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SENSE OF ENTITLEMENT IN THE CANADIAN ARMED FORCES: CAN IT BE RELATED TO PAY AND BENEFITS POLICY?

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JCSP 43

Exercise Solo Flight

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CANADIAN FORCES COLLEGE – COLLÈGE DES FORCES CANADIENNES
JCSP 43 – PCEMI 43
2016 – 2017

EXERCISE *SOLO FLIGHT* – EXERCICE *SOLO FLIGHT*

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Word Count: 4715

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Introduction

Me, Money and Medals; it is a common statement, especially amongst those who work closely with people, which would be all of us. Maybe it has not affected your workplace yet? This is good. For the other workplaces, for those who speak it and those who hear it, the phrase packs a heavy message. It speaks volumes to internal irritation, to frustration and to the 'sense of entitlement' in the workplace; it is an expression of dissatisfaction with the current culture. It is marked with judgement, narcissism and leaves the impression of mass atrocities against the psyche of the soldier. There is a divide between those who are 'self-serving' and those who 'serve.' The irony however, is that for those who believe that the other soldiers are self-serving, are they themselves, expressing entitlement. While sense of entitlement and high expectations is common and reasonable in modern societies and amongst privileged cultures, a heightened sense of entitlement is problematic for the Canadian Armed Forces (CAF) and its military culture.

This research paper will look entitlement in the context of the CAF's compensation system. It will review some aspects of the current system of pay and benefits and how it may in fact be contributing to the sense of entitlement in the CAF. It will look at literature on psychological contracts and how those perceptions, when violated, impact soldier attitude and behaviors. It is believed that pay and benefit reform is needed in order to restore economic fulfillment, reciprocity and more importantly, enduring belief in the military institution. The paper will speak to the normative commitment and how current compensation policies may be negatively impacting the internalization of 'moral' obligation and how it affects the soldier's attitude towards service. This paper will not provide any raw data with respect to morale and satisfaction surveys. It will use existing theoretical research, speculative consensus drawn from experience, media, ombudsman reports, grievances and so forth. The aim is to question if current approaches to compensation policy have an effect on the psyche of the soldier. While the

discussion is focused on compensation and benefits, the concepts applied within are applicable across multiple facets of strategic human resources including training, career advancement and succession planning, care of ill and injured soldiers, recruitment and retention, to name a few.

Psychological Contracts

There is an abundance of research on psychological contracts; in particular, on socioemotional and developmental fulfillment. The CAF recognizes its significance and adheres to its principles as is evident in an abundance of human resource policies, doctrine and guidance such as *Duty with Honor: The Profession of Arms in Canada*, transformative leadership principals and its overall narrative with respect to unlimited liability, values, sacrifice and trust. Psychological contracts refer to the “individual’s beliefs regarding the terms of conditions of a reciprocal exchange agreement between the focal person and another party.”¹ The condition of psychological contract requires that there is consistency in the pattern which leads to trust and confidence in the organization and expectations that both the organization and the individual have obligations to fulfill.² The more stable and consistent that the organization is with its requests and promises, the more likely the individual will hold consistent perceptions of his or her responsibilities. Further, the longer the relationship endures, the deeper the relationship is perceived. The concept of psychological contracts then, is directly tied to the individual’s commitment to the organization and is the cornerstone to successful human resources strategy. Psychological contracts however, are only about the individual’s experience. Individuals have psychological contracts, organizations do not.³ Psychological contracts are less concerned with

¹ D. M. Rousseau, “Psychological and implied contracts in organizations.” *Employee Responsibilities and Rights Journal* 2, (1989): 123.

² *Ibid.*

³ *Ibid.*, 126.

the equivalence of return between the individual and the organization but rather the *consistency* between what is promised (or understood) and what is received.⁴ This point will be revisited in more detail later.

Psychological contracts are associated with the normative beliefs in that certain actions are considered to be appropriate or right, while others are not. While there are varying interpretations and complexities associated with the application of expectancy or equity theories, individuals holding a belief in the psychological contract attaches to this belief, assumptions regarding good faith, fair dealing and trust.⁵ The contract is part of the larger relationship between the individual and the organization. These contracts are often based on *predictability* and expectations that past patterns of interaction will continue. The nature of the relationship is also influenced by *duration and inclusion* where the latter is the degree to which individuals are involved. For the CAF, an example of this last characteristic could mean the different perceptions that are held by regular serving members compared to reservists in terms of the number of years of service and the level of contribution or degree of service, i.e. full time commitment versus part time.

