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## Effects of Supervisory Support and Transactional Leadership on Employee Retention: The Mediating Effect of Employee Engagement

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### Abstract

This paper aims to investigate the mediating effect of employee engagement on the effects of supervisory support and transactional leadership on employee retention. A quantitative research design and causal-predictive approach was used to measure the constructs. Partial least square-structural equation modeling was used to measure the direct and indirect effects of the structural model. The findings revealed that supervisory support has a significant and direct effect on employee engagement and employee retention. Likewise, transactional leadership has a significant and direct effect on employee engagement. However, results showed that transactional leadership is insignificantly related to employee retention. The mediation model also suggested that employee engagement mediates the significant relationship of supervisory support and transactional leadership on employee retention. As the present study only examined merchandisers of a company in the food retail sector, other researchers may explore the framework in another business sector. The present study offers a new perspective on employee engagement, as this study focuses on blue-collar workers. It also provides a viewpoint where cause and effect are present between supervisory support and transactional leadership on employee retention; and employee engagement that acts as mediator between them. With these results, it enriches the theoretical foundations of Stimulus, Organism Response theory.

**Keywords:** *supervisory support, transactional leadership, employee retention, employee engagement*

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### Introduction

The Covid-19 pandemic brought a lot of challenges into the business world. It affected countries, its economy and everybody's welfare. Employees working in essential industries are exposed to this occupational threat which takes a toll on their well-being (Prasad & Vaidya, 2020). Research has shown that social support in the middle of this pandemic is greatly appreciated by employees and thus positively influence retention as they are less likely to leave the organization (Collins et al., 2016).

Among all types of social support, the support from one's supervisor is more vital than the others (Collins et al., 2016). Organizational support theory suggests that employees see supervisors as representatives acting in behalf of the management, making them a leader that members of the organization look up to (Knies & Leisink, 2014). Leadership has been identified as a great influencer in stimulating workforce

towards achieving organizational goals (McCull-Kennedy & Anderson, 2002). The style of the leader, however, is significant as it needs to positively influence the behavior of its followers (Afshari & Gibson, 2016).

Several studies have paid attention to transactional leadership and the positive outcomes it contributes to the organization. Transactional leadership requires a clear mutual goal and a well-defined leader-follower relationship (Afshari & Gibson, 2016). A transactional leader negotiates terms and agreements with its followers to meet the latter's motives in exchange for labor (Zhang et al., 2014).

However, a leader's style alone cannot result in a job well done or fulfilment of an organization's goal. The employee itself remains as the sole driver and the person responsible for his own performance. Moreover, their perception of their leader's approach, their ability, and their motivation to attain organizational goals are also vital factors that should be considered (McCull-Kennedy & Anderson, 2002).

Employee engagement has been a popular concept in management. Studies revealed that employee engagement has a positive impact on employee retention (Budhwar & Bhatnagar, 2017). Engaged employees tend to go extra mile towards achieving the company's objectives (Bakker & Schaufeli, 2008). Moreover, it provides the organization with a competitive advantage, ascending the need to unceasingly engage employees (Budhwar & Bhatnagar, 2017). On the contrary, companies with disengaged employees are more likely to have lower productivity and drive, thus, influence negative effects on retention which results to higher turnover rate. And in the retail industry, employee turnover remains as one of the major issues that need to be sought (Pandey et al., 2019).

It can be observed that there are several papers published regarding employee engagement, however, most of their respondents are white-collar workers. Hence, arise the objective of this undertaking. The respondents of this study are blue-collar workers. In terms of education, blue-collared workers don't require higher education, vocational education or certification for technical skills is enough. In terms of work setting, they take place in a variety of settings but not in an office setting with a desk and computer. In terms of pay, they are usually paid hourly. This study investigates the mediating effect of employee engagement on the relationship of supervisory support and transactional leadership on employee retention of blue-collar workers in the retail industry.

