

# Psychological Contract in the Australian Defense Force

Feifei Lu

*Business school of The University of Sydney, Sydney, NSW2006*

**ABSTRACT.** According to studies conducted by Departments of Defense and Veterans' Affairs(DVA), and Australian Institute of Health and Welfare (AIHW), there exist issues of suicide and mental health within the current and former serving ADF (Australian Defense Force) members (National Mental Health Commission, 2017). In 2001-2004, there were 292 suicide deaths among people with at least one day of ADF service, and the commission noted that ex-serving ADF members occupied the highest proportion (Australian Institute of Health and Welfare, 2016). The reasons for these incidents link to the violation of the psychological contract (PC). This article will firstly provide an in-depth evaluation of the ADF'S PC based on the analysis of ADF and PC, and then focus on the recommendations from the perspective of human resource management (HRM) strategy.

**KEYWORDS:** The psychological contract; Proper training and career management; Performance and rewards management

## 1. Introduction

The ADF makes the promise to the ADF members about the wage rise, a sense of job security, broaden employment opportunity, a scale of employee benefits including housing, health allowances, and subsidized services (Whelan, 2016). While many ADF members consider that ADF breaks the commitment of Australian Government's obligations towards them and the agreement of psychological contract (Williamson, O'Donnell, & Shingles, 2015). Such situations lead to negative attitudinal responses of ADF members such as feelings of resentment, anger, and betrayal, which finally causes the mental health issues and suicides (Williamson, O'Donnell, & Shingles, 2015). To address these issues, the ADF managers are recommended to develop a proper training and career management via providing diversified training courses, building a strategic performance assessment, improving rewards management through raising intrinsic and extrinsic rewards, as well as improving employee well-being through allocating sufficient funds for medical conditions in ADF.

## 2. The PC

The psychological contract refers to reciprocal expectations of individual employees and their individual managers (Cullinane & Dundon, 2008). According to Levinson (1962) and Schein (1978), The concept of psychological contract is used to describe the delicate interpersonal relationships and interactions between employers and employees in the organization (Cullinane & Dundon, 2006). Compared to the classical studies about psychological contracts, the current research focuses more on employees and their perceptions rather than treating both employees and employers as involving the "party" (Rousseau 1995,1997; Coyle-Shapiro&Kessler 2000, as cited in Grimmer & Oddy, 2007). In general, the psychological contract contains the following seven expectations: an excellent work environment, an agreement between tasks and career orientation, a sense of job security and belonging, remuneration, value recognition, training and development opportunities, promotion (O'Donnell & Shields, 2002).

Unlike the legal contract, the psychological contract is constructed entirely through personal silent expectations and subjective perceptions. It can be secretly adjusted and changed (Cullinane & Dundon, 2006). It is as significant as normal service contracts in the organization. The employee's job satisfaction, the emotional investment of the company, and the employee's job performance are closely related to the psychological contract (Rousseau, 2001). In recent years, the psychological contract is applied by the organization to understand the interactions and duty and obligation between employers and employees in many fields. Thus, studying the psychological contract is also crucial to the successful management of the ADF.

## 3. The ADF

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The ADF (Australian Defense Force) is a unique organization, which has distinct group members, working  
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features and conditions. Military service requires ADF members to have good physical fitness and to be wholly enthusiastic for national defense. The core values of military personnel are courage, respect, initiative, respect, and teamwork (Australian Army, 2016). The members are committed to achieving the consistent career goal that is to protect the national territory and sovereign integrity (Australian Army, 2016). Compared to other organizational employees, there are more unity and cohesion, more trust, and less conflict of interest among ADF members. Different from the employment relationship of other employees, ADF members are not covered by the Workplace Relations Act 1996 and are not allowed to sign employment contracts (O'Donnell & Shields, 2002). They have no certain "standard" rights to take industrial action to pursue claims and negotiate their terms and conditions of employment (Williamson, O'Donnell, & Shingles, 2015). Their salaries are decided by both the state and department of defense, and they cannot advise on payroll (O'Donnell & Shields, 2002).

Another dimension which is different from other organizations is that the rewards and punishments of military personnel are mostly meritorious honor and disciplinary disposal. ADF has its own unique leadership system and different requirements for leadership within the force. However, ADF members possess a relatively high social status and get respect from others. Their families can also enjoy some benefits such as housing allowances, travel, medical insurance.

#### **4. Evaluate the ADF's PC**

Although the ADF members are not legally treated as employees, there still exist psychological contracts with them and the organization. According to O'Donnell & Shields (2002), the causes of mental health issues among current ADF members and veterans are related to the violation of psychological contracts.

Considering working features, the military's working hours cannot be fixed because of the combat readiness and execution of tasks. Beyond that, they are regularly dispatched to different locations, so that they have to be separated from their families for long periods of time (O'Donnell & Shields, 2002). It makes them feel embassies about the families.

##### ***4.1 Problems of Human Resource Management within ADF***

As for reward and performance, although some measures are taken to improve the reward system and performance assessment (Commonwealth of Australia, 2012). There are still some problems that warrant more attention. For instance, the response to 2014 ADF pay deal indicates that ADF members are not satisfied with their salaries (Williamson, O'Donnell, & Shingles, 2015). Over the past decades, politicians' wages have grown by more than 250%, and the ADF's salary has increased by 110% (Williamson, O'Donnell, & Shingles, 2015). However, The Australian government has not supported measures aimed at subsidizing salary increases. This causes a sense of unfair among soldiers. In addition to that, ADF members who are wounded by war or injured in the execution of the mission do not receive expected compensation. The commission indicates that the complexity and the delay of the process often hinder ADF members from seeking compensation and other administrative claims (Whelan, 2016).