Psychological contracts are easier to recognize when they are violated. This means that the organization fails to respond to the degree to which the individual believes that it is obligated to do so. This is referred to a psychological contract breach, “when the individual perceives a failure in the fulfillment of the psychological contract.”⁶ Failure to honor these contracts, whether explicit or implied, impacts the underlying trust between the parties. Damage to such a

⁴ D. M. Rousseau, “Psychological and implied contracts...”, 126.

⁵ *Ibid.*, 128.

⁶ G. E. Dabos and D. M. Rousseau, “Mutuality and Reciprocity in the Psychological Contracts of Employees and Employers.” *Journal of Applied Psychology* 89, no.1 (2004): 68.

relationship is difficult to restore and it has lasting impact to the individual's perception of reciprocity and future outlook. Responses to perceived violation go beyond perceptions of inequity and dissatisfaction to feelings of betrayal and deeper psychological distress.⁷ The intensity of the reaction is not only related to unmet expectations or rewards to benefits, but also to other beliefs related to respect, codes of conduct and trust. Psychological breaches result in negative job attitudes and are linked to lower job satisfaction, lower affective commitment and higher turnover rates.⁸

Taking this one step further is the idea of 'psychologically entitled' personnel. Research suggests that entitled employees have a tendency to hold very high opinions of themselves and arrive at their jobs with exceedingly high demands and expectations. They believe that they are more deserving than others.⁹ It is further revealed that when these individuals who have inflated perceptions of the self and feel that they are especially deserving of good treatment, they are more prone to fall into stronger depressive mood states as a result of the violation.¹⁰ Individuals who experience depletion and states of depression have an increased chance of entering into a "defensive posture" which will focus their energy on conserving their resources.¹¹ The risk to the organization is the loss of organizational citizenship behavior (OCB) when people will refrain from engaging in extra-role behaviors, they may seek revenge or exhibit other counterproductive

⁷ Manuela Priesemuth and Regina M.Taylor, "The More I Want, the Less I have Left to Give: The Moderating Role of Psychological Entitlement on the Relationship between Psychological Contract Violation, Depressive Mood States, and Citizenship Behavior." *Journal of Organizational Behaviour* 37 (January 2016): 967.

⁸ H. Zhao, S. J. Wayne, B. C. Glibkowski and J. Bravo, "The Impact of Psychological Contract Breach on Work-Related Outcomes: A Meta-analysis." *Personnel Psychology* 60 (2007): 652.

⁹ Manuela Priesemuth and Regina M.Taylor, "The More I Want...", 968.

¹⁰ P. Harvey and K. J. Harris, "Frustration-based Outcomes of Entitlement and the Influence of Supervisor Communication." *Human Relations* 63 no.11 (2010): 1640; Manuela Priesemuth and Regina M.Taylor, "The More I Want ...", 967.

¹¹ Manuela Priesemuth and Regina M.Taylor, "The More I Want ...", 969.

behavior.¹² Workplace entitlement studies have suggested that psychologically entitled employees demonstrate a propensity toward unethical behavior and conflict with supervisors, high pay expectations, low levels of job satisfaction, and high levels of turnover intent.¹³ Research can confirm that these perceptions and demands are often independent of and regardless of actual performance levels.¹⁴ This is of particular concern. Further, these individuals with heightened entitlement can view violations as a personal attack from the organization and its superiors, which can also trigger more intense feelings of stress, irritability, depletion, and subsequent depressive mood states.¹⁵ While all of this research can be alarming, it is important to put into perspective that a member's sense of entitlement will vary across the masses, as does their behavior to violations. Not all actions of 'entitlement' lead to dismal results.

The research on the effects of broken promises and unmet expectations in the workplace has many implications for human resources policy. Although the focus here is on the compensation system, psychological contracts expand well beyond specific incentives of monetary value. It encompasses the whole spectrum of human resource management that is founded in clear policies and procedures, transparency and established expectations. In fact, and as will be discussed, organization has to approach it with a strategic intent in order to minimize the negative effects associated with psychological entitlement and unmet expectations.

¹² *Ibid.*, 970.

