

**SENATE FOREIGN AFFAIRS, DEFENCE AND TRADE
REFERENCES COMMITTEE**

**INQUIRY INTO RECRUITMENT & RETENTION
OF DEFENCE PERSONNEL**

SUBMISSION

Submission No: 79

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The Secretary
Senate Foreign Affairs
Defence and Trade Reference Committee
Parliament House
CANBERRA ACT 2600

Dear Sir/Madam,

I apologise for this late submission and hope you have the time to evaluate these comments. I have included a submission and an edited version of an essay I wrote two years ago on a similar topic. The information is still pertinent to your Inquiry. I have not proposed a final model of personnel management but I could suggest the one we currently have is not working effectively.

I write this submission as a recent member of the Australian Regular Army (ARA) who has transferred to the Reserve. Up until the 28th Jan 2001, I had served 21 years within the ARA. I have a lot to thank the ADF; an apprenticeship, a degree in engineering, assistance in completing an MBA and valuable training.

You have a very difficult task ahead of you which will have a dramatic influence on how the Australian Defence Force operates its business. We need good personnel not just numbers of recruits.

Yours sincerely,

Andrew Wheatley

Enclosures:

1. My Submission to the Inquiry into Recruitment and Retention of the Defence Personnel
2. Essay on 'Personnel Management – A Model for the 21st Century'

Submission for the Inquiry into Recruitment and Retention of Defence Personnel

To the members of the Senate Committee,
I write this submission out of concern for where the Australian Defence Force (ADF), could possibly be heading within the next decade. Many principles within the Australian ethos can be attributed to the ADF, including customs as well as good business practises.

What I am personally concerned about is how, the ADF think it is immune to the influences of external society forces and values. Society values have changed since I joined the ADF 21 years ago. As young professional people now leave their training years behind them, it will be rare for an organisation to have the same employees, within their employment for more than ten years. It is a fact, that many organisations find it hard to keep trained personnel. Some organisations undertake flexible remuneration packages. Sometimes it works. I do not know the answer, but it does concern me where the ADF is going. I remember comments, quoted to me, which I believe does hold some truth.

'Often the good ones leave the ADF, and the only reason some others do not leave, is because they would not be employed anywhere else.'

That could be said for any organisation not just the ADF. I do hope the new 'contract scheme' for the officer's solves those problems. (I have been lead to believe that future personnel being recruited will be on, a form of a contract - if they do not perform, their contract will cease. I hope this is a fact).

To receive the best calibre of a person, an organisation needs to attract the right people from society and reimburse these people for the recognition of their worth. This includes remuneration, salary and conditions of service. Not many organisations ask, what is expected of an individual, (and their family), that the ADF asks.

A requirement to have certain skill sets to carry out certain critical personnel management positions is essential. Has the ADF the right people performing these strategic tasks? These personnel need to be trained in modern personnel management practises not the apparent philosophy of filling the holes. The right people need to be transferred to these critical positions. I am not sure what the next decade holds for the ADF, but it will be a different Defence Force to the one that the Australian people have now.

Reserves.

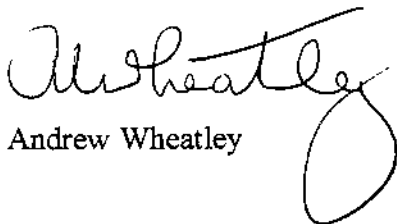
My comments to the Reserve problems can only be made, through recent observations over the last three years. I have served with many Reserve soldiers, whose commitment to the ADF is without question. They serve for a variety of reasons, generally putting more time and commitment then they are paid. The success of recent Operations (Bouganville) can, in part, be attributed to the commitment of Reserve personnel. This will become more apparent, when Timor burns out the Regular members of the ADF. The Government needs to, nurture and cultivate these personnel and again recognise their civilian skill sets better. This will give the recognition that some of these personnel deserve and increase retention within the Reserves.