### ***Literature Review***

#### ***Research Framework and Hypotheses***

The present study is founded on the adaptation of the Stimulus-Organism-Response (SOR) model. The framework is based on the work of Mehrabian and Russell (1974). Mehrabian and Russell (1974) suggested that there's a stimulus (S) that causes a response (R) based on the behavior of an organism (O). In the classic SOR model, the stimulus serves as the independent variable, response as the dependent variable and organism as the mediator (Goi et al., 2014).

In the present study, the stimuli consist of two variables – Supervisory Support and Transactional Leadership. The stimuli affect the organism, more specifically, the employees' engagement, which then leads to a behavioral response, the employee retention.

### ***Supervisory Support***

Social support has been helpful to individuals as it gives people a belief that they are being cared for, appreciated and understood (Semmer et al., 2008). Although social support can come from family or circle of friends from outside the organization, most of the time, people find social support from those that they encounter on a daily basis at work (Gentry et al., 2007). In the workplace, social support makes employees feel valued by several workplace resources, such as their supervisors (Kossek et al., 2011).

Research suggests that support from one's supervisor positively affects an employee's experience at work, thus, making it a major contributor on the employee's work performance (Gentry et al., 2007). Moreover, employees who receives high supervisory support feel that they are connected with the organization, hence, returning the favor by exerting efforts to exceed their responsibilities through retention in the organization (Zafar, 2015). Pertinent to the present study, given that supervisors have different ways of handling their employees, leadership style has proved to have significance on employee's perception of feeling connected with the organization, and as a result, repaying the latter through staying in the organization.

### ***Transactional Leadership***

Transactional leadership is one of the most studied leadership styles in literature (Lee & Ding, 2020). Transactional leaders specify expectations and provides recognitions in return to the work and labor provided by its followers (Hussain et al., 2017). They satisfy the needs of its followers in the form of rewards after reaching the set goals and expectations (Lee & Ding, 2020).

Transactional leadership is an exchange process between leaders and its followers; follower gets rewarded, meanwhile, the leader benefits from the work done by its followers (Favour, 2016). This style of leadership is composed of two (2) factors; contingent rewards and management by exception (Bass, 2008). In contingent rewards, if the follower provided a satisfactory outcome, the leader would give him recognition in return; while in management by exception, if the follower provided a dissatisfactory execution of task, the leader will then employ corrective actions (Bass, 2008).

Studies argued that transactional leadership brings some benefits and downsides on employee retention in an organization. Transactional leaders are fault-finders, they always trace mistakes or errors to their followers, hence, instigate employee turnover. However, if employees are greatly motivated by rewards, transactional leaders can drive employees to work towards great performance and in return, have positive impact on employee retention (Akhigbe et al., 2014; Nwokocha & Iheriohanma, 2015).

### ***Employee Retention***

Employee retention is a major issue in the retail merchandising sector due to its high attrition rate (Bagchi, 2020). In the retail sector, employees play a major role as they have direct relationship with its customers. They interact with the customers on a daily basis; build rapport and influence them to be loyal with the company and its brand (Waheed & Tan, 2011). Hence, it is imperative that the company should extend more efforts in its talents as they are the major contributors in achieving organizational goals (Kamarulzaman et al., 2015).

Companies nowadays realized the importance of employee retention and invest on retaining their employees, making sure that they will stay and prove the organization's ability to be competitive (Kyndt et al., 2009). Studies showed that companies with high retention rate gain higher operational performance,

higher returns on assets and higher proceeds on capital employed (Kumar et al., 2012). In contrast, companies with low retention rate results in lower company performance, lower company standing, thus, fallouts to financial loss (Curtis & Wright, 2001). To prevent the latter, employers strive hard to satisfy and retain their staffs. Research proved that to retain employees in a company, they must be engaged with their job and the organization that they belong to (Alias, Noor & Hassan, 2014).