¹³ P. Harvey & K. J. Harris, "Frustration-based outcomes...", 1640.

¹⁴ *Ibid.*

¹⁵ *Ibid.*

CAF Culture, Psychological Contracts and Implications for the Compensation System

A culture of entitlement is defined as a set of learned behaviors through socialization that centers on entitlement or a self-centered belief that a person is worthy or owed certain privileges as a result of their status or position, whether that status is real or perceived.¹⁶ Culture of entitlement can put a wedge between integrity and leadership by producing fissures that may tempt leaders to sacrifice ethics for personal benefit.¹⁷ The concern for military organizations is that heightened forms of psychological entitlement can be disruptive. For the profession of arms, “moral superiority” is unhealthy behavior. It counters the key ideas and narratives surrounding duty, service, loyalty, sacrifice and honour. Heightened ‘entitlement’ can take many forms.

From the CAF perspective, soldiers are told from the very beginning that they will be taken care of; early expectations are formed. In growing up in the military, young soldiers may encounter moments when they feel that the military has let them down or, maybe they have seen disappointment from a friend, or from others. Sometimes these feelings are infectious and can spread. When members feel that the CAF has failed to deliver on their ‘perceived’ promises, strong negative responses can be invoked. Many examples can be drawn from the onslaught of complaints, grievances, access to information inquiries, auditor general and other official reports, morale and welfare surveys, the strain on personnel support services, emails, briefing notes, media reports, general conversation and, even some boards of inquiry. According to some policy experts, many of these issues are leadership and managing expectation problems. To many, it would appear that CAF soldiers have entitlement issues and there is likely some truth, in that statement. Looking at it from a different perspective, it could also appear that the system is

¹⁶ Cameron P. Evans, “Leadership Challenges in a Culture of Entitlement” (Command and Staff College Marine Corps University, 2013), 3.

¹⁷ Cameron P. Evans, “Leadership Challenges...”, 9.

defective and that all of the angst is symptomatic of the system itself. The following section will discuss some discrete aspects of the compensation system and how it may be contributing to negative responses, attitudes and the break-down of culture. This is a snapshot of some problems and it by no means covers all of the issues. Also to reiterate, this paper does not assume that all soldiers will respond negatively, even if they feel that they have been treated unfairly.

The CAF compensation system is currently based on internal equity and external comparability to the Public Service. In terms of compensation, there are three components: direct financial compensation which includes salary, bonuses and special allowances; indirect financial compensation such as leave, pension plans, education, health and other support services and benefits; and, non-financial compensation which is career development, succession planning, honours and awards, workplace and diversity policies and so on.¹⁸ Across all of these domains, perceptions of fairness and how they are managed have important implications for how organizational members view their psychological contracts. *Fairness* is the extent to which the individual perceives that the reciprocal obligations have been fulfilled.¹⁹ This is different from the concept of *equitable* which means that all members of the organization are being treated fairly.²⁰ *External equity* exists when members perceive that they are being rewarded fairly in relation to those who perform similar jobs in other organizations or the private sector.²¹ *Internal equity* exists when members perceive that they are being rewarded fairly according to the relative value of their job

¹⁸ Canada. HR Council. "Compensation Systems: Design and Goals." last accessed 03 May 2017, <http://hrcouncil.ca/hr-toolkit/compensation-systems.cfm>

¹⁹ Irina Goldenberg, Andres Manon and Delphine Resteigne. "Is Military Employment Fair? Application of Social Comparison Theory in a Cross-National Military Sample." *Armed Forces & Society* 42, no. 3 (2016): 521.

²⁰ Canada. HR Council. "Compensation Systems..."

²¹ *Ibid.*

and conditions of that workplace such as basic pay, pay range structure, personal expense reimbursements, and exposure to adverse conditions.²² *Patterns of interaction* as well as *consistency* are major factors in complementary beliefs across the organization.