During my recent transfer to the Reserves, I have observed many personnel with the skills to perform higher duties due to their civilian employment. But due to the lack of courses or the time their employer can commit, they do not receive the recognition of promotion they deserve. The ADF prides itself on the recognition of current competencies and prior learning. Some of these personnel could be more highly skilled than their ADF counterparts but often still have to complete the military course. This can take years compared to the Regular member. There has been significant movement in this area, but I think policies need to be in place and improved to give the Reserve soldier more opportunities.

In the future, the Reserves are going to be (and will need to be) a more integral part of a modern ADF. The ADF will have to be more flexible towards the Reserve's career opportunities to keep personnel involved within this organisation and increase retention. The ADF might not like it, but if it does not adapt to the changes in society, what will be left, will not be the best.

What also is of concern is the spending on recruitment. A recent article in 'The Sun Herald, 1st Apr 2001, quotes '.....so far this financial year it (the ADF) has spent \$27M on recruitment and advertising on a full year budget of \$41M.' Some simple maths will reveal the staggering results on these figures per recruit. You could be left wondering if the ADF had spent that much again on retention and good strategic management, the discharge figures could be a little different.

I also offer a comment about the ADF's Super scheme, which could also be a small contributor to this issue. I cannot contemplate how the ADF will look once the old Super scheme (DFRDB) personnel have gone. This scheme has kept many personnel from making career choices due to their commitment to the *time in service*. MSBS is a good scheme, do not get me wrong, however the DFRDB scheme has kept many personnel within the ranks that may not have normally stayed within any organisation.


Andrew Wheatley

AN ESSAY ON

PERSONNEL MANAGEMENT A MODEL FOR THE 21ST CENTURY

by Captain Andrew Wheatley (BE, Dip Tech Mgt, MBA)

When it comes down to it, it is people that are important. With the right people about you, you can do anything.

(Warren Jones, former head, Australia II - America's Cup Challenge 1989)

Introduction

1. Personnel Management refers to a set of functions or activities (training, selection, recruitment, industrial relations) often performed effectively but with little relationship between various activities, or overall organisation objectives¹. This highly critical definition is some decades old, a more recent concept of Human Resource Management (HRM) has sharply influenced professional practice. HRM assumes that all personnel activities are integrated with each other and strategically² with the organisation objective³. HRM takes a strategic view of the management of people as a major, although sometimes intractable, resource. It takes a look at employees from the point of view of what they can do or be encouraged to do⁴.

2. The overall aim of Personnel Management is to make an effective contribution to the 'objectives of the organisation and to the fulfilment of its social responsibilities'⁵. Personnel matters are complex, subject to constant change and involve significant cost. 'They require efficient and effective management which cannot be delivered solely by hard working people whose experience relates essentially to the workings of the organisation in the field or in areas other than personnel'⁶.

3. The Aim of this essay is to propose the foundations for an Army model of Personnel Management for the 21st century. This model will build on early personnel management principles and outline the similarities of HRM connecting the strategic outlook for the organisation.

The Development of Personnel Management

4. Personnel managers have moved a long way from the times when someone who, "Got on well with the lads", was given the job of managing. With the increasingly sophisticated division of managerial labour, 'Personnel Management has developed into a complex array of specialist skills'⁷, (selection, training, grievance handling, job design, OH&S, recruitment and performance assessment).

5. Up until the early 1940's, personnel management functions were 'largely fragmented, and often conducted by line managers as part of their overall management responsibilities'⁸. Early theorists started to contribute ideas towards the late 1930's as Australia started to be influenced by 'behavioural scientists and industrial psychologists'⁹.

6. The second stage started around the beginning of World War II and continued until the mid 1970's. WWII marked the beginning of a specialist and professional approach to Personnel Management in Australia. 'Psychological testing and structured leadership training, tested during the War, began to apply to Australian Organisations for subsequent selection and training programs. These organisations started to employ specialists to conduct recruitment, training and welfare activities taking away the function from the line managers'¹⁰.

7. From the 1970's, 'influences from the theorists were beginning to effect management of employees as the cost-benefits'¹¹ from increased 'productivity and raised quality'¹², were becoming apparent and external business pressures started to lay sophisticated approaches for businesses.

