management Review briefing given to the Defence Management Committee in December 2007, the outline of the personnel situation was alarming. CF attrition was trending more than half a percentage point above the forecasted rate. Twenty-eight military occupations were critically³⁴ under strength and although recruitment was on track, real CF growth was only thirteen members for fiscal

³² Department of National Defence, *Military HR Strategy 2020: Facing the People Challenges of the Future*, (Ottawa: Department of National Defence, 2002), 16.

³³ *Ibid.*, 3.

³⁴ Critical is defined as greater than 10% under the total established strength required.

year 2007 when planned expansion targets were set at one thousand by 31 March.³⁵ Increased efforts and resources in recruiting talent were not sufficient to ensure that the human resource requirements of the CF would be met in the short to medium term. The strategic risk associated with the human resource shortages was presented during that same briefing as severe and almost certain to occur resulting in “an increased workload and impeding the ability [of the CF] to fulfill [its] mission.”³⁶ The recommendations for action included “an increased focus on retention initiatives and strategies based on...the higher than forecast attrition.”³⁷

What is most alarming about the recommendation is that it was almost identical to others that have been made since the CF leadership determined that retaining people in post the FRP period was a critical requirement in achieving the defence commitments of the future. The Defence Planning Guidance of 2000 gave direction to the Associate Deputy Minister (Human Resources-Military) to “develop a recruitment and retention program that better meets future defence team requirements.”³⁸ As a direct result of this direction, a CF Retention Strategy was approved by Armed Forces Council in June of 2001 requiring an action plan that would serve to build a retention culture in the CF and make it an “employer of choice.”³⁹ These directives and decisions drove the requirement for and formed the basis of the Military HR Strategy 2020. So how did we get back to

³⁵ Department of National Defence, "Defence Management Committee Performance Management Review," (Ottawa: Department of National Defence, 12 December 2007).

³⁶ *Ibid.*

³⁷ *Ibid.*

³⁸ Department of National Defence, *Defence Planning Guidance 2000 (DPG 2000)*, (Ottawa: Department of National Defence: Office of the VCDS, 1999).

³⁹ Couture, *CF Retention Strategy...*, 7.

where we started some eight years ago when the original Defence Planning Guidance 2000 was issued?

3.1 Building a Retention Culture

The CF plan to address the issue of retention was to build a retention culture and make the CF an employer of choice. In order to evaluate the performance of the CF with regards to its human resource retention policies and programs, it is necessary to understand the importance of members' commitment or loyalty to the organization and what affects that loyalty. Commitment to the CF can be broken down into three areas: continuance commitment, affective commitment and normative commitment. Continuance commitment is associated directly with the soldiers' analysis of whether they need to remain with the CF. If the personal cost of leaving is prohibitive in comparison to the personal costs of staying, then members will remain. Affective commitment can best be defined as the degree to which soldiers want to remain a part of the CF. This is an emotional link and is based upon the attachment and involvement level members have with the organization. Lastly, normative commitment is the level of loyalty CF members feel they should demonstrate to the organization out of the sense of obligation that has been built over time.⁴⁰

The need for CF members to remain in the CF regardless of the dissatisfiers that may influence their desire to leave is heavily weighted on the pension gateways. The new TOS extended the period required to serve to twenty-five years in order for a member to qualify for an annuity, a move that would serve to fuel the need to remain for

⁴⁰ John P Meyer and Natalie J. Allen, *Commitment in the Workplace: Theory Research and Application*, (Thousand Oaks CA: Sage Publications, Inc., 1997), 11.

those personnel who fall under this plan. However, as mentioned previously, the change does not affect the large percentage of mid-level management who choose to remain under the old pension gateways of twenty, twenty-five, and twenty-seven years respectively. The personnel crunch that the CF is facing in the near term until 2014 will be exacerbated because those personnel who currently qualify for an annuity will not need to remain.

The personal cost to some members to stay is greater than the personal cost for them to leave at a number of different levels. The unemployment rate is low and the prospects for employment for the skilled soldiers that the CF has at the mid-level management category are good. When one considers this competitive climate in conjunction with the fact that soldiers feel that their pay is not in line with the amount of work that they do, and that they are not adequately compensated for their time away from home, the prospects of collecting a pension and moving on to a position that offers less stress and a greater quality of life tips the continuance commitment scale against the need to remain in the CF.⁴¹

Affective commitment is key to the CF's ability to retain soldiers. The CF is a unique and demanding career path. One could easily argue that affective commitment should form the foundation upon which the CF's retention culture is based because of that uniqueness. The CF continues to suggest that its retention strategy is focused on

⁴¹ J Dunn, K. Ford and S. Flemming, *PERSTEMPO Qualitative Data: CF Member Focus Group Findings*, (Ottawa: Department of National Defence. Operational Research Division, 2005).

causing its members to want to remain in the CF; however, the actual actions taken to achieve that commitment have been superficial at best.⁴²

In order for the CF to achieve a retention culture based upon strong affective commitment, it must address the most prevalent dissatisfiers affecting that affective commitment and establish incentives that support it. While one could argue that a number of steps have been taken to address certain dissatisfiers, through improving pay scales, more organizational support to families, and better and more responsive benefit packages, the reality is that the most important dissatisfiers are not being overcome. A lack of personnel, and an inability to deal with the operational tempo that creates stress for CF members at work and at home in their efforts to achieve an adequate work-life balance, continues to undermine organizational attempts to improve it. In fact, in a 2006 study by Director Personnel Generation Requirements, the number one thing that the CF would have to change to convince departing members to stay is the working conditions. Role overload levels are too high and are having a negative impact on soldiers' commitments to remain in the CF.⁴³ This is not surprising. Research in the field of turnover has found that role stress is a major determinant of why people quit their jobs. Role overload, where employees face too many expectations or demands, and inter-role conflict, where work roles conflict with other priorities such as family, cause people to choose to leave.⁴⁴

⁴² Kathleen Bécotte, "Les Styles De Leadership Et La Rétention Du Personnel Dans Les Forces Armées Canadiennes, Kingston " (Kingston :L'Institut de leadership des forces canadiennes, 2002), 4.

⁴³ Howe and Peddie, *Factors Affecting Members Decisions to Leave the Canadian Forces...*, ii.

⁴⁴ Rodger W Griffeth and Peter W. Hom, *Retaining Valued Employees*, (Thousand Oaks, CA: Sage Publications, 2001), 87.

In a survey conducted between 1992 and 1999, CF members listed the desire to increase family stability and to avoid family separations as the top two reasons for leaving the CF.⁴⁵ In a series of qualitative and quantitative studies conducted since 2006 to examine the factors affecting members decisions to leave the CF, using the CF Retention Survey as the survey vehicle, this reality had not changed. In fact, affective commitment was listed as one of the top factors that influence retention, and satisfaction with work-life balance and career management were also listed as having a strong relationship with turnover intentions amongst serving members.⁴⁶ In 2008, the Chief of Military Personnel has noted that inadequate work-life balance, the negative impact of CF life on families and the fact that soldiers feel undervalued by the organization are the three biggest dissatisfiers fuelling the CF retention problem.⁴⁷

The level of normative commitment that currently exists in the CF is not as prevalent as it once might have been. There has long been a belief in the CF that a “shared acceptance of the military ethos generates and sustains loyalty among members.”⁴⁸ The CF as an organization has placed almost all of its hopes in building a retention culture upon the idea that members are loyal because they subscribe to that CF Ethos. It is perhaps true that, in the past, CF members had a heightened sense of loyalty to their duty as soldiers. It is also perhaps true that there remains an element within the

⁴⁵ Karol Wenek, "Personnel Retention in the Canadian Forces: Issues and Options," *Armed Forces Council Presentation*, (Ottawa: Department of National Defence, 7 May 2001), 20.