The military is an internal labour market. That is, it will recruit, train, retain and grow the majority of its personnel from within. It therefore has incredible reliance on internal human resources because the cost of losing a member prematurely is very high and, it can result in many follow-on effects for the institution. In some respects, the internal labour market places the *balance of power* on the side of the member. This can have an impact on individual perceptions and heightened sense of entitlement, especially if the members are groomed with amplified opinions of their value to the organization. This is sometimes evident when soldiers reach the sweet spot in their career, when they have met the conditions for pension. The 30:30 plan, “30 seconds to piss me off and 30 days to release.” While this is an example of internal humor, it also implies that for the military, an internal labour market means that the conditions of service must be better than competitive.²³

In terms of external competitiveness (or, external equity), the CAF’s compensation system presents some challenges to maintaining stability in perceptions of reciprocity. The sense of entitlement can arise quickly in an environment where there is demand from external job markets for professional qualifications. To counter the effect, benchmark pay and benefits have to be competitive and comparable to similar jobs in other organizations and/or other similar militaries. The non-monetary intrinsic rewards are essential. If human resources perceive

²² *Ibid.*

²³ Bondy, H. “Canadian Forces Compensation and Benefits Fundamental Principles and Strategic Policy Vision.” (Ottawa: Report prepared for Director Pay Policy and Development, 1999), 8.

themselves to be undervalued or seen as commodities and expendable, unwelcomed imbalances will exist in the psyche of the soldier.

The CAF's compensation system is a product of internal equity. Basic pay and pay structure is determined by rank and seniority. Trades and occupations are generally the same with the exception of direct benchmarks for senior and specialist officers, pilot differential and some specialist allowances.²⁴ A military cannot discriminate because every member has equal value apart from their trade skills. Unlimited liability and values such as duty loyalty, sacrifice and trust are shared by all. A member in harm's way is as valuable as any other regardless of the job they bring to the fight. This philosophy although valuable, presents a dilemma when dealing with specialist trades, technical skills and occupations where there is competition from the external market. To compensate, the CAF introduced various allowances which have seemingly contributed to what appears to be this 'culture of entitlement' and it potentially has widened the gap between internal and external equity.

Let's take for example, Aircrew Allowance (AIRCRA). Policy gurus will be quick to point out that the intent of AIRCRA is to compensate for the level of risk and occupational hazards associated with the working conditions of the flying position. It is not intended to adjust for the standard of living or to supplement basic pay. Acknowledging the purpose in this narrative, pilots grow up in their flying communities with these allowances. For better or worse, they do not distinguish cognitively that AIRCRA is compensation intended for exposure. It becomes part of their identity, their 'perceived' worth, they spend the money and their families come to rely on it. There should be no surprise then that there is discontent when aircrew

²⁴ Canada. National Defence and the Canadian Armed Forces. Pay Overview, <http://www.forces.gc.ca/en/caf-community-pay/pay-overview.page>

allowances are ceased. Policy will defend that the removal of these allowances, when pilots are no longer exposed to the conditions, are justifiably equitable, and that all persons are treated fairly. This is not wrong except that it is representative of a black and white scenario, but people are not black and white. Based on their experience, the pilot will create their personal perceptions to what is fair and right and, these beliefs are entrenched in what they have become accustomed to, from what they believe, from what they have been told and how they compare their value is, both internal and external to the organization.

Allowances across the forces are a contentious issue. Similar to AIRCRA, Sea and Land Duty Allowances (SDA / LDA) are intended for exposure to difficult working conditions and harsh environments. While the intent is to achieve fair reward for particular working conditions, systemic administrative and policy issues seem to be diminishing this effect. According to grievance and media reports, there are many issues relating to the equitable administration of these allowances.²⁵ The solutions to balancing internal inequities seem to have ironically, resulted in creating inequity and perceptions of unfair treatment. According to the Military Grievance External Review Committee (MGERC), the issues regarding administration of compensation and benefits “continue to affect morale and cause frustration and financial hardship.”²⁶ There are many reasons to explain why attitudes of entitlement have formed in

²⁵ David Pugliese, “DND Chasing 4200 Military Personnel to Recover Payments,” *Ottawa Citizen*, 03 October 2014; Canada. Military Grievance External Review Committee, “Case Summaries Index: Pay and Benefits.” Ottawa: MGERC, last accessed 03 May 2017, <https://www.canada.ca/en/military-grievances-external-review/services/case-summaries/case-summaries.html#PAYANDBEN>; Canada. Chief of Review Services. *CRS Audit: Canadian Forces Allowances*. Ottawa: CRS, last accessed 03 May 2017 http://www.forces.gc.ca/assets/FORCES_Internet/docs/en/about-reports-pubs-audit-eval/p0615.pdf.