8. In the 1990's Personnel Management was becoming HRM representing a change towards the integration of personnel functions that were 'strategically focused'¹³ on overall organisational effectiveness. Visions and Mission Statements laid down goals for the organisation. Human Resource (HR) practitioners started to operate at three levels. At the **strategic** level, practitioners were involved in the Corporate and HR planning. At the **operational** level, they developed action plans to meet present labour needs. At the **functional** level, practitioners carried out the many activities which ensured that employees were in the right place at the right time and cost (Nankervis, Compton & McCarthy 1996:14).

The Model

9. The military environment does not lend itself to close personnel management. A reality check reveals that the Army is constantly preparing for War. It is the author's belief that personnel management is the art of being adaptable to change and understanding your personnel, motivating them to their limits. In comparison, the civilian manager would state personnel management is, "obtaining the best out of what you have in order to achieve designed outcomes".

10. As mentioned earlier, there are many motivational theories, however Maslow's 'Hierarchy of Needs' suggest many motivators. Briefly, Maslow¹⁴ argues that employees are motivated to satisfy five basic needs. They are:

- Self-actualisation (realisation of potential),
- Esteem (respect of others),
- Social (friendships),
- Safety (security, stability and shelter), and
- Physiological (food, water, air and sex),

11. Maslow suggests the needs of one individual would be different to another, however all people are basically the same when it comes to certain motivators, their priorities changing with differing circumstances. Major Boswell suggests in his article that, 'unsatisfied needs will dominate a soldier's attention and influence their attitude and behaviour at work'¹⁵. This perception could easily be confirmed when a soldier has family or personal issues that distract his focus at work.

12. The Army's style of Personnel Management has developed from the 'British model of military organisations and practices based on experiences from extended periods of conflict'¹⁶. This prevailing Warrior model was the dominate form of training based on war-like experiences. As researched by Smith (1988) and again quoted by Major Agnew, 'due to the lack of a threat and continuing peaceful international relations there has been a shift in role for the Army'¹⁷. This role shift brings with it added pressures to complete the Army's core business more efficiently. The path of survival for the Army will be dependent on the conservation of all its resources.

13. The Army has to be diligent in its use of current personnel resources it has trained. The current wastage/separation rates¹⁸ for certain skill sets is unacceptable, given training costs and the current Defence climate of rationalisation. Difficulties in recruiting are reflected in increased recruiting costs¹⁹. It will also be increasingly difficult to attract and retain skilled people needed in a modern²⁰, effective Army as society attaches less importance to military service²¹. The author is at a loss to comprehend why the Army does not concentrate on retaining and motivating the personnel that it already has trained. To fully understand this dilemma a more in-depth study is required into the reasons personnel decide to leave the Army²². This is beyond the scope of this essay.

14. A multitude of external environmental factors impact upon the Army's HRM strategies and practices²³. These range from demographic considerations, technical and workplace changes within Australia to the impact the baby boomers' generation has had on the reduction of population target groups. Social pressures also apply, as the Army has to adapt to reduce the separation rates and the results of the Defence Reform Process (DRP). Personnel Managers at all levels require skills in Occupational Health and Safety (OH&S), Equal Employment Opportunity (EEO) and, in certain fields, the effective management of civilians. The value of our personnel has never been higher precisely because we now have to perform the same role with far fewer people.

15. Admiral Barrie recently explained, 'Leaders cannot remain good leaders for long if they lack good management skills'²⁴. Officers and Senior NCOs need to be given the tools to successfully develop good leadership and personnel management skills and understand the implications of poor management. The Personnel Policy Strategic Review²⁵ reinforced three strategic personnel objectives. They are:

- achieve a versatile and flexible fighting force,
- attract and retain the right people, and
- lead and manage people for the organisation change.

16. These strategic objectives, if applied correctly throughout the Army, would achieve their goals coupled with the reduction of separation rates and increase the professionalism of our personnel managers. Strategically the views of the review team are close to the solutions Army requires. Reputable organisations²⁶, as well as internal Army process groups, have evaluated and formulated numerous policies. A recent pamphlet displaying the Defence Executives approach to personnel management is just an example²⁷. So where is Personnel Management in the Army failing?