⁴⁶ Lisa Williams, *Factors Affecting Members Decisions to Leave the Canadian Forces: A Quantitative & Qualitative Examination of the CF Retention Survey for Combat Engineers (BBT ENGR) MOS IS 00339*, (Ottawa: Department of National Defence, 2007), i.

⁴⁷ Semianiw, "Military Personnel Management"...

⁴⁸ Department of National Defence, *Military HR Strategy 2020...*, 4.

service that still maintains loyalty for that reason. However, the CF has not demonstrated the reciprocal loyalty required to sustain that member commitment over the long term and, as such, it can no longer be counted upon in the majority of cases. In fact, Kathleen Bécotte, in a 2002 thesis on leadership styles and their influence on retention within the CF, suggested that “Les mesures prises jusqu’à maintenant sont pertinentes certes, mais superficielles selon certaines critiques...une bonne part des militaires...acceptent une baisse de salaire pour retourner travailler dans l’environnement civil.”⁴⁹

The CF has been attempting to grow to enable it to be in a better position to meet the government’s operational demands. This growth has only resulted in a rise in the approved manning ceiling and has not resulted in an increase in available personnel for operations and training for two reasons. While the approved strength of the CF has risen from sixty thousand to sixty-eight thousand, the trained effective strength, those personnel available for duty on operations, is a much lower number and well below what was projected to alleviate the personnel pressures. Short term gains may increase the number of personnel in uniform but they do not increase the number of soldiers available for deployment for at least several years due to training and trade qualification requirements. Historically, the gap has been in the area of eight percent; however, as recently as 2005, it has been closer to thirteen.⁵⁰

Secondly, as of February 2008, there is a gap between the personnel required versus the personnel available. This is not due to an inability to recruit future members. Recruiting initiatives have been relatively successful in achieving the target numbers

⁴⁹ Bécotte, "Les Styles De Leadership... ", 4.

⁵⁰ Auditor General of Canada, *2006 Report of the Auditor General of Canada...*, 51.

required to grow the force to within a percentage point of the forecasted approved levels. Rather, it is due to the CF's inability to retain experienced members that are trained and effective or in the stream to become so. The CF is experiencing releases at a rate of 8.4 percent higher than forecasted for FY 07/08. This is 13.4 percent higher than the total attrition level for the same period in 06/07. Seventy-four percent of those personnel that have left the CF so far in 07/08 have done so voluntarily. This is continuing a trend that has seen voluntary attrition rise as a percentage of over all attrition, from 51.6 percent in FY 03/04, to its present 74 percent. The total attrition for that same period has risen from 5.9 to 8.1 percent.⁵¹ These statistics are indicative of a retention program that is not operating effectively. The corporate knowledge and experience is being lost to the CF at a rate and at a time that it can least afford it.

Figure 6: CF Establishment and Attrition⁵²

	FY 03/04	FY 04/05	FY 05/06	FY 06/07	FY 07/08 Partial 1 Apr 07–29 Feb 08
CF Population (N)	65430	65896	67607	69682	69756
Total Attrition (TA)	3857	4257	4420	5522	5647
Total Attrition Rate (TA) / N = % TA	5.9%	6.5%	6.5%	7.9%	8.1%
Voluntary Attrition (VA)	1989	2190	2486	3515	4168
Voluntary Attrition Rate (VA) / N = % VA	3.0%	3.3%	3.7%	5.0%	6.0%
Voluntary Percentage of Total Attrition (VA/TA = %)	51.6%	51.4%	56.2%	63.7%	73.8%

When building a retention culture, the importance of a balanced relationship between the employee and the employer is key. In order for an employee to commit to investing in an organization and to remain loyal to that organization, there must be a sense that the commitment is reciprocal. Human Capital Theory suggests that individuals

⁵¹ Colwell, *February 2008 PARRA Report...*, 1.

⁵² *Ibid.*, 1.

will “actively manage their own human capital through the personal and professional investment in knowledge and abilities,” and that organizations can invest in their employees’ human capital to positively influence retention and productivity by developing specific skills that enable productivity. As a part of this reciprocal agreement, “it is essential that the human capital equity in the employer/employee relationship be maintained.”⁵³ This human capital relationship relies upon both the employee and the organization understanding the importance of each others’ contribution.

The CF consistently professes that it places a great deal of importance on the human capital investment that it has in its personnel. The importance that it places on its soldiers was to be the basis of a human resource strategy outlined in HR 2020 that recognised that people must come first: “Personnel policies and programs must...enable leaders to develop and maintain commitment...recognising that the value of people within the CF increases when they are effectively developed and employed with respect for individual attributes, aspirations and personal considerations.”⁵⁴ This same policy also called for the CF to found its HR policies on the “acknowledgement of the dignity and worth of the individual...ensuring that the full contribution of all members was recognised...to ensure their continued sense of value and commitment to the CF.”⁵⁵

This policy has not been adhered to in practice to the extent that is required to develop and maintain a retention culture within the CF ranks. In a 2006 study conducted by the Director of Personnel Generation Requirements, it was determined that upwards of

⁵³ Major Deborah Howe, *The Bonus Fix: The Role of Retention Bonuses in the Canadian Forces and Policy Recommendations*, (Ottawa: Department of National Defence, 2005), 8.

⁵⁴ Department of National Defence, *Military HR Strategy 2020...*, 4.

⁵⁵ *Ibid.*, 5.

forty percent of those personnel who choose to leave the CF do so for reasons internal to the organization and that less than a third were leaving for external reasons.⁵⁶ The internal reasons are those over which the CF should be able to exert influence to retain their investment in trained and effective personnel. There are too many examples of human resource decisions being made at all levels of the chain of command without consideration for the dignity of the individual and their importance in ensuring the CF's continued operational capability. These types of decisions cause soldiers to choose to leave. To make matters worse, those who are leaving are well-trained and experienced personnel who cannot be easily replaced. Unlike the private sector, where mid-level management skills may be transferable with little or no training, the CF operational context requires promotion from within to fill the leadership and skill vacuum created through attrition.⁵⁷

To illustrate the extent of the problem, one needs only to look at the students who attend the Canadian Forces College (CFC). Every year, the top four percent of the CF Majors and Lieutenant-Colonels, who have not already graduated from CFC, attend a one year professional development course with a view to completing a Masters degree. Although these are the top performers across the forces in their respective career fields, more than ninety percent of the candidates are unaware of where they will be posted within six months of completing the program and a large number have little to no say in where they will be employed once they find out. In some specific cases, requests for consideration of personal circumstances are dealt with in a manner that will effectively

⁵⁶ Howe and Peddie, *Factors Affecting Members Decisions to Leave...*, i.