²⁶ Canada. Assistant Deputy Minister (Review Services). “Audit of Military Compensation and Benefits.” Ottawa: ADM(RS), 2015, last accessed 03 May 2017 <http://www.crs-csex.forces.gc.ca/reports-rapports/2015/253p7050-69-eng.aspx>.

relation to environmental allowances. First, people will naturally compare and form self-perceptions based in relation to others. Second, chronic feelings of disappointment will be exuberated when there is inconsistency in meeting expectations. Third, when there is a lack of transparency or explanation to the inconsistent handling of allowances, and the degree to which the violation is perceived, is deepened. According to the reports, and grievances from within, it is clear that psychological contracts across the masses have been breached with respect to environmental allowances. In all cases, these beliefs are further deteriorated when a posting or other career change results in a combination effect such as the loss of environmental allowances plus post living differential (PLD), combined with other personal hardships such as relocation, provincial taxes, mortgage fees, family income, stability and so on. The opposite gain can happen but since it is to the soldier's advantage, there is no complaint. These events however, can create the sense that they are entitled to stay in one location over another. This too will have a series of effects surrounding beliefs of inequity regarding postings.

Ambiguity is a factor in cultures of entitlement because it enables inflated expectations whereas information and transparency will work to reduce frustration that is associated with unmet expectations. Take for example, hardship and risk rates. For new operations, these are established retroactively and on average of one year after theatre activation. While this is a generally acceptable practice that is kept at bay through chain of command influence, the average soldier does not understand the rationale for delay; they have already formed expectations. While there are reasonable assurances that the allowances will come, there is an element of trust when something is 'perceived' as owed to them. Again, the policy keepers will provide an array of explanations such as it cannot be owed if it is not earned, new operations,

time for review and so on but these beliefs are not necessarily formed from rational thought. There is speculation from the troops and perceptions of grandeur that begin from stories of days gone by. That is not to imply that soldiers cannot comprehend the policy and how it will apply to them. It means that there are other stronger emotional influences at play that affect their perceptions. Historical rates, internal stories of 'shiny new trucks' for example, run deep in the psyche of the soldier. This is also influenced by preconceived ideas of the CAF's obligations and narratives of service, sacrifice and unlimited liability. When rates are applied quickly and consistently, soldier expectations for the most part, are met. Skip forward to the modern era of abundant errors and inconsistencies, changing rates, rate reductions, tax exempt / not tax exempt, medal / no medal, or any combination thereof, the frustration with operational allowances should be of no surprise. Factor in still, the negative media coverage such as "Danger Pay Dispute," "Danger Pay Reduced...", "Planned Pay Cut...", "Canadian Soldiers Forced to Return Danger Pay", "PMO intervenes..." the soldier's perceptions of trust and reciprocal obligations are diminished. Even if they have not been personally affected, the perception of unfairness with respect to operation allowances will exist and linger. The negative response is the sense of entitlement which can manifest as personal limits to operational deployments, i.e. applying the personal cost-benefit analysis over the operational requirements. While there are a host of factors that affect deployability, the personal cost-benefit analysis is said to be a major factor in selecting the operation that serves them best. The current construct of operational allowances especially under the auspices of inconsistent application threatens the core principles of military ethos. Soldiers are more likely to focus more on the financial package rather than mission, or in comparison to other options.

The concept of personal economic benefit can be carried through a whole laundry list of significant grievances regarding pay and benefits but again, it would be wrong to assert that all CAF soldiers have a heightened sense of entitlement. It is likely that the system itself is accountable for creating some of these beliefs. The issue may be the lack of procedural fairness, inconsistent application of policy and distribution of rewards. The issue may be that there is no comprehensive approach to human resources and pay and benefits. In any manner, increasing dissent is countering military ethos of sacrifice, loyalty and unlimited liability. Military values and culture are being affected by negative language, attitudes and behaviors such as increased cynicism, lower levels of trust and loyalty. Many will argue that in terms of psychological contracts and individual perceptions, there are no perfect solutions; there will always be dissent. There is truth in this statement. The military will always have high demands for their soldiers. There will always be tension between what the institution needs and wants versus what the individual perceives that he or she is entitled to. This is distinctly different from negative perceptions and sense of distrust that is created by inadequacy in the system.