17. The global answer is too complicated to suggest a **solution** amongst these flimsy white pages. However an immediate suggestion lies in the theories researched in the early stages of many personnel management courses and the performance of functional managers (Platoon commanders and Senior NCOs).

18. Maslow's Hierarchy of Needs discussed earlier in this essay and Herzberg's two factor theory²⁸ have gained acceptance in management circles. Understanding these theories can give some foundation to the management of personnel in the 21st Century.

19. The basic guidelines of Maslow (realisation of potential, respect from others, security and friendship) are all motivators for the Personnel Manager, now and for the future, to achieve their desired outcomes. The individual military manager will have to master the combination of leadership and management for each situation to be an effective personnel manager. However, 'Leadership remains the fundamental ingredient in any Defence Force'²⁹,

20. The human resource management approach has influenced personnel management practices for the last decade. 'HRM assumes that all personnel activities are integrated with each other and strategically with the organisation objectives'³⁰. This definition fits into the Army ethos of the Military Appreciation Process, where every possible outcome is explored before the plan is finalised. The functional manager will need to apply similar skills to be a personnel supervisor of the future.

21. At the functional level, personnel managers need to be abreast of technology and how effectively it maybe used to reach their designed outcomes. Managers are now exposed to an assortment of software applications, which assist the modern personnel manager with daily management responsibilities. As differences in military technologies narrow, the relative effectiveness of Army's capabilities will depend increasingly on the human factor – better commanders, higher levels of skill, more individual initiative and more effective teamwork³¹.

Conclusion

22. Strategically focused Personnel Management practices are the future models for the Australian Army however they need to be applied at the functional level of management. HRM with its strategic planning, will be the foundation utilising some motivational management theories. Currently, questionnaires³² are being completed by soldiers as they discharge from the Army. These findings need to be researched, and if viable, implemented into the Personnel Management process.

23. 'The key personnel management and leadership challenge will be to attract and retain Army personnel in numbers and with skills and experience recruited for Defence capabilities'³³. The Army needs to devise a more effective plan to retain military personnel. The level of operational capability and state of readiness of the ADF is dependent upon the personnel of the future. This process needs to be effective at the functional level of personnel management (Platoon commanders and senior NCO's). The current and future leader/managers need to be aware of their responsibilities and manage the human resources effectively to increase the performance of their military organisation.

24. It is often quoted by Senior Officers, that 'personnel are our most valuable asset'³⁴ and the similar statement by Warren Jones³⁵ at the beginning of this essay reinforces this statement. Our Chief of Defence Force suggests that, 'In the 21st Century organisations, the scarce resources will be information, technology and in Australia, people'³⁶.

25. Army has ingrained functional divisions. Not only is there the 'warrior but also the bureaucrat and the technocrat'.³⁷ Management models need to be increasingly flexible as many leaders are employed under a variety of conditions now, and more so, in the future at the Strategic, Operational and Functional levels. The Army has recognised the knowledge, skills and capabilities of its people, it now needs to find the delivery vehicle to improve its functional personnel management.