Another issue is related to the training and career management. The training department in ADF lacks the capacity to provide necessary information to its personnel about the difference between the ADF and outside organizations (Commonwealth of Australia, 2012). For ex-serving ADF members and veterans, it is difficult for them to reintegrate the normal life of society and develop another occupation. Most of the skills acquired by military personnel are only applicable to the special environments of the battlefield and the military. Without the training and occupational arrangement, veterans could have difficulty in adapting the normal society.

##### ***4.2 The Analysis of Consequences and Causes***

However, ADF promises ADF members with the job security, an internal career path, vocational training and development, benefits treatment including subsidized services, housing, health insurance and welfare benefits for military families (Williamson, O'Donnell, & Shingles, 2015). Unfortunately, these promises have not been realized and the outcome did not reach ADF members' expectations. As a result, ADF members hold views that their contributions to the country do not match the benefits they deserve. The trust and loyalty for the ADF are decreased. Regarding the employment relation, the trust and fair are closely associated with psychological contracts. It means that whether the commitment is realized can influence employees' trust and loyalty for the organization (Guest & Conway, 2002, as cited in Guest, 2004). In consequence, these make ADF members' have

perceptions of the psychological contract violation, which gives rise to skeptical attitudes for their obligations to the ADF (Williamson, O'Donnell, & Shingles, 2015).

The sense of violation of their psychological contracts is reflected in their negative emotions and pessimistic attitudes in the job and the life. In an extended period, which would, in turn, cause the mental health issues among ADF members. Despite that the Mental Health Care in the ADF provides mental health care services for soldiers, the lousy personnel allocation within ADF poses a threat in mental health care services because of the lack of psychologists and other mental health professionals (Dunt, 2009). It is also difficult to recruit and retain qualified mental health practitioners within the ADF, especially in the remote areas (Whelan, 2016).

## **5. Recommendations**

To address the issues being identified and evaluated above, viable measures should be provided to improve ADF members' working experience and strength their psychological contract.

The first feasible step is to provide proper training and career management for ADF members. The top management of ADF ought to allocate sufficient funds for the training programs including military skilled training courses and other diversified training courses. Setting different military skilled courses according to the job level and job requirements to provide soldiers with long-term internal career development and career progression opportunity. Moreover, providing other vocational training courses to educate ADF members to acquire competencies and work experience outside of ADF's environment (National Mental Health Commission, 2017). The commission reports that veterans often feel disengaged from the normal society (Dunt, 2009). Proper training and career management can contribute to making veterans adapt to the normal life and reduce the sense of violation of psychological contracts.

Another recommendation is to improve performance and rewards management. ADF managers should communicate key performance expectations for ADF members' position and know more about the military personnel's expectations. Receiving constructive feedbacks from ADF members, which aims at improving the working environment and career path planning (O'Donnell & Shields, 2002). The performance assessment should be linked to reward system, and applied performance criteria should be fair. In addition to that, in terms of financial rewards, HR personnel of ADF should increase the base pay, superannuation, and personal health insurance of soldiers (Nankervis, Baird, Coffey., & Shields, 2017; O'Donnell, 2009). As for intrinsic rewards which help to address the employees' psychological needs, the managers should increase the welfare treatment to resolve the family difficulties of ADF members. Overall, a strategic reward management is crucial to retain and motivate ADF members.

For addressing the wellbeing issues of ADF members, the organization firstly needs to provide individual psychological assessment and counseling, advice to commanders on mental health issues for ADF members (Dunt, 2009). Secondly, it is recommended that the Australian Army Psychology Corps recruit and retain psychologists and health professionals through increase their staff's salary and improve working conditions. Thirdly, the level of education and learning of mental health workers needs to be improved in the initial official training courses and continuous professional development. Additionally, the ADF managers need to offer more funding for the program to look after veterans suffering the mental diseases (Whelan, 2016).

## **6. Discussion**

The above recommendations which are based on the HRM strategy can improve internal governance of ADF. The practical and multi-faced training courses and career management may assist ADF members to seize opportunities for career progression. Career management is a part of HRD which is vital to organization's success. It contributes to improving employees' job satisfaction. When it is applied in ADF, it can reduce the negative emotion and attitudes of ADF. Moreover, the proper performance and rewards management cannot only provide ADF members material needs but also can satisfy their psychological requirements. Such measures would motivate the ADF members in work. Building a professional medical team and provide viable assistant for ADF members wellbeing can directly raise the sense of job security.

These three fields suggestions can all improve the soldier's loyalty and trust for the organization. More importantly, such measures are significant to establish and maintain a well-functioning employment relationship. According to Grimmer & Oddy (2007), relation contract would be strengthened via providing employees with more than just purely paid support, but through such things as training, personal career development. The above suggestions can reach expectations of ADF members', which would, in turn, contribute to strengthening psychological contracts.

## 7. Conclusion

This research essay evaluates the 'health' of the psychological contract within the ADF and provides recommendations from the perspective of HRM strategy. There are many factors causing ADF members' negative attitudes for the work such as the dispatch from the families, the unwarrantable job security, the unfair process of determining the wage rise, and the complexity of seeking compensation. Such factors lead to the violation of psychological contracts as they reduce ADF members' job satisfaction and initial expectations. To strengthen ADF members' psychological contract and improve their work experiences, they are workable steps for ADF managers to take initiatives through the fields of training and career management, performance and rewards management as well as improving employees' well-being. Whereas, it will be problematic due to the unique working features of ADF members. The psychological contract within ADF is different from other organizations. It is more difficult to change or strengthen especially for those who have been with an organization for a long time. In particular, it requires to take more measures to resolve the veterans working arrangement and provide additional support in raising the ability of members to resist the expected stress during service.

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