### ***Employee Engagement***

Employee engagement is one of the most popular topics in Human Resource Management. Robinson et al. (2004) defined employee engagement as a “positive attitude held by the employee towards the organization and its value”. Therefore, employee engagement can be achieved by meeting an individual’s maximum job satisfaction and maximum job contribution (Markos & Sridevi, 2010). Studies suggests that employee engagement positively affects business outcomes in terms of retaining employees, company’s productivity and the latter’s profitability (Markos & Sridevi, 2010).

On the other hand, companies with disengaged employees aren’t motivated and don’t have any drive, hence, resulting to undesirable performance directly affecting the company’s operations (Markos & Sridevi, 2010). According to Maslach and Leiter (2008), there are six areas that either lead to burnout or engagement: workload, control, reward, community, fairness and values; and engagement, is anticipated to mediate these work-life factors resulting to favorable outcomes. This was supported by May et al., (2004) findings with regards to people considering the concept of “meaning” in their work. They claim that employees are always looking for meaning through their work, and if it isn’t provided by the organization that they are working with, they are more likely to quit.

### ***Hypothesis Development***

Studies revealed that supervisory support is positively related to employee engagement (Al-Tit & Hunitie, 2015; DeConinck, 2010; Aninkan & Oyewole, 2014; Rubel & Kee, 2013). It is proved that employees who receive support and have full cooperation with its immediate superior are engaged and have improved in-role performance (Rubel & Kee, 2013). Having a higher-up who got your back in times of adverse situations can be a significant improvement on the employees work experience (DeConinck, 2010).

Furthermore, when employees are well-supported, studies suggests that it alleviates the employee’s satisfaction, hence, another reason for them to be engaged (Al-Tit & Hunitie, 2015). Moreover, when employees are supplied with all the resources they needed to perform a job, including its immediate superior’s support, they are encouraged to become top- performers and become more driven to their roles (Aninkan & Oyewole, 2014). Conversely, lacking supervisory support tends to push employees to be more reserved and therefore, proved to have negative relationship with the worker’s work engagement. Thus,

**H1.** *Supervisory support significantly and positively affects employee engagement.*

When employees are getting the support they needed from their supervisors, they are proved to have longer tenure in the company (Gentry et al., 2007). The support of one’s supervisor creates a platform for the employee to communicate and feel at ease at the workplace making them stay longer in the organization (Anis et al., 2011). Gentry et al. (2007) studied how supervisory support affects the retention of blue-collar part-time employees of a global service provider. Findings suggest that supervisory support

has relevance on part-time employee's retention. Consequently, when employees feel connected with the company through their immediate superior's support, they tend to "return the favor" through retention in the organization. Thus,

**H2.** *Supervisory support significantly and positively affects employee retention.*

Previous research has established a positive link between transactional leadership and employee engagement (Zhang et al., 2014). Transactional leaders are focused on the process of attaining goals and driven by using contingent rewards and management-by-exception (Bass, 2008), Popli and Rizvi (2016) reported that transactional leadership has positive association with employee engagement. Furthermore, by appreciating and rewarding subordinates every time they accomplish a certain task, employees turn out to be more motivated and passionate in doing their job, enabling a positive work engagement (Popli & Rizvi, 2016). Therefore,

**H3.** *Transactional leadership significantly and positively affects employee engagement.*

Evidence from previous studies showed that leadership styles have a huge impact on employee retention (Sareen & Agarwal, 2016; Favour, 2016). Transactional leadership is perceived to be deemed effective to curb with prevailing high attrition rates (Sareen & Agarwal, 2016). Favour (2016) revealed that transactional leadership is the best leadership style to positively impact employee retention in Nigerian banking sector. Furthermore, it was proved that recognizing the desires of employees and satisfying them can lead to outstanding job performance and longer stay in the company (Favour, 2016). Hence,

