

The Impact of Management Failure on Employee Retention in MRO Companies in Clark, Pampanga

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Abstract: - The management of maintenance, repair, and overhaul (MRO) companies plays a critical role in ensuring employee retention and organizational success. This study intends to investigate how managerial failure affects employee retention in MRO firms in Clark, Pampanga, the Philippines. The study looks at how leadership, communication, employee appreciation, and work-life balance are all aspects of management failure and how they affect employee retention. Through a methodological approach, data will be collected from quantitative surveys conducted among employees working in MRO companies in Clark, Pampanga. The quantitative data will be analyzed using quantifiable data and performing statistical, mathematical, or computational techniques to establish correlations between management failure factors and employee retention rates. The results of this study will add to the body of knowledge by highlighting the particular management techniques that have a major impact on staff retention in the MRO sector. Additionally, the study will identify the crucial areas where management failure is most common, encouraging firms to concentrate their efforts on focused interventions and advancements. The study's ultimate goal is to offer MRO businesses in Clark, Pampanga useful recommendations on how to strengthen staff retention, promote organizational performance, and foster a positive work environment.

Key Words: — *Employee Retention, MRO, Turnover Rate, Management Failure.*

I. INTRODUCTION

The aviation industry is undeniably one of the fastest growing industries not only in terms of revenue, but also in population. As per the report titled "Airline Industry Market Size, Share & COVID-19 Impact Analysis, By Commercial Airlines (Passenger Aircraft and Freight Aircraft), By Destination (Domestic and International), and Regional Forecasts, 2023-2030" observes that the market size in 2022 stood at USD 513.5 billion and USD 635.8 billion in 2030.

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The market is expected to exhibit a CAGR of 3.10% during the forecast period. The industry has been growing at a fast pace since and is expected to grow more in the coming years given that the onset and height of the COVID-19 pandemic has taken its ease on the restriction especially with air travel. Due to the rising demand in aviation related services such as passenger and cargo transport, the need for Maintenance and Repair Organization (MRO) services has also risen undoubtedly as maintenance is an integral and fundamental part of the aviation industry. Needless to say, that as the demand for airline and MRO services grows, the demand for qualified professionals grows parallel with it.

In 2019, Philippine Airlines (PAL) has taken delivery of six (6) new airplanes composed of two (2) Airbus A350, two (2) A321neo, and two (2) Bombardier Q400. On May 2023, PAL has signed a Memorandum of Understanding (MoU) with Airbus for the purchase of nine (9) Airbus A350-1000. Under the Philippine flag carrier's Ultra Long-Haul Fleet project, the

said airplanes will be operated on non-stop services from Manila to North America, including to the East Coast of the US and Canada. Given the increase on aircrafts operated by airline companies, as one would expect, the need for maintenance professionals also increases making the MRO industry one of the most diverse subindustries of aviation. From avionics technicians to maintenance planners, and from aircraft mechanics to engineers, MROs employ a wide array of systems, procedures, and processes to cater the needs of a very specific aviation industry consisting of various people with diversified disciplines, work ethics, and personalities.

The International Air Transport Association (IATA) has published the results of a study on the job challenges ahead as commercial aviation faces the greatest period of growth in its history. It reveals weaknesses in training and retention of critical functions: ground operations, customer service and cabin crew. The IATA report Aviation Human Resources Report 2018—based on an independent survey conducted by Circle Research of over 100 HR professionals at airlines, airports, and ground service providers—intentionally leaves out pilots and maintenance personnel. IATA explains that there has already been widespread coverage of the staffing shortfalls for those careers. High numbers of ground operations personnel, customer service personnel and cabin crew will also be needed. The industry currently experiences an annual staff turnover of 20% in ground operations and 18% in customer services and cabin crew. These are all jobs requiring considerable training time and expense. The report also finds that the digitalization of airline processes—including self-service platforms for passengers—changes the nature of customer service jobs but does not eliminate demand for staff.

Turnover rates are as high as 50% in ground handling, making it tough to run a successful, sustainable business. Low pay, heavy lifting, hard schedules, and outside work in adverse weather are all cited as being part of the problem. Some companies have even determined to expose candidates to the realities of the job at an early stage by interviewing late at night. After all, shift work is part and parcel of ground operations. Most importantly, rather than have employees, ground handlers must move to offer careers. Progression throughout the working life has become increasingly important to millennial and Gen Z applicants.