⁵⁷ Department of National Defence, *Canadian Forces Retention (Draft)...*, 6.

cause a few outstanding performers with exceptional potential to leave the CF. While there are always operational and organizational reasons why some personal circumstances cannot be accommodated, in the case of outstanding performers, these should be the exception and should be reviewed by members' individual chains of command to ensure everything is indeed done to ensure they remain committed to the organization. This is currently not the case. CF leadership is not involved directly in retention beyond the outlining of strategies and the establishment of policies. In fact, there remains a common belief that "senior NCMs and officers see measures aimed at retaining individuals as contrary to the established culture."⁵⁸ The impact of losing trained and experienced personnel is significant for the organization and, as such, the CF leadership cannot afford to continue to allow soldiers to leave without becoming engaged more directly. The goal of establishing a true retention culture in the CF cannot be attained until the idea is embraced by the CF leadership and seen to be practiced by those who look to them for support.

3.2 Compensation

"In today's climate...retention of talented workers is a growing concern...competitive organizations interested in retaining their employees [must] make certain that their compensation packages include a combination of monetary and/or non-monetary benefits that meet their workforce's needs."⁵⁹ In a recent presentation to the Canadian Forces College, the Chief of Military Personnel stated that he believed that CF

⁵⁸ Colonel Gordon Grant, "Manning Issues for the New Millennium: Shaping a Comprehensive Recruiting and Retention Strategy for the Canadian Forces," *The Canadian Institute of Strategic Studies: Strategic Datalink*, Strategic Datalink #97 (June 2001): 1-4, 4.

⁵⁹ Howe, *The Bonus Fix...*, 3.

personnel were more than adequately paid for the work that they do and he challenged those in attendance to disagree with him.⁶⁰ The problem with the challenge as it was issued is that no facts were presented to substantiate the pay parity or equity with any similar occupations. The statement was made in the context of a discussion of recent pay raises, a fact that only demonstrates that pay has improved in the last decade, not that it is competitive with other possible employers of soldiers.

The truth of the matter is that the CF pay structure does not align with civilian wages for similar types of occupations and comparable levels of responsibility.⁶¹ The CF compensation strategy has been one that has attempted to overcome pay inequities with its civilian counterparts by offering a reasonable standard of living through comprehensive financial and benefits packages, specialist pay, allowances, dental and health care benefits, holidays and pensions.⁶² A reasonable standard of living must include the commitment to ensuring a healthy work-life balance such that the non-monetary benefits overcome the monetary shortfalls. In order to gain the loyalty of the trained and experienced soldiers in this competitive environment, the CF must be an organization that appeals to their affective and/or normative commitment to ensure that they feel they want to or should remain in the organization.

This is arguably not the case at present. The CF is attempting to base its compensation strategy upon the assumption that it is already operating in a retention culture when in fact it will take years to establish one. Once a retention culture exists and

⁶⁰ Semianiw, "Military Personnel Management"....

⁶¹ Department of National Defence, *Canadian Forces Retention (Draft)*..., 5.

⁶² Howe, *The Bonus Fix*..., 3.

a soldier has grown in the CF with that culture as its foundation, supported by actions that reinforce the importance of retaining personnel, then it is reasonable to assume that a basic level of affective and normative commitment will be present. As part of HR 2020, this was an attainable CF HR strategy within the scope and timeframe envisioned. There need to be effective interim measures taken to enable the CF to reach that HR 2020 vision intact.

One such interim measure is the idea that while trying to build a retention culture, an organization can employ policies aimed at buying lower attrition. This aspect has been studied by the Director of Military Employment Policy and by the Director of Personnel Generation Requirements and has been determined to be an effective measure if implemented in concert with policies that support the building of a retention culture for long term effects. In a Director of Military Employment Policy Report entitled “Buying Low Attrition or Building High Retention? That is the Question,” it was determined that retention bonuses aimed at personnel with specific skills or experience levels that are reaching exit gateways provide short term solutions to attrition problems. This idea is supported in *The Bonus Fix: The Role of Retention Bonuses in the Canadian Forces and Policy Recommendations*, in which Major Deborah Howe recommended that: “In situations where organizational capability and mission success are at risk, [and] it is essential that the voluntary turnover be controlled, a retention bonus in a competitive market can be effective.”⁶³ With CF attrition surpassing forecasted levels and no end in sight to the elevated levels of operational tempo, this needs to be considered more seriously.

⁶³ Howe, *The Bonus Fix...*, 71.

The CF has chosen thus far not to pursue retention bonuses as a practice as it is concerned that it only provides a short term solution and can cause organizational friction due to perceived unfairness in its application.⁶⁴ It has, however, offered recruiting bonuses for applicants with skills that are in demand in the competitive external environment or as a result of historical shortfalls in these occupations within the CF. This practice has achieved the exact result that buying lower attrition was trying to avoid. Anecdotal evidence suggests that it has caused a perceived unfairness across the CF with regards to the value of loyal, trained and effective members of the organization in comparison with new recruits. The CF is in reality sending the message that it values new employees more than the long serving ones whose experience and expertise is key to the organization's current and future operational commitments. It is not surprising therefore that the Chief of Military Personnel is acknowledging that CF soldiers are feeling undervalued in today's CF compensation environment. The CF must invest in short term, interim measures to retain talent. In *Buying Low Attrition or Building High Retention? That is the Question*, the authors found that "In periods of unexpectedly high attrition, driven by either external factors beyond the CF's control or related to perceived unfair compensation, transactional interventions can be appropriate as interim measures."⁶⁵ Concurrent with these interim actions, the CF can continue to foster the retention culture that it desires to instil for long term human resource stability.

⁶⁴ LCol Martin Villeneuve, Tzvetanka Dobрева-Martinova, and John G. Currie, *Buying Low Attrition Or Building High Retention?, That is the Question*, (Ottawa: Department of National Defence, 2004), 8.

⁶⁵ *Ibid.*, 9.

3.3 Non-Monetary Compensation

The CF has a well-established system for recognizing soldiers' actions using honours and awards. This mechanism has traditionally been one that is reserved for acknowledging extraordinary performance as a result of a specific incident during operations, or to acknowledge members' accomplishments over the course of their career. Although the honours and awards framework is documented and has been used by the organization in the past, up until very recently there has been a cultural tendency within the CF to frown upon it. Anecdotal evidence suggests that members saw the system as reserved for senior personnel, and there was a great deal of cynicism within the CF with regards to how the program was administered.

With the increased operational tempo that has resulted from the deployment to Afghanistan, the Chief of Defence Staff directed that Commanding Officers within the organization to begin using honours and awards more liberally.

I expect you to be thoroughly familiar with the traditions and customs that relate to the CF and to your unit. I also expect you to actively promote the beliefs, attitudes and behaviour that our traditions and customs exemplify. You must aggressively exploit the full range of honours and awards, at both the national and organizational level, to acknowledge the worthy deeds of the members of your unit or, indeed, anyone else which you become aware of.⁶⁶

The chain of command has responded with an unprecedented increase in soldier recognition that includes very public award ceremonies. Regardless of whether or not employee retention was the desired effect of this directive, non-monetary awards contribute significantly to employee commitment and thus positively influence

⁶⁶ Department of National Defence, "Chapter 4: Customs and Traditions" *Chief of Defence Staff Guidance to Commanding Officers*, (Ottawa: Department of National Defence), 2.

retention.⁶⁷ While this new approach to applying an existing program is a step in the right direction, it still has to mature. There are still cases of inconsistency in the application of the policy, both in terms of the qualifying requirements and the timeliness of the recognition, which create friction within the organization and are the source of dissatisfaction amongst serving members. Once mature, however, the CF Honours and Awards program will have a positive impact on its efforts to establish a retention culture.