**H4.** *Transactional leadership significantly and positively affects employee retention.*

Workforce engagement and retention has been given an importance by most organizations today and is deemed to be critical to business success (Kenedy & Daim, 2010). Studies suggests that when an employee is engaged, they are most likely to stay in an organization (Alias et al., 2014). Lacap (2019) posited that there's a negative relationship between employee engagement and intention to quit. Therefore,

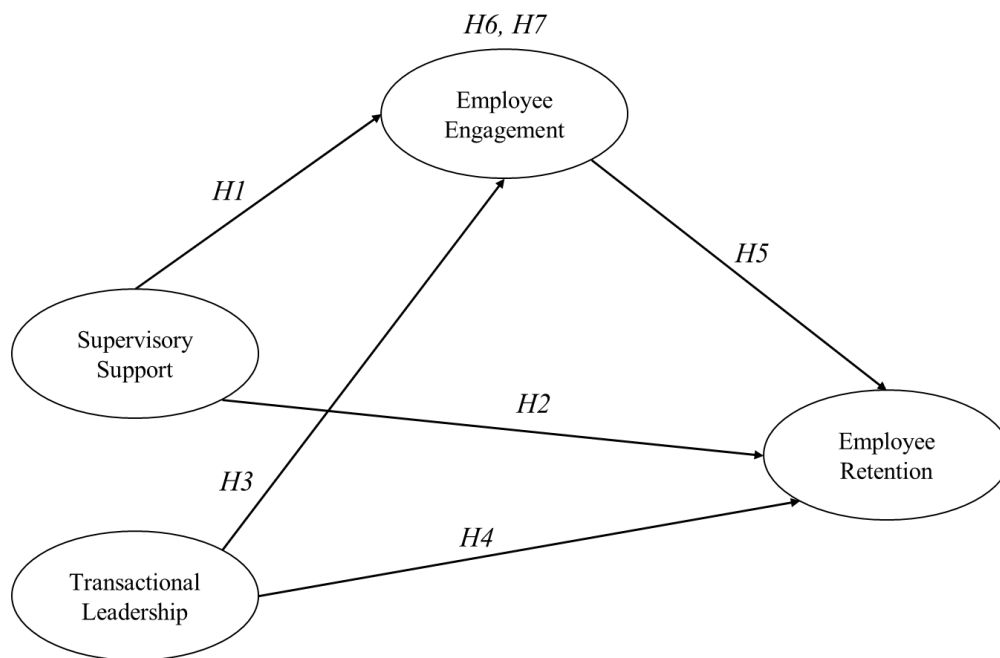
**H5.** *Employee engagement significantly and positively affects employee retention.*

Previous research has identified factors that mediates supervisory support and employee retention (Saks, 2006; Kundu & Lata, 2017). Given that supervisory support and employee retention predicts engagement, it is plausible that employee engagement mediates the relationship between the two variables. This is consistent with the study of Saks (2006). Findings of his study suggests that the relationship between antecedents (job characteristics, rewards and recognition, perceived supervisor support, perceived organizational support, procedural justice, and distributive justice) and outcomes (job satisfaction, intention to quit, organizational commitment, and organizational citizenship behavior) is partially mediated by job and organization engagement. Furthermore, Kundu & Lata, (2017) revealed that organizational engagement is a partial mediator between confidence in management and withdrawal attitudes of employees. Hence,

**H6.** *Employee engagement mediates the significant relationship between supervisory support and employee retention.*

In recent years, employee engagement has piqued the interest of several practitioners. Zhang et al., (2014) posited that employee engagement is negatively associated with transactional and classical leadership style and is proved to be positively related to higher employee turnover. However, Sobaih et al., (2020) proved that organizational commitment was found to mediate the relationship between transactional, transformational leadership and employee’s intention to stay. Therefore,

**H7.** *Employee engagement mediates the significant and positive relationship between transactional leadership and employee retention.*



**Figure 1. Conceptual Framework**

## Methods

In this study, the researcher made use of the causal-predictive research design. This causal-predictive technique, according to Ringle et al. (2018), assumes that when a theory of a certain model is well-refined (for example, research validated and supported by previous research have been established to investigate a certain situation), the relationship path can be considered as causal in predictive modeling. In addition, according to Zikmund et al. (2009), this design involves identifying the degree and nature of cause-and-effect relationships of variables as this is used to assess impacts of changes on various norms.

