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CANADIAN FORCES COLLEGE / COLLÈGE DES FORCES CANADIENNES
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EXERCISE NEW HORIZONS/EXERCICE NOUVEAUX HORIZONS

VOLUNTARY PERSONNEL ATTRITION IN THE CANADIAN FORCES

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ABSTRACT

This paper demonstrates that personnel attrition, with an emphasis on voluntary turnover in the CF, is a significant issue and will be for many years to come. Possible causes of this attrition and specific actions taken in the CF are highlighted through a concise discussion of retention models and through a review of retention strategies. Members in leadership positions throughout the CF must understand retention strategies to improve the CF personnel situation – retention is not simply a Human Resource issue.

Leaders of the CF will have a continued positive or negative effect on retention. This has been evident in the CF's relational approach to retention. Other approaches, such as paying certain members to stay through a bonus scheme or offering some sort of flexible working arrangement are worthy of additional consideration. The relational approach makes sense as a long term solution, but clearly the leaders of the CF will have to make some tough decisions to deal with the current attrition scenario that may extend for several years and possibly decades.

INTRODUCTION

Due to a myriad of factors the Canadian Forces (CF) finds itself faced with a serious personnel retention problem. Some of the factors that have fueled this situation include: personnel decisions in the 1990s, demographic profile of Canada, strong private sector demand for technical skills, and the current very high operational tempo in the CF. Due to space limitations, this paper does not review specific occupations, but accepts that not all occupations face critical personnel shortages.

The purpose of this paper is twofold: first, to demonstrate that personnel attrition, with an emphasis on voluntary turnover in the CF, is a significant issue today and will be for many years to come; second, to highlight possible causes of attrition and specific actions taken in the CF, through a concise discussion of retention models and through a review of retention strategies. Members in leadership positions throughout the CF must understand retention strategies to improve the CF personnel situation – retention is not simply a Human Resource issue.

BACKGROUND

Faced with large federal government deficits, the collapse of the Soviet Union and the fall of the Berlin Wall, the time seemed right for the Liberal government to inflict significant cut backs across government departments, and the Department of National Defence (DND) being the largest target, was hit hard. Decisions made in the 1990s to reduce personnel costs, have had a lasting impact on personnel management in the CF.

Force Reduction Program (FRP)

In order to reduce budget expenditures DND targeted several areas, however personnel expenditures took the most significant hit. DND instituted the FRP initiatives to quickly reduce personnel numbers. The FRP did not discriminate and these retirement packages were available for just about anyone willing to leave. This included members still in military college, those closing in on Compulsory Retirement Age (CRA) and even those in occupations with extremely high training costs, such as pilots. This was a short sighted program that only looked at dealing with the present budget situation and did not seem to involve any vision for the future needs of the CF.

Personnel Gap

Recruitment was pretty well frozen from the early 1990s thru till at least 1997, when some announcements were made to increase recruiting to bring numbers to about sixty thousand Regular Force members. In effect, this reduction program proved to be very successful, resulting in a decrease of Regular Force members from a level of about eighty-nine thousand members in 1990 to about fifty-two thousand members by the end of the decade. Unfortunately, the CF is still dealing with the repercussions of these programs. The statistics displayed at figure 1, based on 2006 numbers, shows that most CF members have more than 15 years of service and soon will be eligible to leave with an unreduced annuity. Due to very limited enrolment in the 1990s coupled with significant downsizing, there is a shortage of members to fill in behind those eligible to retire.

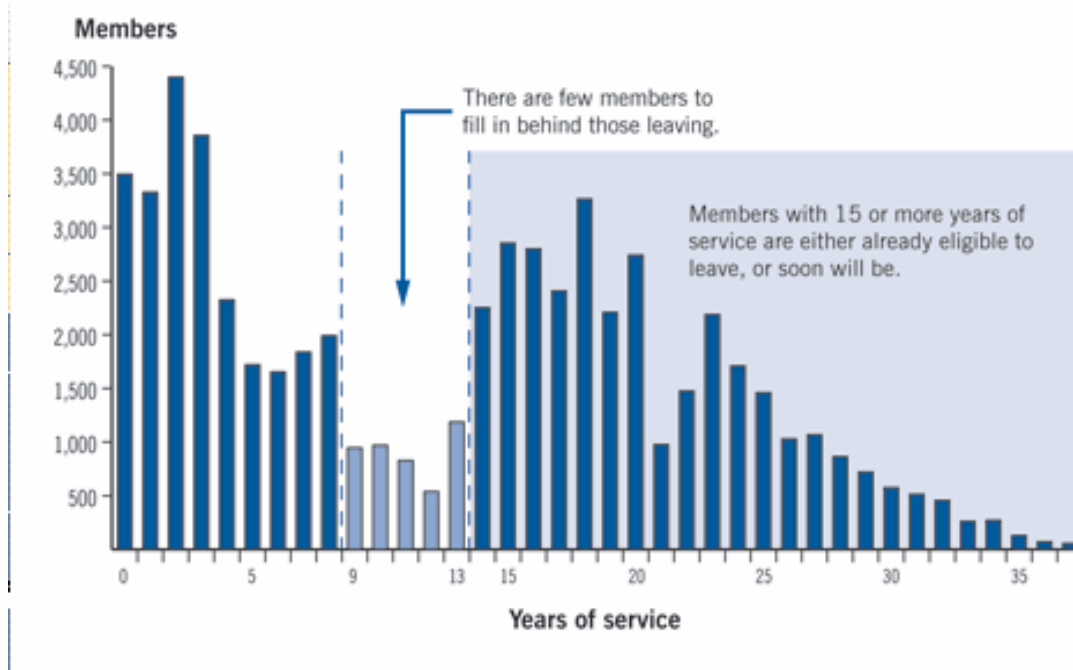


Figure 1: Years of Service in the CF

Source: Canada, Office of the Auditor General, “Chapter 2, National Defence – Military Recruitment and Retention,” *2006 May Status Report of the Auditor General of Canada*

Recruitment

The CF does not directly hire civilians into jobs at higher rank levels such as, Sergeants or Lieutenant Colonels. CF members are developed internally and usually recruited at entry level positions at the rank of Private or Officer Cadet, and subsequently developed and mentored through the military occupation structure. CF members must be trained and work their way through the rank structure by displaying requisite experience and potential.¹ The gap in the CF population may not be rectified for many years and this will depend on the success of recruiting efforts. As depicted in figure 2, and despite an

¹ Office of Auditor General, 2006, Chapter 2, http://www.oag-bvg.gc.ca/internet/English/osh_20060518_e_23463.html, accessed 29 March 2009.

aggressive recruiting campaign, the number of recruits over the past seven years has barely outpaced the level of attrition.