Given these facts, it may come to for us to think that there might be something wrong with the way the industry operates for it to

attain the turnover rate as high as 50%. Is there a management failure on the part of these companies? If there is, what are the impacts of the management failure on the employee retention rate? This study aims to answer such questions that possibly affects the turnover rates of aviation companies especially MROs, which can be used to propose solutions in the persisting problems.

II. RESEARCH METHODOLOGY

2.1 Research Design

This study has used Quantitative research design. Quantitative research is defined as a systematic investigation of phenomena by gathering quantifiable data and performing statistical, mathematical, or computational techniques. Quantitative research collects information from existing and potential customers using sampling methods and sending out online surveys, online polls, questionnaires, etc. Quantitative approach has used a questionnaire online that will determine the answers of the aviation employees

2.2 Population and Sampling Techniques

The respondents of this study are employees who are working in aviation companies in Clark, Pampanga. Our data is gathered through the help of google form surveys which made our work easier. The computed total sample size is 21 respondents. In selecting the participants of the study, researchers established the following criteria: (1) They are at least residing in the Philippines or specifically, Clark; (2) Must be 21 years old and above; (3) Employed in a MRO company. This will use the purposive sampling technique as only those who have worked in an aviation related company are chosen as respondents. This way, we can make an accurate assessment on the data gathered. The researchers conducted a survey questionnaire through google forms to gather the data required for the study. By doing this, the researchers have been able to gather enough information for data(s).

2.3 Data Gathering Procedure

The researcher's method of gathering the data was through google forms distributed to the participants currently working in the aviation industry. Data gathered was all primary data and was in an uncontrolled environment. The first step that will be found in the questionnaire was to input their personal information like name, address, and occupation to identify the identity of the participant. Then comes after a series of

questions related to their experiences in maintaining, repairing, and overhauling aircraft. From there the researchers will be able to classify, separate, and segregate the data gathered from the surveys answered through Google Forms.

III. RESULTS

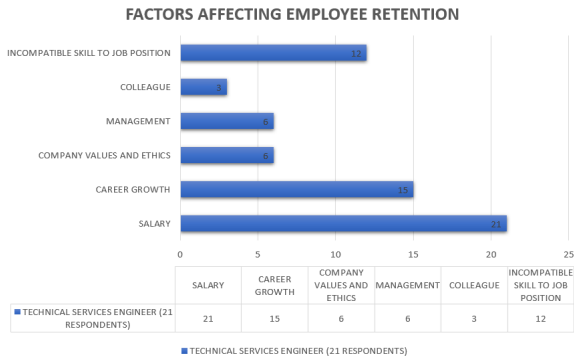


Fig.1. Factors Affecting Employee Retention

Effective employee retention can prevent productivity losses for a company. Workplaces with high retention rates typically have more engaged employees who produce more work. There are several factors that we need to consider as an employer to keep our own employees. Identifying and recognizing the factors that influence the employee to stay in the company.

The results for this research are gathered from a total of 21 employees working as technical services engineers in a Maintenance, Repair, and Overhaul companies in Clark, Pampanga. Based on the results all the respondents agree that the leading factor that influences the employee retention is their salary with a total of 100% from the respondents. Following the salary, the next concern for the employees to stay in the company is their career growth with a total of 15 respondents or 71.43% of the total respondents. A total of 57.14%, or 12 respondents out of 21 respondents, concluded that their reason for leaving the company would be their skills are not compatible with their job position. Values and Ethics of the company and Management both gain 6 total votes from the employees that is only 28.57% from the total respondents for each factor. The least and last factor that the employees consider as an issue to stay in the company is colleague with only 3 votes out of 21 respondents which is only 14.29% of the total respondents.

IV. DISCUSSION

Employee retention is a critical concern for organizations, particularly in industries such as Maintenance, Repair, and Operations (MRO) companies in Clark, Pampanga. Employee retention refers to an organization's ability to retain its employees over a specified period. It is a critical metric that directly impacts the stability, productivity, and overall success of a company. High turnover rates can result in increased recruitment and training costs, decreased morale, and a loss of valuable institutional knowledge. The effectiveness of management plays a crucial role in shaping the work environment and influencing employee retention rates. This review of related literature explores the impact of management failure on employee retention in MRO companies in Clark, Pampanga. By examining various factors such as communication, leadership, recognition and rewards, career development, and fair treatment, we can gain insights into the consequences of management failure and the importance of effective management practices for employee retention in this industry.