The 'Entitled' Risk to the CAF

This paper is not about more money. It is about policy and culture. Canada's military has very competitive pay and benefits compared to other Armed Forces such as in the UK, Australia, Denmark, France, Germany and USA. While one cannot equate the full compensation package of other nations because we are all different, Canada is comparable. On a scale of the relative value of basic pay plus the 'military factor' when compared to the UK, Canada is listed in 2nd place behind Australia for salaries for the ranks of Private, Sergeant, Warrant Officer, Major and

Colonel, after the adjustment for tax and cost of living.²⁷ For those who understand military business, it is known that military pay and benefits have to be better than competitive because we ask a lot from our soldiers. For those who are less familiar with these demands, they will have a lesser understanding of this perspective. Recent media reports are drawing attention to pay in the CAF. They are making statements such as “a quarter of our soldiers are executives, a ratio unparalleled in NATO”, “salaries are sometimes double those of similar ranks in other western countries” and, other articles such as the one comparing a Private-Corporal’s salary to that of a school teacher.²⁸ While internal perceptions of equitable pay and entitlement are important, we must be cautious of the external perceptions that the Canadian public may have of the soldier’s sense of entitlement. The CAF spends approximately \$5.5B in compensation and benefits which represents approximately 28 percent of departmental spending.²⁹ Human resources are a costly expense for any operating budget and as for every other organization; the military has to acquire gains on its investment. It must also be clear in its intent for this expenditure and transparent in the worthiness of this investment into human resources.

Implications for the Canadian Armed Forces

²⁷ UK. Armed Forces Pay Review Body. *International Comparisons 2008/9*. UK: DLA Piper UK- MCG Consulting, Office of Manpower Economics, 2010, 3; Canada. National Defence and the Canadian Armed Forces. “CAF Pay Overview.” last accessed 06 May 2017 <http://www.forces.gc.ca/en/caf-community-pay/index.page>, In Canada, Military Factor values the major characteristics of military service, i.e. unique aspects such as Code of Service Discipline, separation from family and posting turbulence and so on. As of April 1, 1999, the Military Factor is at 7.5% of salary for non-commissioned members and for general service officers.

²⁸ Jean-Nicholas Blanchet, “Canada’s Military Among Highest Paid in the World.” *Ottawa Sun*, 01 November 2014; Robert Smol, “Soldiers versus Teachers: Who is Worth More?” *CBC News*, 13 January 2009.

²⁹ Steve Davenport (Information Brief, Director Pay Policy and Development, Ottawa, 10 March 2017.; Canada. Assistant Deputy Minister (Review Services). “Audit of Military Compensation and Benefits.” Ottawa: ADM(RS), 2015, last accessed 03 May 2017 <http://www.crs-csex.forces.gc.ca/reports-rapports/2015/253p7050-69-eng.aspx>.

While these issues may not be specifically discussed in the context of psychological contracts, entitlement and compensation, the CAF is acutely aware that there are systemic issues with the compensation system. The OAG Report of 1990, reported that comparability (that is, comparability to the Public Service) was an insufficient approach to compensation methodology for the CAF because it results in inequities and lack of economy, difficulty in dealing with exceptions, and a mix of vocational and occupational elements that is hard to rationalize.³⁰ The same report concluded that the negotiating process with the Treasury Board Secretariat (TBS) has emphasized process over results, which has resulted in piecemeal changes to conditions of service in isolation from each other and from the broader goals of the department.³¹ This observation was reiterated in the SCONDVA report where they found “a patchwork put in place to deal with exigencies on the moment. Long-range planning and a clear sense of purpose do not seem to underlie the current system...rationalizing the various allowances and benefits into clearly recognizable and transparent entitlements should be a priority for the Department.”³² Other experts in the field claim that a compensation strategy will lead to greater consistency, stability and credibility and to ensure the system is accepted, valued and enabled to achieve the intended outcome.³³ Because DND lacked a philosophy, it was recommended that a deliberate

³⁰ Canada. Officer of the Auditor General of Canada, *The Absence of a Strategic Compensation Policy for the CF*. (Ottawa: OAG Reports, 1990), articles 21.8 to 21.13, quoted in Bondy, H. “Canadian Forces Compensation and Benefits Fundamental Principles and Strategic Policy Vision.” (Ottawa: DPPD, 1999), 1.