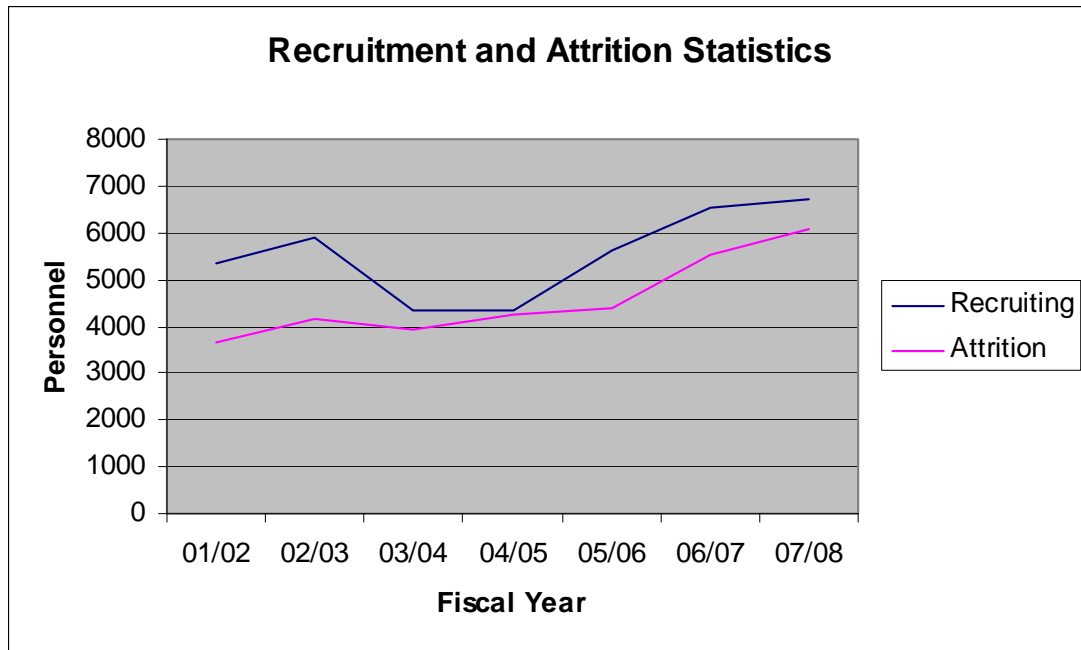


Figure 2: Recruitment and Retention Levels

Source: CF Production Attrition Recruiting Retention Analysis (PARRA) Reports

The CF is funded to grow personnel levels to seventy thousand Regular Force members, but attrition continues to rise at an alarming rate. The trained effect strength of the Regular Force by the end of fiscal year 2007/2008 was 53,490. There are gaps in the general population and there are gaps between desired levels and those available for employment. If attrition continues to grow as expected over the next 10 years, the ability to satisfy the current high operational tempo will be in jeopardy and the ability to grow the forces will be seriously hampered.²

² Office of Auditor General, 2006, Chapter 2, http://www.oag-bvg.gc.ca/internet/English/osh_20060518_e_23463.html, accessed 29 March 2009.

Attrition

The haphazard application of FRP along with other factors, such as strong private sector demand for skills related to certain CF occupations, led to the current situation of personnel shortages. Critical personnel shortages coupled with an unyielding operational tempo has necessitated the infusion of signing bonuses to attract members into stressed trades. As seen above in figure 1, the majority of CF members have 15 or more years of service and despite recent pension reform are eligible to leave at the 20 year mark. According to attrition statistics over the past couple of years, as depicted in figure 3 below, members are leaving in higher and higher levels. Senior CF leaders from the Recruiting Group have often stated that an attrition level around 4 percent is acceptable; however last year, by the end of July, attrition reached a rate of 9.4 percent, of which 6.9 percent was voluntary.³

Current levels of voluntary attrition should be a concern to CF leaders.⁴ High voluntary attrition has a negative impact on operations, especially during this current period of significant personnel shortages. There is also a significant cost to the CF of losing highly trained CF members. Some private sector reports, including a report from the Hay Group, have identified the cost of replacing an employee at about 50 to 60 percent of individual's annual salary.⁵ Generally speaking, due to the recruitment and

³ Canadian Forces Production Attrition Recruiting Retention Analysis (PARRA) reports.

⁴ Canada and much of the world is currently faced with a recession resulting in severe job losses throughout many large organizations. This might offer some breathing room to CF retention efforts, but the CF can not bank on difficult economic times as a strategy to deal with critical personnel shortages.

⁵ Terence Mitchell, Brooks Holtom, and Thomas Lee, "How to keep your best employees: Developing an effective retention policy", *Academy of Management Executive*, Nov. 2001, 97.

promotion process in the CF, replacing trained personnel is likely more costly in the CF than in the private sector. In fact, according to a CF assessment:

The cost to train an officer to Lieutenant Colonel has recently been calculated at over \$1,000,000 for the Infantry, Aerospace Control, Combat Engineers and Aerospace Control, Combat Engineers and Artillery. This does not include the cost of a Bachelor’s degree. The cost of training a Non-Commissioned Member (NCM) to the Junior Leader level, or Sergeant, is frequently more than \$600,000.⁶