Effective communication is vital for creating a positive work environment and fostering employee retention. Research by Eisenberger, Karagonlar, Stinglhamber, Neves, and Becker (2010) emphasizes the role of communication in enhancing employee satisfaction and commitment. When management fails to communicate clearly and consistently, employees may feel uninformed, leading to decreased job satisfaction and increased turnover intentions. Clear and transparent communication channels, both top-down and bottom-up, are essential for addressing concerns, providing feedback, and keeping employees engaged and motivated. In the context of MRO companies in Clark, Pampanga, effective communication is particularly crucial due to the dynamic nature of the industry. The timely exchange of information about maintenance schedules, repair procedures, and operational updates is vital for ensuring smooth operations. When management fails to facilitate effective communication, employees may experience confusion, delays, and decreased job performance. Consequently, frustrated employees may seek opportunities elsewhere in organizations that prioritize transparent and timely communication.

Leadership plays a pivotal role in employee retention. Research by Dulebohn, Bommer, Liden, Brouer, and Ferris

(2012) emphasizes the impact of leadership behaviors on employee outcomes. When management fails to provide strong leadership characterized by vision, support, and empowerment, it can contribute to lower job satisfaction and higher turnover rates. Leaders who inspire and motivate their teams, provide guidance, and create a positive work culture enhance employee retention by fostering a sense of trust, belonging, and growth opportunities. In the context of MRO companies in Clark, Pampanga, effective leadership is crucial for maintaining high levels of employee engagement and job satisfaction. The nature of the industry requires employees to work under potentially challenging conditions, handle complex tasks, and meet strict deadlines. In such environments, supportive leadership that recognizes and appreciates employees' efforts is vital for maintaining their commitment and retention. When management fails to provide the necessary guidance and support, employees may feel disconnected, undervalued, and may seek employment in organizations that prioritize strong leadership practices.

Recognition and rewards are powerful drivers of employee retention. Research by Pfeffer (2015) emphasizes the significance of recognizing and appreciating employee contributions. When management fails to implement effective recognition and reward systems, employees may feel undervalued and underappreciated, leading to decreased job satisfaction and increased turnover intentions. Implementing fair and transparent recognition programs that acknowledge and reward employee efforts and achievements can significantly enhance employee retention in MRO companies. In the context of MRO companies in Clark, Pampanga, where employees play a critical role in ensuring the smooth operation and maintenance of assets and equipment, recognition and rewards become even more crucial. Employees who feel recognized and appreciated for their contributions are more likely to be satisfied with their jobs and committed to the organization. Failure to provide adequate recognition and rewards can result in a lack of motivation, decreased job satisfaction, and ultimately, higher turnover rates. Therefore, management in MRO companies should establish fair and meaningful recognition programs that value employees' hard work and dedication.

For career development and advancement are critical for employee retention. A study by Ng and Feldman (2013) highlights the relationship between career development opportunities and job satisfaction. When management fails to

provide clear career paths, training programs, and opportunities for skill enhancement, employees may feel stagnant and unfulfilled in their roles. This lack of growth prospects can contribute to higher turnover rates as employees seek organizations that offer better career development opportunities. In the context of MRO companies in Clark, Pampanga, where technological advancements and industry trends constantly evolve, providing career development opportunities becomes crucial. Employees need to acquire new skills and stay updated with the latest industry practices to perform their tasks effectively. When management fails to invest in employee development and provide avenues for growth, employees may perceive their careers as stagnant and seek employment elsewhere. Therefore, MRO companies should prioritize career development initiatives such as training programs, mentorship opportunities, and career advancement pathways to enhance employee retention.

Fair treatment is a vital aspect of management that affects employee retention. Research by Cropanzano, Bowen, and Gilliland (2007) emphasizes the impact of fairness perceptions on employee attitudes and behaviors. When management fails to ensure fairness in decision-making processes, such as promotions and rewards, it can lead to decreased job satisfaction and increased turnover intentions. Fairness in organizational practices creates a sense of trust, equity, and justice, which in turn contributes to higher employee retention rates. In the context of MRO companies in Clark, Pampanga, where employees work in teams and collaborate on complex projects, fair treatment becomes essential. When management fails to treat employees fairly, it can create a toxic work environment characterized by favoritism, discrimination, and low morale. Such conditions erode trust, breed resentment, and undermine employee commitment and engagement. Employees who perceive unfair treatment are more likely to seek employment in organizations that offer fair and equitable treatment. Therefore, management in MRO companies should establish transparent and fair processes for decision-making, promotion, and rewards to enhance employee retention.

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