3.4 Canadian Forces Human Resource Management

CF military human resource management is organized under the Chief of Military Personnel. Although there are employees, both civilian and military, with human resource backgrounds and training within this organization, they are not involved directly in the management of CF soldiers. The CF has “senior officers or non-commissioned officers normally (but not always) from the same occupation as they are managing” taking care of the career management of its serving members. These career managers are all serving as HR specialists with very little, if any, formal training.⁶⁸

Although the individuals occupying these positions do the best jobs that they can, the very idea that the CF places its direct responsibility for the management of its most valuable resource, its people, in the hands of untrained personnel, is a statement in itself. As a result, CF members often do not feel that the career management system is

⁶⁷ Howe, *The Bonus Fix...*, i, 20.

⁶⁸ LCdr Michael F Melnychuk, *A Report of Current Career Management (CM) Practices and Emerging CM Innovations in TTCP Countries*, Report prepared for The Technical Cooperation Program, (Ottawa: Department of National Defence, 2006), 92- 93.

responsive to their needs and become dissatisfied with postings and opportunities for career progression.⁶⁹

Most alarming is the fact that the Office of the Auditor General of Canada identified this in its 2002 Report on National Defence Recruitment and Retention as a key point that needed to be addressed: “We are concerned that few military personnel assigned to military HR management have previous experience or training in HR policies and practices...the CF would benefit by having a knowledgeable group, trained and experienced in managing the HR changes needed over the long term.” The CF acknowledged the shortfall and agreed to look at improving its investment in HR training for the benefit of its military personnel.⁷⁰

As a result of the Auditor General’s Report, the Defence Planning Guidance direction in 2000, and the Armed Forces Council decision in 2001, the CF conducted a Retention Intervention process that eventually led to the creation of the National Retention Team (NRT) in 2004. The NRT was established to deal with the organizational level issues that arose from the surveys and was to “develop a retention culture that builds commitment through structured relational human resource policies.”⁷¹ In an effort to deal specifically with career management and the inadequate managing of talent as identified by the NRT and initially by the Auditor General in 2002, the CF also created the Succession Planning and Careers Project in 2005. This was to be a team that

⁶⁹ Howe and Peddie, *Factors Affecting Members Decisions to Leave...*, ii.

⁷⁰ Auditor General of Canada. *2002 Report of the Auditor General of Canada to the House of Commons...*, 3.

⁷¹ Nick Marum, *Aide Memoire for the National Retention Team: DPGR Attrition/Retention - Chronology of CF Retention Related Activities and Policy*, (Ottawa: Department of National Defence, 2007), 8.

would “develop integrated CF succession planning, assessment and selection processes designed to encourage and facilitate individual professional development, commitment and employment while ensuring...[CF] requirements were satisfied.”⁷² This project survived for less than a year and there have been no identifiable changes to the career management structure since the publication of the report in 2002. The CF’s lack of sustained investment in the Human Resource management framework does little to demonstrate the importance the organization places on its soldiers and as such, it contributes to the feeling that they are undervalued. When soldiers feel undervalued, when they feel that the work-life and the human capital balances are not within acceptable parameters, and when they do not feel that the overall benefits being awarded for their efforts compensates for these inequities, they choose to leave.

⁷² Nick Marum, *Aide Memoire for the National Retention Team...*, 8.

4.0 Competitors in the Fight for Talent

Winning the war for talent will take a conscious, sustained effort...building a strong talent pool will require a...new approach to the way you...manage talent...it will require a fundamental shift in the way you run your business and carry out your leadership responsibilities.⁷³

When CF soldiers with mid-level management experience begin looking for alternatives to the military for employment, they ultimately look to the private or public sector. Until recently, the CF has spent limited time or effort studying what these organizations offer their employees to attract and retain them in this competitive talent environment. Instead, the CF has traditionally focused almost all of its retention and recruiting energy on the best practices of other militaries. Although this may seem logical given the common challenges that these organizations face and their common missions and tasks, the CF is not losing soldiers to other militaries, and the talent environment in other countries is not necessarily comparable to that in Canada. The CF should be investing more of its research efforts in the area of retention on the best practices of those private and public sector organizations with whom it is competing for talent. What human resource strategies and practices are those Canadian companies with low turnover rates employing to be successful in retaining their experienced and skilled employees? What policies and practices work in this changing demographic and new talent landscape?

Public and private sector organizations are examining every possible means to ensure that the resources required to succeed into the future are available within their ranks. With the reduced youth cohort, and an increasingly competitive environment for

⁷³ Ed Michaels, Beth Axelrod and Helen Handfield-Jones, *The War for Talent*, (Boston: Harvard Business School Publishing), 2001.

skilled workers, there is a renewed focus within these sectors to ensure that their trained and experienced employees continue to be committed to the organization into the future. Indeed, some of the most successfully managed companies in Canada have based their human resource strategy on this premise.

Ellis Don Corporation, rated as the top managed company in Canada in 2007 and consistently among the top managed companies over the past several years in the *Globe and Mail's Report on Business*,⁷⁴ considers its retention culture as its number one enabler.⁷⁵ Critical to the establishment of the retention culture is its promise to its employees, known as the *Ellis Don Promise*: its people are and will remain its most important resource. Ellis Don's promise to its employees includes recognition of and commitment to the important aspects of leadership, the entrepreneurial spirit, innovation, mutual respect, investment in employees and career opportunities. The CEO, Geoff Smith, recently put it this way: "I believe that it must be the goal of everyone here to build a company that attracts terrific people, that challenges them to develop to their greatest potential, and where we each deliver to each other the greatest career opportunities."⁷⁶ The promise is not a hollow one. Ellis Don empowers all of its levels of management to use their initiative when it comes to managing employees and projects. Smith believes that "trusting employees at all of its branches to make key decisions is a

⁷⁴ Steve Brearton, "50 Best Employers in Canada", *Report on Business*, 28 December 2007; <http://www.reportonbusiness.com/servlet/story/RTGAM.20071219.rm50best1219/BNStory/specialROBmagazine/home>; Internet; accessed 6 January 2008.

⁷⁵ Janine Szczepanowski, *V.P. of Leadership and Entrepreneurial Development: Ellis Don Corporation*, Telephone Conversation with author, (Toronto Canada, 5 December 2007).

⁷⁶ Geoff Smith, *The Ellis Don Promise*, (Mississauga Ontario: Ellis Don Corporation, 2007), 1-2.

cornerstone to the company's success...[it] attracts better employees because they get more freedom and authority.”⁷⁷

Ellis Don relies on its promise and the retention culture that it has established rather than on specific policies, enabling people to make decisions and holding them accountable for the results. It believes that by hiring the right people, by placing them in the right framework to develop to their potential, and by focusing on the employees rather than human resource policies and regulations, employee commitment will grow. Actions speak louder than words when it comes to gaining the confidence and the commitment of employees. For example, by rewarding supervisors for outstanding efforts with compensatory time off between projects (that did not count as holiday time), and by presenting employees who went out of their way to represent the company in promotional videos with IPODs, Ellis Don was effectively demonstrating to its employees that the company was appreciative of their work, committed to their well-being, and concerned about their sense of organizational commitment. These initiatives were undertaken without reference to specific HR policies. They were the result of the desire to develop and maintain a retention culture.