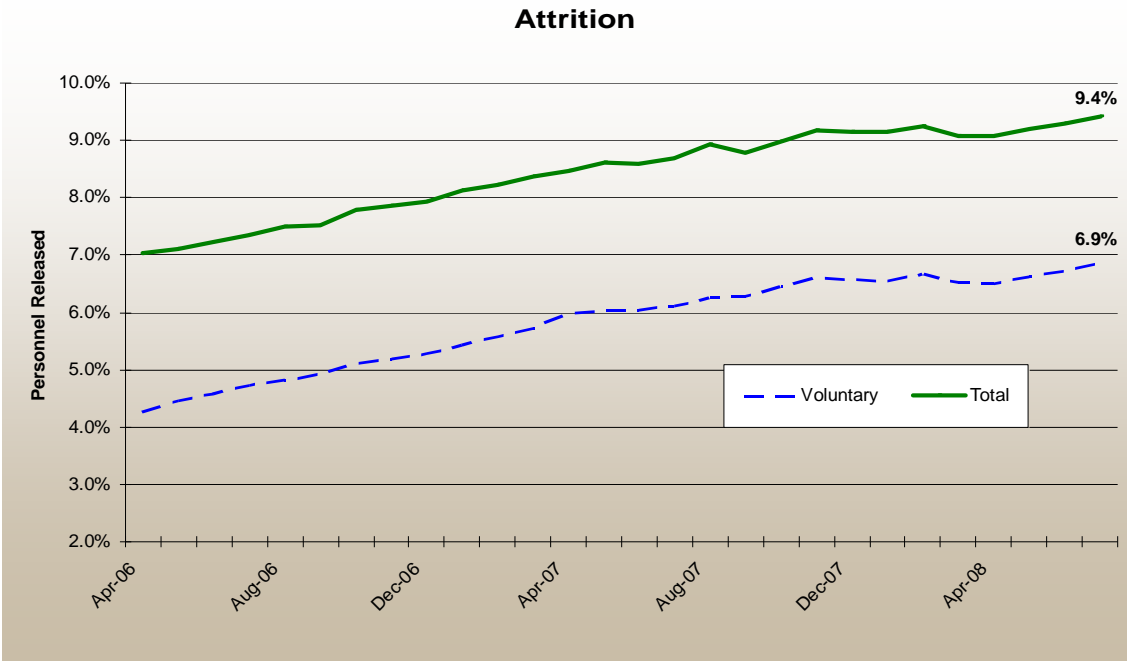


Figure 3: Attrition Rates

Source: CF Production Attrition Recruiting Retention Analysis (PARRA) Reports

⁶ Department of National Defence, *HR2020 Internal Assessment*, Ottawa: ADM HR Mil, December 2003, 32/94.

CANADIAN DEMOGRAPHICS

Statistics Canada (Stats Can) forecasts that the ageing of the Canadian population is unavoidable since it is pretty well already built-in the age configuration of the current population.⁷ The estimates by Stats Can show that the population is maturing, and that it will accelerate around 2011, when the first baby-boom cohort gets to the age of 65. The baby boom cohort, born from 1947 to 1966, represents the largest portion of the population at 9.8 million or nearly one third of the Canadian population.⁸ By 2031, seniors will account for between 23 and 25 percent of the total population. This would constitute almost double the current level of 13 percent.⁹

Ageing Population

The median age of the population in 2006 was 39, that is, half the population was older and half younger. By 2031, it is expected to reach between 43 and 46. In every projection by Stats Can, the largest part of the working-age population, those aged 15 to 64, would constantly decline in the next decade and through the 2020s.¹⁰ In 2006 this working-age population represented about 70 percent of the total population. However by the start of the 2030s, the working-age population will likely decline to about 62 percent, and then level off at about 60 percent. It is also highlighted by

⁷ Stats Can, <http://www.statcan.gc.ca/start-debut-eng.html?gaw=08001>, accessed 29 March 2009.

⁸ David K. Foot, Daniel Stoffman, *Boom, Bust and Echo - How to Profit from the Coming Demographic Shift*, Toronto: Macfarlane, Walter and Ross, 1996, <http://www.footwork.com/bbe.asp>, accessed 29 March 2009.

⁹ Stats Can, <http://www.statcan.gc.ca/start-debut-eng.html?gaw=08001>, accessed 29 March 2009.

¹⁰ *Ibid.*

StatsCan that immigration by itself, cannot nullify this ageing trend.¹¹ The CF has raised the CRA to age sixty; nevertheless voluntary attrition levels remain high. Clearly, these population trends will have an impact on the workforce well into the future. With less working aged citizens available and increasing numbers reaching retirement, retention will be continue to be an important issue in the CF.

RETENTION MODELS

Due to the current shortages of trained personnel, the high number of personnel eligible to retire along with the large gap or lack of members to fill in, the demographics of an aging workforce and the high cost of recruiting and training replacement personnel, it is readily apparent that leaders at all levels in DND need to understand issues that affect member's decision to remain or leave the CF. A significant amount of research has been completed on attrition issues through the use of various turnover models. This research may assist leaders in enhancing their understanding of retention issues.

Traditional Voluntary Turnover Models

Traditionally, research on voluntary attrition has centered on two main tracks: the first considers research from an individual perspective which would look at job satisfaction and organizational commitment, while the second track considers the availability of employment in the labor market.¹² In 1958, March and Simon pioneered research relating to the influence of job satisfaction as a “push” factor, and some sense of

¹¹ *Ibid.*

¹² Carlos Mallol, Brooks Holtom, and Thomas Lee, “Job Embeddedness in a Culturally Diverse Environment”, *Journal of Business Psychology*, 2007, 35.

ease of movement or perception of availability of employment in the labor market as a “pull” factor.¹³ Considerable research explored the relationship between these two tracks, simply summarized as, job satisfaction and job alternatives.

In 1977, Mobley articulated that the relationship between job satisfaction and turnover may be applicable, but added that this relationship was not the most significant factor. Mobley posited that the employee’s decision to withdraw is contemplated and affected as a process, or a series of links related to an individual’s current job, through to making a decision to leave or stay.¹⁴

Specifically, in the model he proposed a series of links between individuals’ evaluations of their current jobs and actual turnover in a causal order: Evaluation of existing job → job dissatisfaction → thinking of quitting → evaluation of expected utility of search and cost of quitting → intention to search for alternatives → search for alternatives → evaluation of alternatives → comparison of alternatives vs. present job → intention to quit/stay → quit/stay.¹⁵

¹³ James March, *Organizations*, John Wiley & Sons, Inc., 1958, 100.

¹⁴ Mobley, W.H., "Intermediate linkages in the relationship between job satisfaction and employee turnover", *Journal of Applied Psychology*, 1977, Vol. 62, 237.

¹⁵ Tae Lee, Barry Gerhart, Ingo Weller and Charlie Trevor, “Understanding Voluntary Turnover: Path- Specific Job Satisfaction Effects and the Importance of Unsolicited Job Offers”, *Academy of Management Journal*, Vol 51, No. 4, 2008, 652.

Many triggers may lead to job satisfaction, such as; job enrichment, no ambiguity with job roles, effective relationship within the chain of command, good understanding of expectations, fit with culture or ethos, and overall content individuals experiences in their employment. Dissatisfaction may be associated with negative factors, such as workplace stress, limited challenges, role ambiguity, and too much work.¹⁶ According to Mitchell et al., job dissatisfaction has been identified as the most important factor in the individual's decision to initiate the turnover process. When dissatisfaction builds to a certain point, an employee will likely look around for work alternatives. If the employee considers the alternatives acceptable, he/she may be expected to leave. If the alternatives are not acceptable, than the employee would likely stay. This line of reasoning would suggest that the employee's attitude about his/her current situation and the availability of other jobs are considered precursors to voluntary turnover.¹⁷

This traditional research on employee turnover while useful is not totally convincing. It posits that if an employee is satisfied with his job or if the person does not have many alternatives that he may stay with the organization. Do members of the CF really make decisions in such a simplified manner? Also, Mitchell et al. point out that collective efforts by researchers have not been successful.¹⁸ These authors point out that despite a multitude of research in this regard, 75 percent of the variance in turnover

¹⁶ Terence Mitchell, Brooks Holtom, and Thomas Lee, "How to keep your best employees: Developing an effective retention policy", *Academy of Management Executive*, Nov. 2001, 97.