Chin et. al. (2020) suggests that this design is expected to have high predictive accuracy while providing causal explanations. Since the current study focuses on the cause-and- effect relationship between various variables, this causal-predictive research design will be employed.



### ***Participants***

The respondents of the study are selected using a purposive sampling technique, and they are the Prepared and Packaged Food (PPF) and Poultry and Meats (P&M) merchandisers of San Miguel Merchandising deployed in outlets located in Greater Manila Area. Respondents are a mixture of probationary and regular employees as of June 2022.

To check the adequacy of the sample size, a-priori analysis via a software called G\*Power was used. An a-priori estimate is done before the actual data collection to compute for the minimum sample size (Memon et al., 2020). Power analysis computes the minimum size of the sample by evaluating the research model with the biggest number of predictors (Hair et al., 2017; Roldan & Sanchez-Franco, 2012). Using a medium effect size of 0.15,  $\alpha = 0.05$ , and statistical power of 0.95, and following the rule of maximum number of arrows pointing to a variable in a proposed model, the calculated minimum sample size is 119.

In the actual data gathering, the researcher obtained more than what is the minimum sample size required. The sample size that was obtained by the researcher is two hundred and fifty (250).

### ***Research Instrument***

A survey questionnaire was used as the instrument of the present study to gather the needed data since factual information is desired. The instrument has two parts – the demographic profile of the respondents and the constructs of Supervisory Support, Transactional Leadership, Employee Retention and Employee Engagement. The demographic factors include the respondent's profile in terms of gender, employment status (regular or probationary), civil status (single or married), dependents (with or without), and business unit (PPF or P&M). For the constructs of supervisory support, four-item from Susskind et al. (2003) was operationalized. With regards to the calculation of transactional leadership, Multifactor Leadership Questionnaire (MLQ) 5X Short Form was used (Bass & Avolio, 1995). Employee retention was measured using McCain's Behavioral Commitment Scale (McCloskey & McCain, 1987). McCain extracted 5-items from this scale to measure respondents' intent to stay (McCloskey 1990). While on assessing employee engagement, Utrecht work engagement scale (UWES) was used (Schaufeli et al., 2003); only nine (9) out of the original seventeen (17) items were adopted. All constructs were measured using a five-point Likert scale where 5 means strongly agree and 1 means strongly disagree.

### ***Data Analysis***

Structural Equation Modeling (SEM) via partial least squares (PLS) was employed to estimate the parameters of the structural model. Partial least squares structural equation modeling, often referred to as PLS-SEM, is a combination of factor analysis and regression. It is a method that allows estimating of complex cause-effect relationships with latent variables. This seeks to describe the relationships among various variables concurrently (Hair et al., 2019).

PLS-SEM is the statistical test that will be utilized in the study because of the following reasons:

- The analysis is concerned with testing a theoretical framework from a production perspective;
- The structural model is complex and includes many constructs, indicators and/or model relationships.
- The distribution issues are a concern, such as lack of normality (Hair et al., 2018).

Moreover, since the present study aims to determine the mediating effect of employee engagement on the relationship between supervisory support, transactional leadership and employee retention, mediation-based research will be used.

### ***Ethical Consideration***

All respondents were informed of the purpose of the survey, the significance of their participation, and how their data would be used before they participated in the survey. They were also given the freedom to refuse to complete the survey at any time. Respondents were also assured that all information collected was kept strictly confidential and to be used for academic research purposes only.