The 2006 Conference Board of Canada's report on the public service determined that the importance of an organization making and keeping a promise with its employees is not unique to the private sector when it comes to positively influencing retention: “The message...is that governments must ensure that the promises made to current and potential employees are kept.”⁷⁸ Although the CF has correctly identified that a critical

⁷⁷ Don Procter, Ellis Don's Strength Comes through Innovation, *The Leaders* (2007), 5.

requirement in establishing affective and normative commitment is the building of a retention culture, it arguably has not put into action the policies required to establish the confidence and the commitment in it from its soldiers. It is not perceived by its employees, the soldiers within the CF, as keeping the promises it has made over the years. It is too policy and process focused and it tends to lose sight of the reason the policies exist: to help support the people within the CF as they work to make the organization succeed. In a briefing given to Canadian Forces College on 10 January 2008, the Chief of Military Personnel acknowledged that he was fighting an organizational culture within the CF HR community that was focused on applying processes rather than supporting CF members.⁷⁹

More than half of the CF's competitors for talent have indicated that their number one priority over the next decade is retention.⁸⁰ While building a retention culture is the critical end-state, seventy-five percent of organizations in the private and public sectors are focusing their human resource compensation strategies on improving base pay and establishing retention bonuses in an attempt to influence employees' decisions.⁸¹ These initiatives are a part of or in addition to the strategy to build a retention culture. Once the retention culture is established, compensation will be but one aspect that will affect an employee's decision to leave.

⁷⁸ Cowan, Farquhar and MacBride-King, *Building Tomorrow's Public Service Today...*, 8.

⁷⁹ Semianiw, "Military Personnel Management"...

⁸⁰ Clarke, *Compensation Outlook: Labour Shortages Put Pressure on Pay...*, 9.

⁸¹ Stephen Clarke, *Compensation Outlook: The Alberta Effect Puts Upward Pressure on Pay*, (Canada: Conference Board of Canada, 2007), 14.

Ellis Don's monetary compensation strategy is structured to pay employees a salary that is competitive with the market. It strives to have its pay in the seventy-fifth percentile in relation to its competitors, and it then uses variable pay based upon employee and organizational success to increase that amount accordingly. This creates internal equity within the company and forms a bond between the employer and the employee whereby both parties have a stake in seeing the other succeed. Furthermore, Ellis Don practices both a formal and informal approach to rewarding its employees, coupling the monetary variable pay benefits with opportunities to receive less tangible incentives such as time off, vacations, prizes and public recognition. None of these informal, non-monetary incentives are established in policy; however, they are understood to be a part of the reciprocal commitment that exists as part of the retention culture that the company has established. Research has shown that superior performers remain loyal to organizations when they are compensated commensurate with their performance, be it monetarily or otherwise.⁸² By demonstrating flexibility in its approach and creating an environment in which employees feel valued and appreciated, Ellis Don is fostering affective and normative commitments in its employees.

It is imperative that the proper balance be struck with regards to the establishment of pay scales. Organizations must understand the impact of different pay philosophies on retention. Referred to as distributive justice, these philosophies include but are not limited to: career milestones, market competitiveness, skill or knowledge attained, and level of responsibility assigned. One of the most successful companies in the world, Microsoft, professes that promotions and pay raises should be based upon performance

⁸² Griffeth and Hom, *Retaining Valued Employees...*, 160.

and not tenure.⁸³ The fact that one accumulates knowledge and ability, be it of a technical nature or a managerial nature, and performs well, should be reflected in their ability to increase their earnings commensurate with their value to the organization. Private and public sector organizations are very much aware of the market pricing for talent and are becoming increasingly proactive in establishing themselves as competitive. Although companies need to be aware of the tension that internal pay inequity can create, focusing on external pay equity or competitiveness contributes positively to retention.⁸⁴ Salary packages must be competitive, responsive and flexible such that organizations can react to the changing talent environment and organizational requirements. It is imperative that employees understand the compensation strategy, and that they see the strategy as logically distributed. The CF, in its Draft Retention Strategy, acknowledges that:

In developing a total rewards program, there are five key components that civilian organizations consider in order to engage the workforce...[among them] employers need to address how their employees will be acknowledged and recognized...and they need to align the reward structures and consider how performance of work related tasks would be rewarded.⁸⁵

Once established, the employer must be seen to be following the pay and benefit procedures and applying the spirit of the strategy equitably across the organization. This procedural and interactional justice contributes positively to retention by creating stronger levels of organizational commitment. In fact, research suggests that procedural

⁸³ Griffeth and Hom, *Retaining Valued Employees...*, 155.

⁸⁴ *Ibid.*, 158.

⁸⁵ Department of National Defence. *Canadian Forces Retention (Draft)*..., 6.

and interactional justice have more of an impact on commitment to the company than the size of the benefit or the reward itself.⁸⁶

Long Term Incentive Plans (LTIPs) are becoming increasingly prevalent among successful private and public sector organizations. In 2006, over fifty percent of Canadian organizations that responded to a Conference Board of Canada study report that they use this strategy to foster continuance, affective and normative commitments as part of their efforts to retain employees and that they are doing so at the management level and below. LTIPs are provided in addition to the base salary and are tied to performance objectives at the individual employee level. The amount of the variable pay is tied to annual performance evaluations but entails deferred payment of a percentage of the bonus earned over several years. This type of compensation contributes to employee commitment over a protracted period. The LTIPs are cumulative and can be awarded as cash or stocks, but the stock is paid out at the value for the year it is collected, not earned. This encourages employees to keep the long term success of the organization at the fore. Currently, private sector organizations are the heaviest users of this form of compensation (over eighty percent), and the public sector organizations that do so, just under ten percent, primarily award cash as the LTIP benefit and not stock.⁸⁷

One-size fits all approaches to compensation are not necessarily conducive to retention. For example, organizations that strive to understand and subsequently assist employees in achieving the right work-life balance must do so with an understanding of

⁸⁶ Interactional Justice is defined in *Retaining Valued Employees* as the superior's interpersonal treatment of employees. It is how the supervisor applies the procedures and policies created by the organization. Distributive Justice is the establishment of fair compensation amounts for employees and procedural Justice is the measure of how compensation is awarded in terms of established procedures.

⁸⁷ Clarke, *Compensation Outlook: Labour Shortages Put Pressure on Pay...*, 1, 8.

the different demographics present in their employee workforce. Employees' life-cycle stages will dictate what approach or benefit will cause them to commit and, as such, the organization needs to have the flexibility to offer appropriate rewards. The Conference Board of Canada suggests that public service employers "will need to develop customized working arrangements to meet the needs of employees whose life needs evolve." A similar Conference Board Report on the private sector further validates this approach as an imperative across the competitive talent environment: "Younger employees may respond better to financial compensation or educational benefits whereas older employees may respond to more time to spend at home."⁸⁸

The CF's private and public sector competition acknowledge that the quality of life of its employees, and the importance that they place in striking an adequate work-life balance, is something that it needs to be proactive in dealing with. As many as four in ten organizations are including flexible working practices as part of the bargaining process with their employees in an effort to retain people that require consideration of personal circumstances.⁸⁹ As well, almost one third of the competition plan to have phased retirement options in place by 2010 in an effort to retain those employees who wish to work, but not necessarily as long and as hard as they did before.⁹⁰ This would allow those organizations to retain the knowledge and experience that they have invested in its workforce while new employees are trained and developed to replace them when they are ready to quit the workforce and not the organization. Griffeth and Hom, in *Retaining*

⁸⁸ Stephen A. Murphy, *What to do before the Well Runs Dry*, (Canada: Conference Board of Canada, 2000), 11.