¹⁷ *Ibid.*, 97.

¹⁸ *Ibid.*, 98.

remains unexplained.¹⁹ In other words there is plenty of room for improvement with the predictive capability of these models. It is not to say that job satisfaction and job alternatives are not important factors, but that additional models are needed to better equip leaders in an effort to better understand voluntary attrition in the CF. Two fairly new voluntary turnover models worthy of consideration are the Unfolding Model and Job Embeddedness.

Unfolding Model

The unfolding model may offer leaders a methodology to understand voluntary turnover. Lee et al. identified five separate turnover paths to explicitly and systematically highlight distinct ways in which employees decide to leave. Figure 4 depicts the theorized turnover paths, referred to as 1, 2, 3, 4a and 4b.²⁰ Each path can be easily understood by following the decision tree outlined in figure 4. An extra path, path 5, was added in figure 4 in a turnover study of a sample of United States Air Force Officers. An important feature of this model is the “event that triggers the psychological analysis involved in leaving” or the shock that would cause the member to reassess his present job situation.²¹ This model shows that it is not always the “push” factor in this case job satisfaction, which will drive turnover. Dissatisfied members may not quit, while satisfied members may decide to leave due to circumstances such as receiving an unsolicited job offer or for family reasons.

¹⁹ *Ibid.*, 98.

²⁰ Lee et al., “Understanding Voluntary Turnover: Path- Specific Job Satisfaction Effects and the Importance of Unsolicited Job Offers”, *Academy of Management Journal*, Vol 51, No. 4, 2008, 653.

²¹ *Ibid.*

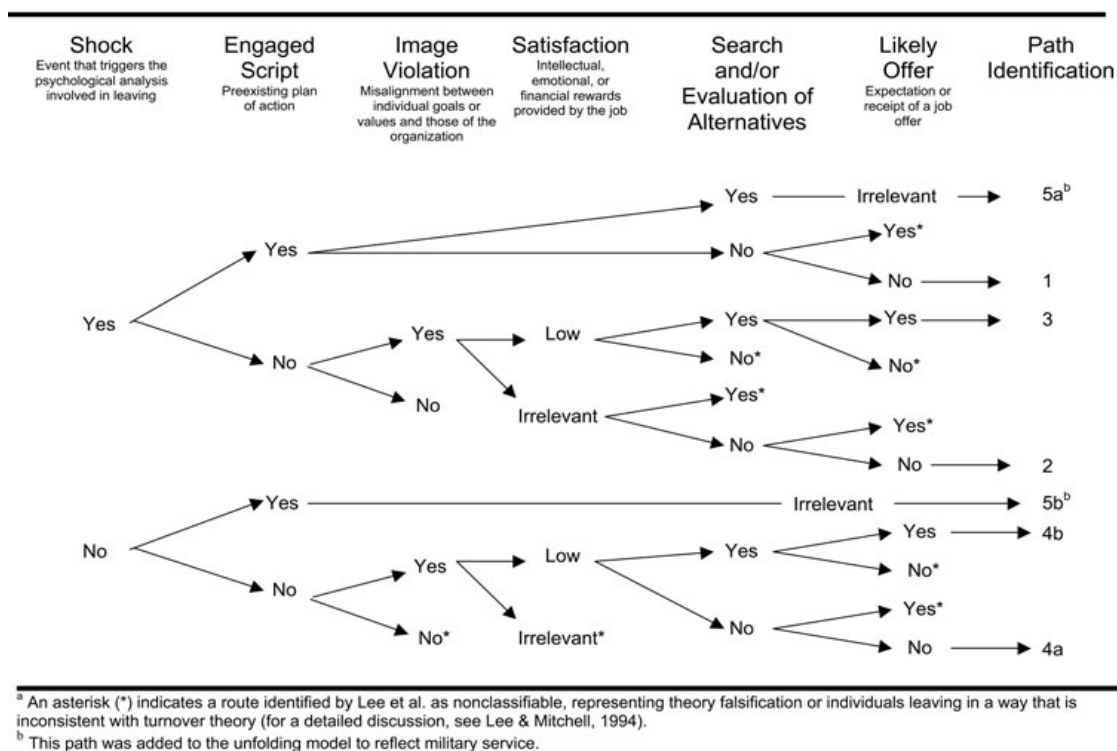


Figure 4: Adapted version of Lee et al.’s (1999) Unfolding Model of Voluntary Model

Source: Holt et al., “An Application of the Unfolding Model to Explain Turnover in a Sample of Military Officers”, *Human Resource Management*, Spring 2007, 39.

The results of the study with the application of the unfolding model in a sample of Air Force Officers, is summarized in figure 5, below. The letter n represents the number of members that followed certain paths. In the original model form (the paths noted by Lee et al.), the model accurately explained the decision to leave the Air Force by about half of the members participating in the study.²² Path 5 was modified as noted in figure 4 to effectively encapsulate the military participants. The study provided several useful

²² Holt et al., “An Application of the Unfolding Model to Explain Turnover in a Sample of Military Officers”, *Human Resource Management*, Vol. 46, No. 1, Spring 2007, 42.

conclusions, such as; 62 percent of the sample noted some kind of shock before leaving the Air Force, for example, having a child or receiving an unwelcome posting.