³¹ *Ibid.*

³² Canada. Standing Committee on National Defence and Veterans Affairs, *A Patchwork of Allowances and Benefits*. (Ottawa: SCONDVA Reports, 1998) quoted in Bondy, H. “Canadian Forces Compensation and Benefits Fundamental Principles and Strategic Policy Vision.” (Ottawa: DPPD, 1999), 2.

³³ R.N. Kanungo and M. Mendoca. *Compensation: Effective Reward Management*. Toronto: John Wiley and Sons, 1997, 130 quoted in Bondy, H. “Canadian Forces Compensation and Benefits Fundamental Principles and Strategic Policy Vision.” (Ottawa: DPPD, 1999), 2.

compensation strategy be established based on military ethos and social contract.³⁴ The same report emphasized the recognition of performance to reward expectation that is fair, equitable and understandable by the members affected by it.³⁵

It is time for the CAF to look at these issues, but it needs to first and foremost identify the target or, the effect that it wants to achieve for their investment in human resources. The current compensation system is creating negative effects which are counterproductive to military culture and ethos. The CAF is aware of these issues. It has been more than twenty years since the problems have been identified in official reports but yet the Department is still inundated with complaints. It received 1259 ‘official’ adjudication and grievance claims annually in 2012-2015, related to compensation and benefits.³⁶ The costs to these performance metrics would likely be staggering, not to mention the organizational costs of lack of trust and commitment. The CAF has to challenge some of its own assumptions with respect to compensation and it has to look beyond what has been done, to what should be done. In terms of the discussion on psychological contracts and heightened sense of entitlement, the strategy has to account for simplicity in design, consistency, flexibility and transparency.

Soldiers do not care for lengthy and convoluted explanations to policy. In fact, research has found that employees will ignore or misperceive information that is inconsistent with their entitled worldview and, this cognitive filtering is even more prevalent for people with inflated

³⁴ *Ibid.*

³⁵ *Ibid.*, 6.

³⁶ Canada. Assistant Deputy Minister (Review Services). “Audit of Military Compensation and Benefits.” Ottawa: ADM(RS), 2015, last accessed 03 May 2017 <http://www.crs-csex.forces.gc.ca/reports-rapports/2015/253p7050-69-eng.aspx>.

self-perceptions.³⁷ Therefore, ambiguity and occurrences of unmet expectations can be minimized by aligning organizational expectations. Simplicity in conveying information and transparency can actually prevent attitudes of psychological entitlement. Consistency will enhance predictability which will lessen the frustration and build trust. Flexibility will acknowledge that there are exceptions sometimes and that the soldier's well-being is valued.

The human factor is a tough competitor to the military factor always. In an organization like the military where the growth and loyalty of human resources are very important, it has to be particularly cognizant of its approach to people. External competitiveness will always cause a member to assess their options in comparison to other factors such as family, lifestyle and financial stability. It is normal for a soldier to consider whether the rewards and benefits they receive, outweigh the sacrifices they are expected to make. This will happen on a periodic basis, on return from an operation or, on receipt of a posting message. This is not a slight to a member's sense of loyalty to the service; it is simply about choice and personal economics. While there will be elements of entitlement always, the CAF needs to do what is fair, equitable and right.

Conclusion

Being a soldier is more than just a job, it is a life style that extends across all facets of a soldier's being and well-being. From this perspective, breaches of psychological contracts have wide reaching implications because trust is at the base of every soldier's hierarchy of needs. The CAF develops its own talent and is largely dependent on long-term employment with escalating returns due to the high cost of recruitment, training and

³⁷ P. Harvey and K. J. Harris, "Frustration-based outcomes..." 1645.

retention. Because the psychological contract is based on mutual obligations and trust, perceptions of breach and/or violation are more likely to make CAF members question their own obligations to their careers. This sense of violation of their psychological contracts can have lasting effects, angry emotional responses and feelings of betrayal that can infect the organization, its culture, its soldiers and their families. We know that organizational culture is the strongest motivator and predictor of job performance. It is also known that psychological contracts emphasize human resources strategy that is based in values, ethos and sense of recognition and purpose. Money is very important but non-monetary benefits are essential; psychological contracts expand well beyond specific incentives of monetary value. This has to be the essence of compensation and wider reaching human resources strategy for the CAF if we are to correct the problems that exist in the system today.

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