⁸⁹ Clarke, *Compensation Outlook: Labour Shortages Put Pressure on Pay...*, 17.

⁹⁰ Department of National Defence, *Canadian Forces Retention (Draft)...*, 5.

Valued Employees,

that retention needs to be an everyday activity and not a policy: “The role that direct supervisors play in keeping staff was recognized...in fact...good managers contributed to the decision to stay.”⁹⁴ Every personnel and administrative decision should be made considering its effect on employee commitment and thus on retention.

⁹⁴ Cowan, Farquhar and MacBride-King, *Building Tomorrow's Public Service Today...*, 8.

5.0 The Canadian Forces' Human Resource Way Ahead

“A retention culture must encompass everything the organization does, from the day before an applicant approaches a recruiting centre to the last day...of service in the CF. It must...increase members' organizational commitment...and build confidence in leadership.”⁹⁵ First and foremost, the CF needs to understand that, at present, it is not operating within a retention culture, and its policies and actions must reflect that reality. While it may continue to strive organizationally to instil the foundation of a retention culture within its ranks, and thus reap the benefits associated with having one, it has not yet built the required human resource framework nor has it demonstrated the required action to succeed in building one.

The CF human resource approach must be people focused and action-oriented. The very definition of the CF HR Mission in the Military HR Strategy 2020 “Facing the People Challenges of the Future,” must be changed to reflect the soldiers of the CF and not the “HR plans, policies and programs...”⁹⁶ as it currently reads. In order to attract and retain the right people to ensure the effectiveness of the CF into the future, the HR mission must speak to the people that it supports and not the organization that employs them. The CF requires an ‘Ellis Don’ type of promise wherein the leadership and the soldiers of the CF commit to mutually strengthening the relationship between them for the benefit of all of the stakeholders: the soldiers, the leadership and the organization itself. The promise has to be one in which the soldiers can realistically achieve Human Capital Equity and feel as though they are a valued and integral part of the CF’s future.

⁹⁵ Major Deborah Howe, *Building and Sustaining a Retention Culture in the Canadian Forces*, (Ottawa: Department of National Defence, 2006), 31.

⁹⁶ Department of National Defence, *Military HR Strategy 2020...*, 3.

By establishing a promise as the baseline, the CF will be giving its soldiers the foundation upon which affective and normative commitment can take root.

Not only has the CF HR strategy been poorly articulated or focused in the past, it has also lacked the action and energy required to carry through on the ‘promise.’ By establishing strategies and policies without empowering the various levels of the organization to implement them in a manner that achieves the goal of building a retention culture, the CF has managed to undermine confidence in its HR management abilities. HR 2020 stated that the key to transitioning strategy into action with regards to retention was leadership. Retention was to become a leadership responsibility at all levels and the leadership was to be supported with a number of initiatives that included flexible terms of service, flexible career choices, improved individual participation in employment and career decisions, improved support to families, and increased recognition of outstanding performance with a view to ensuring the soldiers were valued.⁹⁷ The leadership now needs to begin challenging the processes and the policies that do not support their efforts to achieve the retention aims. They must begin to take the action required to ensure that the CF’s promise to its people is kept such that the affective and normative commitment grow from the roots established in making the promise.

The CF must immediately assign responsibility for retention to the lowest level of leadership possible, and this should not be above the unit level in any circumstance. Immediate supervisors are required as part of their duties to know their personnel and to promote their welfare. If they perform this duty properly, there can be no better sensor with regards to determining what would best ensure commitment from the soldiers

⁹⁷ Department of National Defence, *Military HR Strategy 2020...*, 21.

currently serving than those immediate supervisors and unit Commanding Officers. The focus of the CF Human Resource framework should be on the people that it supports. All levels of leadership must be held accountable for their actions or inactions in ensuring that the CF promise is kept. Assessments should include evaluations on the ability of the leaders to assist in building and sustaining a retention culture within their respective organizations and how they contribute to the overall success of the CF in this regard.

With the CF HR focus now on the people, and the leadership of the CF pan-organization now empowered to act to, and be held accountable for their ability to retain its members, the CF must ensure that the proper HR framework is in place to support its efforts. The CF can no longer afford to allow organizational HR positions to be held by a few, well-intentioned, part-time, untrained career managers. The development and retention of people within the CF is too important in this competitive talent environment to be left solely to amateurs in the HR field. While it is perhaps important that the CF have people familiar with the requirements of the CF and the specific career fields involved in the process, this aspect of HR and its impact on retention is too critical to be dealt with as it is currently. According to a report issued by The Technical Cooperation Program (TTCP)⁹⁸ on the Current Career Management (CM) Practices and Emerging CM Innovations in TTCP Countries, the requirement to provide formal training or human resource expertise within the CM cells was cited as key to improving human resource management practices: “it is a social science that requires excellent management skills for both the workload and the time... formal training should be considered that would

⁹⁸ The Technical Cooperation Program (TTCP) is a partnership between nations (Australia, Canada, New Zealand, the United Kingdom, and the United States of America) that conducts research and shares findings on a myriad of topics that affect their respective militaries.

assist career managers with their duties.”⁹⁹ This is consistent with a 2002 report from the Office of the Auditor General on Recruitment and Retention of Military Personnel, which recommended that in order to improve retention, “The Canadian Forces should consider adopting a human resource management occupation to ensure that it maintains the experience and expertise needed to identify issues, develop policy and implement changes...”¹⁰⁰

HR trained specialists should be engaged to manage the careers of all CF personnel. These specialists would be better able to understand the fluid dynamics of the competitive talent environment and conduct the career management function using a more professional, objective approach. These personnel could be augmented by military advisors to ensure that the specific trade and CF nuances are understood, however, the system should rely upon the HR trained specialists to set the course. The HR trained specialists would be in addition to the CF advisors and would increase the size of the respective career management cells accordingly. By assigning professional resources and increasing the number of people dedicated to the career management function, the CF could demonstrate a level of investment in its employees that would strengthen the social contract and contribute to a more equitable human capital balance. This investment would begin to energize the ‘promise’ and enable the action required by the leadership in ensuring that the CF as an organization is people focused.

⁹⁹ Melnychuk, *A Report of Current Career Management (CM) Practices and Emerging CM Innovations in TTCP Countries...*, 100.

¹⁰⁰ Auditor General of Canada. *2002 Report of the Auditor General of Canada to the House of Commons...*, 17.