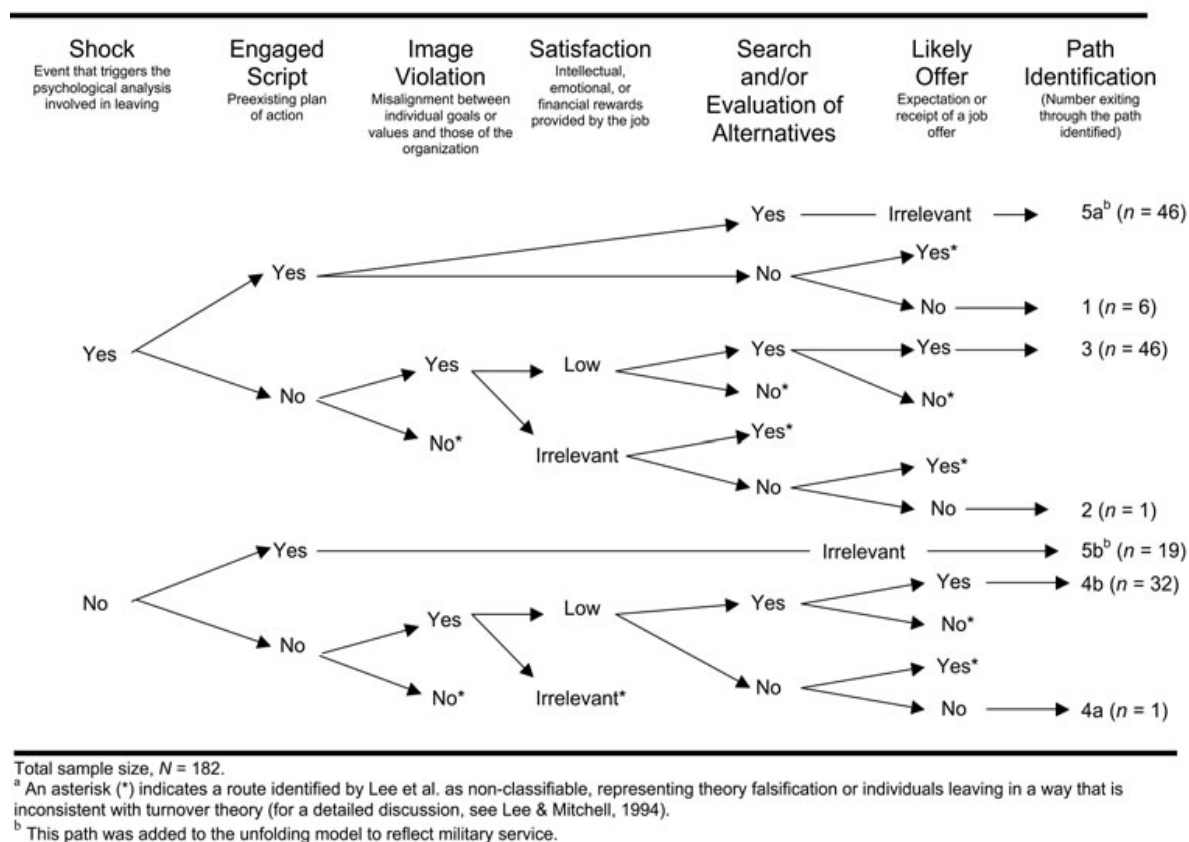


Figure 5: Members Correctly Classified (n = 151: 83% return)

Source: Source: Holt et al., “An Application of the Unfolding Model to Explain Turnover in a Sample of Military Officers”, *Human Resource Management*, Spring 2007, 43.

The unfolding turnover model presents traditional concepts such as job satisfaction and search alternatives, but it presents these concepts in a sequential decision tree type process with identifiable paths.²³ Of note, only 17 percent of those sampled did not fit into this model and this is considered to be a marked improvement over traditional

²³

Ibid., 44.

models.²⁴ Insights gained from the unfolding model could assist leaders, especially when noting that many members may have a preexisting plan for action due to family considerations. The study highlighted above at figure 5 identified a large portion of members that did in fact have a preexisting script to leave – 39 percent of participants identified a preexisting script.²⁵

With an improved understanding of these preexisting scripts and shocks, leaders at all levels may be able to intervene and take an active role by taking steps to improve the predictability and advanced notice of postings or by searching for specific information related to preexisting scripts. Other studies have shown that the unfolding model can assist leaders in enhancing their understanding of voluntary turnover, by identifying why those members leave in relation to attributes portrayed in the model.²⁶ The unfolding model introduced a sequential look at turnover decisions and it also aided its developers to form the job embeddedness construct. This job embeddedness model offers a broader review of the influences related to the retention of employees.²⁷

Job Embeddedness

A fairly new model, tested by Mitchell et al., called job embeddedness, assesses members' links with other members of the organization, members' fit with not only their

²⁴ *Ibid.*

²⁵ *Ibid.*, 45.

²⁶ Lee et al., "The Unfolding Model of Voluntary Turnover: A Replication and Extension", *Academy of Management Journal*, Vol 42, No. 4, 1999, 460.

²⁷ Terence Mitchell, Brooks Holtom, and Thomas Lee, "How to keep your best employees: Developing an effective retention policy", *Academy of Management Executive*, Nov. 2001, 98.

job but also with their organization and the community, and what members would have to give up or sacrifice if they decided to leave the organization.²⁸ These tests revealed that job embeddedness is a good predictor of decisions related to voluntary turnover. In addition, Mitchell et al. showed that this model is more robust than traditional models and their unfolding model.

Mitchell et al. suggest that the more links a person has with an organization, the more likely he/she will stay. These links could be social, psychological, community and even relate to the physical environment.²⁹ There may be pressure to remain with an organization such as the CF, simply due to the connection developed over time with peers across or within operational environments and the social aspect related to Mess facilities. It is not uncommon in the CF to also live with peers for extended periods of time while training or while engaged in operations. “A variety of research streams suggest that there is normative pressure to stay on a job, which derives from family, team members and other colleagues.”³⁰

Fit is explained in regard to an individual’s ability or contentment within an organization.³¹ It is important that an individual’s values, goals and expectations align with the profession of arms to realize a successful long term fit in the CF. The military

²⁸ Mitchell et al., “Why People Stay: Using Job Embeddedness to Predict Voluntary Turnover”, *Academy of Management Journal*, 2001, 7.

²⁹ *Ibid.*, 8.

³⁰ *Ibid.*, 8.

³¹ *Ibid.*, 9.

ethos provides the unifying spirit of the CF and guides individuals to understand the importance of their role in the CF summed up nicely as: Duty with Honour.³² This could partially explain the large volume of turnover during the early stages of joining the CF as depicted in figure 6 below. It is realistic that these individuals did not believe the CF was a good fit, that they encountered throughput or training delays, or that they simply did not understand the requirements of the CF.