Notes

- ¹ Nankervis A., Compton R. & McCarthy T. 1996, *Strategic Human Resource Management*, 2nd Edition, Nelson ITP, Melbourne, p 4.
- ² *ibid*, p 5.
- ³ Stone R.J. 1991, *Human Resource Management*, John Wiley & Sons. Brisbane, p 22.
- ⁴ Armstrong M. 1988, *A Handbook of Personnel Management Practice.*, 3rd Edition, Nichols Printing New York, pp 5-6.
- ⁵ *ibid*, p 9.
- ⁶ Department of Defence 1995, *Serving Australia – The Australian Defence Force in the Twenty First Century (Personnel Policy Strategy Review)*, Directorate of Publishing Defence Centre Canberra, July. P 239, paragraph 12.2.
- ⁷ Palmer G. (ed) 1988, *Australian Personnel Management – a reader*, Macmillan Company of Australia.
- ⁸ Nankervis A., Compton R. & McCarthy T. 1996, *Strategic Human Resource Management*, 2nd Edition, Nelson ITP, Melbourne, p 10.
- ⁹ *ibid*.
- ¹⁰ *ibid*, p 11.
- ¹¹ *ibid*, p 12.
- ¹² O’Niel G.L. & Kramar R (eds) 1995, *Australian Human Resources Management- Current trends in management practice*, Pitman Publishing, Melbourne, p 4.
- ¹³ *ibid*, p 5.
- ¹⁴ Stone R.J. 1991, *Human Resource Management*, John Wiley & Sons. Brisbane, p 232.
- ¹⁵ Boswel M.J. 1998, *Investing in Soldiers*, REME Journal, No 48, British Army, p 11.
- ¹⁶ Agnew B.J 1994, ‘HRM in the Australian Army: From the Battlefield to Bureaucratic Risk Taking’, *ADF Journal*, No 109 Nov/Dec, Commonwealth of Australia, Dept of Defence, Canberra, p 8.
- ¹⁷ *ibid*, p 9.
- ¹⁸ Goyne A.N. 1994, ‘Allocation and Retention in the Australian Army’, *ADF Journal*, No 134 Jan/Feb, Commonwealth of Australia, Dept of Defence, Canberra, p 19.
- ¹⁹ *ibid*, p 20.
- ²⁰ Agnew B.J 1994, ‘HRM in the Australian Army: From the Battlefield to Bureaucratic Risk Taking’, *ADF Journal*, No 109 Nov/Dec, Commonwealth of Australia, Dept of Defence, Canberra, p 9.
- ²¹ Department of Defence 1994, *Defending Australia- Defence White Paper 1994*, Australian Government Publishing Service, Canberra, p 70, paragraph 6.57.
- ²² Discussions between MAJ Greer and CAPT Wheatley. . MAJ Greer is the OC Regional Support Services, Discharge Cell, DSCO-Brisbane. 4 Aug 99. The discussion revealed that 1st Psychology Unit was completing limited questionnaires as to why soldiers were leaving the Army, similar to the Attitude Survey.
- ²³ *ibid*, p 9.
- ²⁴ Barrie C.A. 1999, ‘Change, People and Australia’s Defence Capability for the New Century’, *ADF Journal*, No 134 Jan/Feb, Commonwealth of Australia, Dept of Defence, Canberra, p 11.
- ²⁵ Department of Defence 1995, *Serving Australia – The Australian Defence Force in the Twenty First Century (Personnel Policy Strategy Review)*, Directorate of Publishing Defence Centre Canberra, July, p 55.
- ²⁶ *Ibid*, p211, Cooper & Lybrand.

²⁷ *Defence, Our people and how we work – from the Defence Executive*. Ten challenges in relation to personnel issues.

²⁸ Stone R.J. 1991, *Human Resource Management*, John Wiley & Sons. Brisbane, p 235.

²⁹ Barrie C.A. 1999, 'Change, People and Australia's Defence Capability for the New Century', *ADF Journal*, No 134 Jan/Feb, Commonwealth of Australia, Dept of Defence, Canberra, p 11

³⁰ Nankervis A., Compton R. & McCarthy T. 1996, *Strategic Human Resource Management*, 2nd Edition, Nelson ITP, Melbourne, p 5.

³¹ Department of Defence 1994, *Defending Australia- Defence White Paper 1994*, Australian Government Publishing Service, Canberra, p 69, paragraph 6.52.

³² Discussions between MAJ Greer and CAPT Wheatley. MAJ Greer is the OC Regional Support Services, Discharge Cell DSCO-Brisbane. 4 Aug 99. The discussion revealed that 1st Psychology Unit was completing limited questionnaires as to why soldiers were leaving the Army, similar to the Attitude Survey.

³³ Department of Defence 1994, *Defending Australia- Defence White Paper 1994*, Australian Government Publishing Service, Canberra, p 69, paragraph 6.53.

³⁴ *ibid*, p 57, paragraph 3.14.

³⁵ Nankervis A., Compton R. & McCarthy T. 1996, *Strategic Human Resource Management*, 2nd Edition, Nelson ITP, Melbourne, p 3.

³⁶ *ibid*, p 12.

³⁷ Smith H. 1988, 'The decline of the Military Profession in Australia', Smith H., (ed), *The Military Profession in Australia*, ADFA, p 29.

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