The CF needs to review its base compensation package to better reflect the trends in the market in which it is competing for talent. The model that it is using currently is based upon an internal equity philosophy that does not allow for flexibility in retaining personnel that are susceptible to external pulls. With the exception of those personnel who are in professional occupations that are comparable to the private and public sector, doctors and lawyers for instance, the CF treats all of its soldiers equitably from a pay perspective. Pay is increased through yearly incentives or through promotion. There is no mechanism in place to reward exceptional performance or an increase in valuable skills. In fact, soldiers see promotion as the only real way to increase their income, but also see the promotion as a negative as it more often than not causes an increase in responsibilities or results in being forced to relocate.¹⁰¹

The CF should base its pay system on an external equity philosophy and tie increases in salary to performance and not just tenure or promotion. An external equity system that is flexible would allow supervisors and the organization to retain valued employees who otherwise would not feel valued within the current system. The CF has already established an inequitable internal compensation system with regards to how it recruits, and therefore organizationally, it is time to establish the same types of mechanisms for ensuring soldiers are retained. By ensuring that CF soldiers are not being pulled by the external market for salary reasons, the CF is in effect improving the continuance commitment level within the organization. While this alone will not resolve the retention problems, it will ensure that the overall organizational commitment level of

¹⁰¹ Dunn and Morrow, *Should I Stay Or should I Go...*, 14.

its members will rise once the CF deals with the internal push factors that are causing people to leave.

Two of the most significant internal issues causing CF members to leave are the lack of work-life balance available to them and the impact that the CF life has on their members' families. It can be argued that these are issues that are, to a great extent, created by external influences, such as the global and domestic security environment and the political decisions of the Canadian government. However, there are mitigating strategies that can be employed by the CF to demonstrate that as an organization, it is working with the soldiers to overcome these challenges.

Supervisors at all levels must begin to exercise their initiative to maximize the time at home that soldiers spend when not deployed on missions outside of the country. Flexible work hours and time off to attend to family events that include children's activities at school are examples of informal methods by which the CF leadership can prove to its soldiers that they are an equal partner in finding a solution to their problems. By empowering leaders at all levels with the necessary authority to make decisions that take soldiers' personal circumstances into account, the CF would demonstrate that as an organization, it is striving to enable its members to achieve a better quality of life and a better balance between competing priorities. Creating a climate of support for the soldiers in the workplace by understanding the individual circumstances that they are faced with will have a positive effect on affective commitment.¹⁰²

Another initiative that could be implemented to assist with work-life balance is a flexible or part-time work program. This would be established for those personnel who

¹⁰² Department of National Defence, *Canadian Forces Retention (Draft)*..., 7.

wish to spend more time away from work while still having the opportunity to contribute positively to the CF mission. Currently, this is only possible if people retire from the Regular Force and apply for Reserve positions. The availability of these positions depends greatly upon the geographic location of a member's residence and the member's occupation. The CF should expand this program. It should create more flexibility in the staffing of all garrison-based positions by labelling them as dual Regular Force or Reserve positions. By doing so, mid-level management personnel, or soldiers who already qualify for an annuity and who wish to reduce their workload but not necessarily retire, will have the option of working part-time. Positions occupied by trained and experienced personnel on a part-time basis are better than vacant positions or positions that are filled by unqualified soldiers. This would enable them to contribute both directly, by being a productive member of the CF, and indirectly, by imparting their knowledge on others.

By retaining those mid-level managers with corporate experience and knowledge for a longer period of time, the CF would gain the ability to establish a workplace that encourages mentorship of those soldiers who are moving up the chain of command by those with something to pass on. This would not only aid in the retention of those who now choose to remain longer, but it has been proven that mentoring junior employees contributes positively to affective and normative commitment and as such, it would assist in building a retention culture for those who are being mentored.¹⁰³

¹⁰³ Ministry of Small Business and Entrepreneurship, *The Mentoring Advantage: Developing Leaders and Expanding Horizons of Your Employees and Firm*, (Toronto Canada: Queen's Printers for Ontario, 2007), 5.

The aforementioned initiatives will contribute to the establishment of a retention culture and will ultimately affect the long term health of the CF in this demanding labour environment. They may also positively affect the short term health of the CF by demonstrating that the organization is serious about its commitment, but this influence will be limited in scope. The roots of these initiatives will not have time to take hold in order to deal with the reality of the demographic hole that exists and is affecting the CF strength in the next five to ten years. For that reason, the CF must implement short term retention strategies that will counter the external pull, and provide more time to deal with the internal push factors.

The CF must implement a retention bonus program immediately, with a view to stopping, and if possible reversing, the current increasing voluntary attrition trend. Given the short-term demographic landscape that the CF is facing, the organization can not permit trained and experienced personnel to voluntarily leave and further exacerbate the vacuum that is being created in the mid-level management category. This retention bonus could be operated as part of a Long Term Incentive Plan (LTIP) that ties the bonus to both performance and years of service. The bonus could be paid out over the remaining years of service and would only be redeemable if members remained in the CF.

While this program should alleviate some of the short-term pressures on the CF due to attrition, it has long-term implications as well. If the LTIP program were to be instituted in conjunction with a pay system that was based upon external equity and a philosophy of variable pay, it could serve to increase continuance, affective and normative commitment respectively. Once members reach a rank or qualification

benchmark as determined by the CF HR management specialists, they would be eligible for the LTIP program. The amount of variable pay for which they would be able to qualify would be a set percentage of their base salary dependent upon their performance in any given year. The percentage of variable pay received would then be payable over an extended period (the length would depend upon the CF's retention requirements) but would be cumulative for subsequent years. The deferred payments would only be collectable by members if they remained in the CF. LTIP eligible members would have clearly articulated performance targets based upon their annual military personnel evaluation report (PER).¹⁰⁴ These targets must be clear and well-documented; they must be tough but attainable with above average or exceptional performance; they must be in the best interest of the military; they must be agreed to by the members and their supervisors; and they must be pre-approved by at least the next higher level of command. In order to ensure that the LTIP is conducted properly, the supervisors responsible for conducting the PER and assessing the rewards to be issued based on the LTIP would be penalized significantly on their own LTIP if evaluations are not carried out as directed. Finally, there must be flexibility in the program to allow for exceptional circumstances whereby performance objectives change or become unattainable due to external factors or if the members deploy or are transferred.¹⁰⁵

¹⁰⁴ It is understood that this will require a review and restructure of the existing PER and PDR formats to accommodate this new co-relationship between variable pay and performance.

¹⁰⁵ Gordon Robinson, *Senior Vice President (Retired) – Human Resources: MD Management Limited*, (Conversation with author, Kingston Ontario, 06 October 2007).

6.0 Impact of Not Conducting Aggressive Retention Activities

The impact of maintaining the status quo with regards to retention has proven to lead to annual increases in attrition rates. The consequences for the CF of not pursuing an aggressive retention strategy in this competitive environment are in most cases, the same as for the private and public sector. The organization will suffer on several levels: it will experience a negative impact on the morale of those soldiers who remain; it will lose the ability to properly pass on the knowledge inherent in those experienced personnel who depart to those coming up through mentoring; it will be forced to deal with the added costs of turnover with regards to recruitment and training of new personnel; and it will lose mid-level managers with experience in conducting operations, thereby reducing its productivity and organizational effectiveness.