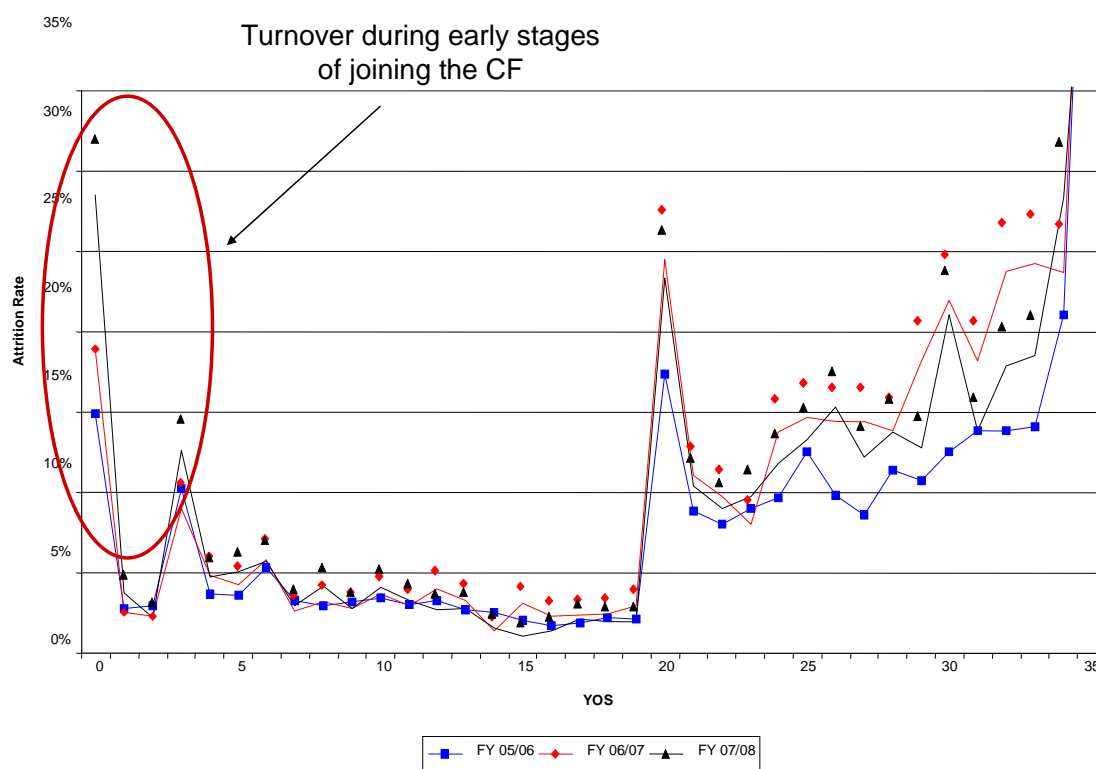


Figure 6: Attrition Rates by Terms of Service

Source: CF Production Attrition Recruiting Retention Analysis (PARRA) Reports

³²

Canada. Department of National Defence, *Duty with Honour*, 2003, 72.

Sacrifice is the final dimension which relates to what an individual may have to give up when leaving an organization. The CF offers a competitive compensation and benefits package which aims to achieve parity with the Public Service. In addition to losing compensation, there may be a sacrifice to leaving the CF due to reduced Medical/Dental benefits, pension plans, or lost opportunities for advancement and lost job stability. Other sacrifices could include personal losses such as giving up colleagues or interesting projects.³³ Community is a key dimension of this model as depicted in table 1 below, however joining the CF will necessitate the sacrifice of this connection to the community. The importance of this connection may become more of detriment to retention during the early stage of a member's career. However; it is not uncommon for CF members to eventually appreciate the CF as a community. Martin Cook believes people "stay because in military service they come to see a kind of ideal human community."³⁴

³³ Mitchell et al., "Why People Stay: Using Job Embeddedness to Predict Voluntary Turnover", *Academy of Management Journal*, 2001, 10.

³⁴ Martin Cook, "Moral Foundations of Military Service", *Parameters*, Spring 2000, 12.

Table 1 - Job Embeddedness Suggestions by Dimension

| Dimension | Organization | Community |
|-----------|--|---|
| Links | <ul style="list-style-type: none"> • Provide mentors • Recognize team accomplishments; reinforce team identities | <ul style="list-style-type: none"> • Provide organizational support for community-based service • Sponsor employee sports teams in local leagues |
| Fit | <ul style="list-style-type: none"> • Hire based on fit with the job • Hire based on fit with the organizational culture and values | <ul style="list-style-type: none"> • Recruit most intensively in local markets (minimize relocation) • Promote work-life balance programs (e.g., flextime, job sharing) |
| Sacrifice | <ul style="list-style-type: none"> • Provide financial incentives (golden handcuffs) • Provide nonfinancial incentives (e.g., sabbaticals or unique perks) | <ul style="list-style-type: none"> • Promote without requiring transfer • Provide home-buying assistance |

Source: Terence Mitchell, Brooks Holtom, and Thomas Lee, “How to keep your best employees: Developing an effective retention policy”, *Academy of Management Executive*, Nov. 2001, 104.

Job satisfaction and organization commitment have constituted the mainstay of research related to predictors of turnover.³⁵ Job embeddedness offers a construct that considers internal organization and external community factors impacting retention.³⁶ Leaders need to be aware of these factors in their efforts to retain suitable personnel. Understanding these factors may improve predictability of turnover. In two separate studies by Mitchell et al., they found that individuals who are embedded in their organizations are less inclined to leave.³⁷

³⁵ *Ibid.*, 11.

³⁶ *Ibid.*, 19.

Can the links related to job embeddedness actually facilitate the departure of CF members? To avoid having to relocate, members might transfer to the Reserves or apply for positions within the Public Service because they developed a network of contacts throughout the Department of Defence.³⁸ Women make up about 50 percent of the Canadian workforce but the CF has yet to meet their target level of 20 percent of women in the CF. Immigrants constitute about 20 percent of the Canadian population, but do not make up 20 percent of the CF. How do immigrants, minorities and women fit with the military ethos? A review of job embeddedness related to these diverse groups in Canada is pertinent to future CF personnel requirements. This model does have merit and offers additional variables for leaders to consider in their key personnel mentorship role.

CF RETENTION STRATEGY

Senior CF leaders are aware that factors like: disappointing career management; high operational tempo; family instability; frequent geographical postings; inconsistent work demands; shortage of personnel; and lack of recognition by leaders, have had an impact on member's decisions to leave the CF. There have been numerous studies completed using various models to aid in enhancing the understanding of employee turnover, all aimed at providing pertinent details to assist leaders in improving the management of personnel, or at the very least growing their understanding of the myriad of factors that impact employee turnover. So what action has the CF taken to mitigate

³⁷ *Ibid.*, 30.

³⁸ A member can be satisfied with their job in the CF while not being embedded with the organization. Though it could be easily argued, if this member is not embedded he may be more susceptible to shocks and quicker to leave depending on the shock.

with this situation and is this action sufficient to deal with voluntary turnover situation facing leaders today and into the next few years?

CF Commitment

In 1997, the Standing Committee on National Defence and Veteran's Affairs (SCONDVA) stood up to review issues facing CF members and their families.³⁹ To strengthen the social contract with its members, the CF, as recommended by SCONDVA, took some positive transactional steps involving pay, benefits and quality of life initiatives and took some relational steps involving equity, dignity, respect and overall support from the organization.⁴⁰ The CF Military Human Resource Strategy 2020 (HR 2020) identifies retention as one of the key objectives of the CF's HR Strategy.⁴¹ The CF takes a coordinated approach from the Chief of Military Personnel (CMP) level, down to the unit Commanding Officers level, to deal with retention activities.⁴²

Major Deborah Howe provided two well developed papers in 2005 and 2006 that identified some useful guidance to the CF in matters related to attrition. The paper written in 2005 provided a review of short term solutions to deal with critical personnel shortages, largely via a bonus fix. The 2006 paper looked longer term with an emphasis

³⁹ Fariya Syed and Major Rob Morrow, "Recruitment and Retention of Military Personnel: Canada", RTO-TR-HFM-107, 2B – 14.

⁴⁰ Department of National Defence, *HR2020 Internal Assessment*, Ottawa: ADM HR Mil, December 2003, 36/94.

⁴¹ Major D. Howe, "The Bonus Fix ", Canada: DMEP Report 2005-004, 4.

⁴² Department of National Defence, *HR2020 Internal Assessment*, Ottawa: ADM HR Mil, December 2003, 36/94.

on building and sustaining a retention culture in the CF. The CF is committed to the long term retention strategy which builds a retention culture by adopting the relational approach.⁴³ One can easily relate this approach to the job embeddedness model presented above in that employee commitment or link to the organization would be strengthened through hierarchical arrangements that are built on relationships. The bonus fix solution is simply a short term transactional approach that would be directed at critical areas of personnel shortages. This transactional solution has not yet been clearly supported by CF leaders as is the case with the relational approach.

Relational Approach

Strengthening personnel links with the CF through a relational approach via the chain of command appears to have merit to building a commitment to retaining the right personnel. However, this is not really a new concept. The CF as a community or some veterans might add, a family, not just an organization, does not employ any more of a relational approach today than it did 20 years ago. Nevertheless, in 2001, the Armed Forces Council conveyed the need to ‘*strengthen the social contract*’.⁴⁴ This is a noble statement, but one that requires commitment and resources from leadership at all levels of the CF.

⁴³ Major D. Howe, “Building and Sustaining a Retention Culture in the CF”, Canada: DMEP Report 2005-004, 3.

⁴⁴ Major D. Howe, “Building and Sustaining a Retention Culture in the CF ”, Canada: DMEP Report 2005-004, 3.

Has the culture of the CF changed to such a degree that other tactics should be employed? Relating retention strategy to the culture of an organization such as the CF is very important. Though the culture of any organization evolves and changes over time, this change is generally slow, and is similar to the evolving development of a country's values. The culture can be a source of strength for an organization. With such a diverse population in Canada, it is very important that the CF is representative of the general population to facilitate strong links and a good fit for individuals, as highlighted in the job embeddedness model. Culture is significant and accomplishes many functions, such as:

1. Conveys a sense of identity for employees.
2. Helps generate employee commitment to something greater than themselves.
3. Adds to the stability of the organization as a social system.
4. Serves as a frame of reference for employees to use to make sense out of organizational activities and to use as a guide for appropriate behavior.⁴⁵

Ann Pace suggests that employers need to: manage employee expectations and fit with the organization, identify professional development and other growth opportunities, and provide a mixture of challenging experiences.⁴⁶ Jeremy Faria suggests a focus on employee recognition. In line with the CF relational retention strategy, Work Canada 2006/2007 found that organizations “with high employee engagement levels demonstrate better annual total returns for shareholders, higher market premiums and higher

⁴⁵ Thomas Wheelen and David Hunger, *Strategic Management and Business Policy, Ninth Edition*, Pearson Prentice Hall, 2004, 89.

⁴⁶ Ann Pace, “Gen Y Checkout”, *American Society for Training and Development*, Nov. 2008, 16.

productivity levels than those with low engagement.”⁴⁷ Many of these considerations appear to be obvious, but despite a renewed focus on retention starting around 1997, the current attrition levels continue to rise. A report from the Auditor General suggested that the CF lacks HR expertise on a strategic level to deal with the management of its sixty thousand personnel.⁴⁸

Gains are being made to increase the number of personnel, but the CF still has quite a ways to go to realize a trained effective strength of seventy thousand Regular Force members. According to focus groups partaking in CF studies, this personnel crisis coupled with high operational tempo is causing a great deal of dissatisfaction.⁴⁹ The following quotations taken from the study support the common viewpoints that the CF tempo is not sustainable:

We will have to stop doing tours soon, there’s nobody to do them.

People [the new ones] are just not trained and experienced enough yet.

The organization is too thin. It’s the same people deploying over and over again.⁵⁰

⁴⁷ Jeremy Faria, “Recognize me, motivate me, retain me”, *Canadian HR Reporter*, Toronto: Vol. 21, Iss. 7, Apr. 7, 2008, 18.

⁴⁸ David Brown, “Send in the HR Cavalry”, *Canadian HR Reporter*, Toronto: May 6, 2002, 11.

⁴⁹ Department of National Defence, “PERSTEMPO Qualitative Data: CF Member Focus Group Findings”, Canada, Ottawa: ORD Technical Report TR 2005/09, February 2005, 8.

⁵⁰ *Ibid.*, 9.

It's worthy of note that in a 2007 Job Satisfaction Survey Report developed by the Society for Human Resource Management, what HR managers believe and what is actually important to employees when considering employee satisfaction, is often quite different.

According to employees, the top five "very important" aspects of job satisfaction were compensation, benefits, job security, work/life balance and communication between employees and senior management. HR professionals' top five were relationship with immediate supervisor, compensation, management recognition of employee job performance, benefits, and communication between employees and senior management.⁵¹

Relationships were identified by both groups, but appeared to be less significant for employees than perceived by HR professionals. Work/life balance was not identified by these HR professionals. Factors such as work/life balance and time away from family comes to the forefront with the persistent high Operational Tempo facing the CF today. With an ageing workforce factors like work/life balance may move to the top of the list for employees.⁵² "It's critical that employers understand employees' perspectives" and it is suggested that this understanding can be enhanced through employee focus groups.⁵³

⁵¹ Susan Meisinger, "Job Satisfaction: A Key to Engagement and Retention", *HR Magazine*, Alexandria: Vol. 52, Iss. 10, Oct. 2007, 8.

⁵² Department of National Defence, "PERSTEMPO Qualitative Data: CF Member Focus Group Findings", Canada, Ottawa: ORD Technical Report TR 2005/09, February 2005, 55.