In *Retaining Valued Employees*, Griffeth and Hom refer to several studies that show that increased attrition negatively affects those employees that remain with the organization.¹⁰⁶ By not addressing the high attrition rates within the CF aggressively and in a manner that stops or reduces the current trends, the CF will be contributing to conditions that run counter to those required to build and sustain a retention culture. A decline in group cohesion, and a decline in confidence in the CF as an organization that takes care of its people, are two examples of how continued inaction contributes to a lowered sense of affective and normative commitment. Therefore, by not dealing with attrition head on, the CF is perpetuating the challenges it is facing. It could be argued that this consequence is a key contributor to CMP's findings that employees are feeling undervalued. Anecdotal evidence would suggest that morale within the CF is suffering

¹⁰⁶ Griffeth and Hom, *Retaining Valued Employees...*, 28.

and that soldiers' cynicism with regards to the lack of effort that the CF is demonstrating to retain experienced members is contributing to this problem.

By not acting aggressively to retain senior members, the CF will lose its ability to mentor those who will lead the organization into the future. This is a critical requirement for two very important reasons: the CF is a learning organization and it needs to ensure that lessons learned are passed on and, secondly, mentoring has been proven to have a positive impact on retention. As such, the CF will lose both the critical knowledge that it needs to conduct operations into the future and it will lose the opportunity to retain those personnel who would have been positively influenced to remain as a result of the existence of an affective mentoring program.

Furthermore, the ability of the CF to ensure that succession planning is conducted effectively relies significantly upon its ability to retain those personnel that it is grooming to assume positions of greater organizational importance. Creating a stable leadership environment that instills confidence in the soldiers requires a degree of certainty in the succession plan. When attrition is exceeding forecasted levels by as much as it is currently in the CF's case, it is extremely challenging to develop career plans that ensure the health of the organization over the long term. If the CF does not increase its efforts to retain mid-level managers, those that remain will continue to experience career uncertainty based upon reactive succession plans. This uncertainty will further detract from the effort to create a retention culture in the CF.

Perhaps the most obvious, concrete consequence of increased retention is the reduced cost to the organization in real terms: recruitment and training. The financial costs associated with advertising, enrolling, processing and training new soldiers are

significant. There are a number of methods used to calculate the costs of employee attrition in the private and public sector, but, in general, it is considered to be in the neighbourhood of 1.5 to 1.75 times the annual salary of the employee lost.¹⁰⁷ When one considers the training and time investment that the CF has in its mid-level managers, this cost is at least five times that amount.¹⁰⁸ Mid-level managers in the CF have, for the most part, served for twenty years or more. In that time, they have acquired unique military qualifications, and most likely have gained the experience of using those qualifications in operations either domestically or abroad, or both. The cost of retaining these individuals, even if it is just for the short-term, must be weighed against the benefits. The CF can not afford to lose their investment in these experienced people without a fight. It must employ aggressive measures to retain them.

The impact of high attrition on CF productivity and effectiveness is significant. In April 2007, the Director General of Personnel Generation requested that the CF Retention Team, DPGR A/RT, prepare a briefing note on the applicability of the term “hollow force” as it pertains to the CF. This term is being used to describe the effect that is experienced by militaries that are facing retention challenges while simultaneously conducting operations, transforming, modernizing and recruiting. When these activities cause mid and senior level managers to leave, there is a requirement to promote people from within earlier than they should be and without the necessary experience and skills. This creates a hollow force, one that is without depth, which could have serious effects

¹⁰⁷ Charles R Greer, *Strategic Human Resource Management: A General Managerial Approach*, 2nd ed. (Upper Saddle River, New Jersey: Prentice Hall Inc, 2001), 14.

¹⁰⁸ LCol James A. Irvine, "Retention of Canadian Army Senior NCOs: Will the Glue that Holds the Army Together Stick it Out?", (Masters of Defence Studies, Canadian Forces College, 2007), 10.

on future operational readiness. This is a real possibility given the challenges that the CF is facing currently and as such, DPGR A/RT was tasked to conduct assessments on the “ability of the CF to cope with the simultaneous influx of new recruits and the forecasted increased attrition of senior members while maintaining overall readiness.”¹⁰⁹

The conclusions of the first two reports, measuring the trends with regards to the applicability of the hollow force theory to the CF situation, are telling. Using data from 31 March 2006 through 30 September 2007, it was determined that there was “an acceleration in promotions from junior ranks to increasingly senior ranks to compensate for higher attrition” and that “if this pattern were to continue, it is possible that the CF could become more and more of a hollow force in the sense of lacking the necessary experience and leadership required to achieve operational objectives.”¹¹⁰ If the CF does not find a way to retain its mid to senior level managers, its ability to defend Canada and its interests, both domestically and abroad, in this challenging security environment, will be in jeopardy in the immediate future.

¹⁰⁹ Nick Marum, Briefing Note for DPGR: Comparison of Trained Effective Strength Levels 31 March 2006 Vs 31 March 2007, (Ottawa: Department of National Defence, 2007), 1-2.

¹¹⁰ Nick Marum, *Briefing Note for DPGR: Comparison of Total Trained Strength Levels 31 March 2007 Vs 30 September 2007*, (Ottawa Canada: Department of National Defence, 2007), 2.

7.0 Conclusion

In the 22 March 2006 edition of the Canadian Forces Personnel Newsletter, Karol Wenek, the Director of Military Employment Policy, concluded the following: “Given both the amount of effort devoted to attracting and screening people for service and the current pressures on the recruiting and training systems, it simply makes good sense to do our utmost to hang on to the good people we have.”¹¹¹ The CF has, since as early as 2000, consistently acknowledged that it needs to take action with regards to retaining its members. It has created strategies that speak to the need to build and maintain a retention culture within the CF and it has conducted surveys and produced reports that indicate that it has a retention problem, especially in the mid-level manager category, once members qualify for an annuity. Senior CF leadership have been briefed on the requirement to act on this problem and although some have professed to understand the issue, there has been no investment by the CF as an organization that would sufficiently enable it to properly address the causes of attrition such that it may be dealt with both over the short-term and the long-term.

The CF is now in a position that it will be unable to achieve its operational and strategic level missions if it fails to act aggressively to stop the alarming attrition trend. This is a direct result of: decisions that were made over a decade ago that lacked strategic HR vision; an HR system that lacks individuals with professional qualifications, lacks sufficient resources, and was and continues to be focused on policies and not people; an increased operational tempo and the subsequent challenges that it creates in achieving adequate work-life balance; a shrinking youth cohort, low unemployment rates, a competitive talent

¹¹¹ Karol Wenek, "Retention: If We Build it, You Will Stay", *Canadian Forces Personnel Newsletter*, (22 March 2006).

environment; and, perhaps most importantly, a lack of action on the part of all levels of the CF leadership to do what is necessary to retain its people.

The CF must start adopting and implementing the best practices of the private and public sector organizations with which it is competing for talent. It must empower all levels of leadership within the CF to take care of its people and then hold them accountable for their successes and failures with regards to their ability to retain members. It must simultaneously provide short-term solutions to its attrition problem such that it enables the CF to meet its immediate operational objectives while building the foundation for a retention culture to deal with its long-term HR stability. It can not succeed without doing both. By focusing on people and demonstrating that it is willing to invest the necessary effort to become equal partners in the human capital equity relationship, the CF will regain the confidence of the trained and experienced personnel within its ranks. This will enable it to be competitive in the short and long term battle for talent.

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