The CF used strategies such as Retention and Exit Surveys to monitor factors related to members' decisions to leave.⁵⁴

Transactional Approach

The transactional approach being contemplated by leaders of the CF is largely a compensation solution. To deal with critical shortfalls of personnel, many of Canada's Allies have used retention bonuses to retain their military members and achieved various degrees of short term success. In the civilian sector, retention bonuses have proven to be effective to encourage employees to stay and are commonly used to deal with retention issues.⁵⁵ Based on research, "the civilian and military experience with bonus schemes showed that bonuses can positively influence the rate of voluntary turnover."⁵⁶

As depicted below at figure 7, the CF already commits the majority of its overall budget on personnel costs and adding bonuses will increase personnel budgets. Those contemplating a bonus scheme should ask: is using bonuses in the CF an effective solution to lowering voluntary attrition of occupations facing critical personnel shortages? Consideration of bonuses makes a large assumption that additional pay is what members are looking for to stay in the service, or that pay is the dissatisfier.

⁵³ Stephen, Miller, "Phased Retirement Keeps Boomers in the Workforce", *HR Magazine*, Alexandria: 2009, 61.

⁵⁴ Major D. Howe, "Building and Sustaining a Retention Culture in the CF", Canada: DMEP Report 2005-004, 29.

⁵⁵ <http://retention.naukrihub.com/retention-bonus.html>, accessed 24 March 2009.

⁵⁶ Major D. Howe, "The Bonus Fix", Canada: DMEP Report 2005-004, 68.

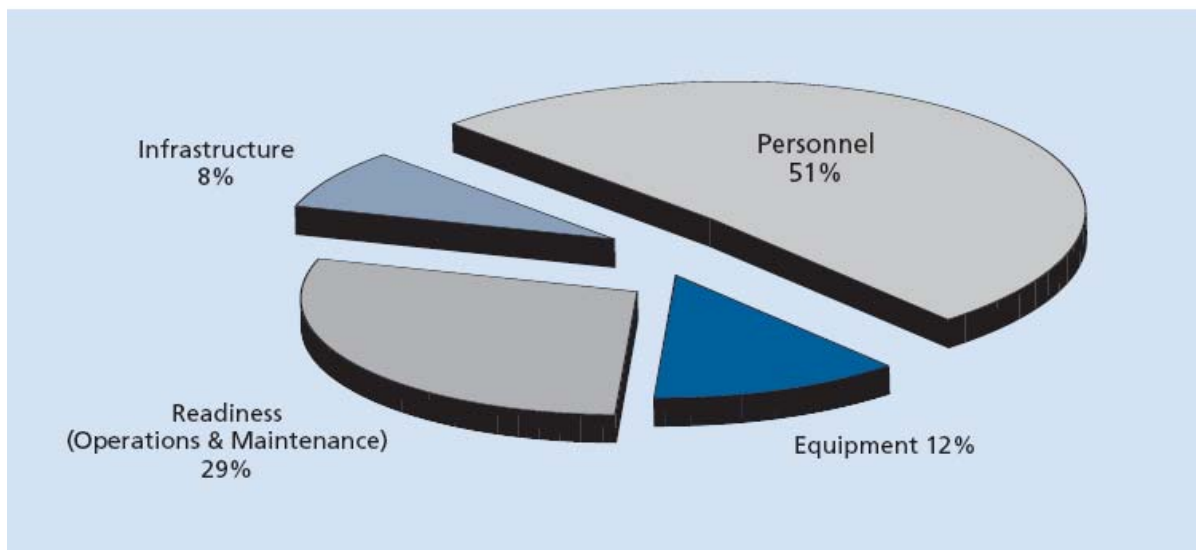


Figure 7: Canada First Defence Strategy Allocations

Source: Canada First Defence Strategy, <http://www.dnd.ca/site/focus/first-premier/index-eng.asp>, accessed 29 March 2009.

According to research by Employment Review, pay as an incentive to retain employees was less effective than “career opportunities, being consulted and kept informed and having faith in the business’s leadership.”⁵⁷ Ian Gunn, a managing partner from PricewaterhouseCoopers in Calgary, suggests; “it’s not enough to throw money at people... private companies need a consistent, systematic approach” to retain employees.⁵⁸ Is additional pay the panacea for the CF’s short term retention requirements? Further research on this issue is warranted.

⁵⁷ Nadia Williams, “Employers pay price for staff retention failings”, *Personnel Today*, Sutton: July 15, 2008, 47.

⁵⁸ Andrea Civichino, Editor, “The Fight for Talent”, *CMA Management*, November, 2008, 10.

Flexible Arrangements

Clearly, there is no one size fits all approach to employee retention, though having and following some sort of high level strategy is prudent. The CF's relational approach to retention is worthwhile if accepted and applied consistently throughout the chain of command. This approach should build useful links and fit with the organization while facilitating the use of important factors, such as employee recognition. The use of flexibility to improve work/life balance and family concerns may go further than any transactional approach that simply pays members to stay. The occupations with critical personnel shortages would receive precedence and authority to allow more flexible employee arrangements. Though, even senior staffs are looking for more flexible working scenarios, such as working from home for a day a week to avoid commutes or enjoy a more tranquil work environment than the open office, cubicle concept.⁵⁹

Flexible arrangements are not simply a matter of allowing some members to have flexible hours. To retain members that are nearing retirement the CF could consider a couple avenues suggested by HR Magazine survey respondents:

Offering part-time employment, year-round, represented one of the most effective ways of retaining near retirement workers (a measure cited by 65 percent).

⁵⁹ Nancy Lockwood, "Planning for Retention", *HR Magazine*, Alexandria: Vol. 52, Iss. 7, July 2007, 128.

Giving near retirement employees, access to retirement benefits, can be effective in retaining talent (cited by 37 percent).⁶⁰

Any flexible arrangements that requires high involvement throughout the chain of command, are often very fragile and “research suggests a death rate of about 50 percent over a three to five year period.”⁶¹ Nevertheless, flexible arrangements can offer effective short solutions to deal with critical personnel shortages and if managed well, may provide a longer term solution to retention. CF leaders can access results from numerous CF studies available to better understand the desires of employees and develop important retention factors, such as work/life balance.

CONCLUSION

The CF is faced with a serious attrition problem. Previous decisions along with the current internal and external operating environments have contributed this situation. The current recession may offer some reprieve to organizations, but the CF can not bank on decreases in employment levels. The organization and its leaders must continue to strive to get appropriate retention strategies working throughout the chain of command.

⁶⁰ Stephen Miller, “Phased Retirement Keeps Boomers in the Workforce”, *HR Magazine*, Alexandria: 2009, 61.

⁶¹ David Brown, “Send in the HR Cavalry”, *Canadian HR Reporter*, May 6, 2002, page 12.

Leaders of the CF will have a continued positive or negative effect on retention. This is evident in the relational approach to retention. Other approaches, such as paying certain members to stay through a bonus scheme or offering some sort of flexible arrangement are worthy of additional consideration. The relational approach makes sense as a long term solution, but clearly the leaders of the CF will have to make some tough decisions to deal with the current attrition scenario that may extend for several years and possibility decades.

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