### **Results**

The current research utilized structural equation modelling (SEM) via partial least squares (PLS) to test all the hypotheses of the study. The PLS-SEM approach is a two-stage process where the first phase includes the assessment of the validity and reliability of the latent constructs (outer model assessment), and the second phase is the evaluation of the hypothesized relationships (inner model assessment).

To measure the reliability of the latent constructs, composite reliability (CR) was gauged. Reliability estimates the internal consistency of the items for each latent construct. Nunnally and Bernstein (1994) noted that the conservative threshold for reliability measures is 0.70. Based on the results in Table 1, supervisory support (CR = 0.860), transaction leadership (CR = 0.774), employee retention (CR = 0.852), and employee engagement (CR = 0.976) demonstrate reliability coefficients of greater than 0.70, hence, all the latent constructs are said to be reliable.

On the other hand, validity is assessment in two ways – convergent and discriminant. Validity, in general, is a measure of construct's quality. Convergent validity includes the scrutiny of average variance extracted (AVE) and indicator loadings. Kock and Lynn (2012) noted that the corresponding AVE of a latent construct must be at least 0.50. Furthermore, Amora (2021) maintained that each indicator loading must be significant ( $p < 0.05$ ) and must be at least 0.50. From the findings in Table 1, supervisory support (AVE = 0.610), transactional leadership (AVE = 0.539), employee retention (AVE = 0.592), and employee engagement (AVE = 0.820) passed the conditions for convergent validity. It can be noted from the results than item 1 of employee was deleted due to low indicator loading. According to Kock (2022), indicators with low loadings are termed as offending items, therefore, they must be omitted from the assessment.

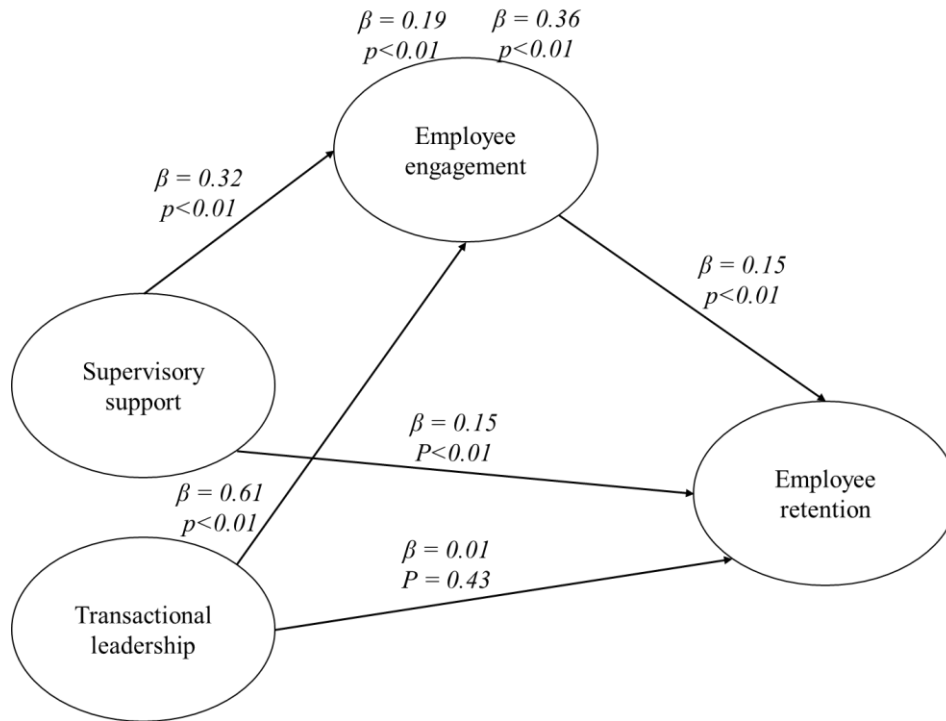


**Table 1. Indicator Loadings, Average Variance Extracted, and Composite Reliability**

Latent construct	Indicator	Indicator loading	Average variance extracted	Composite reliability
Supervisory support	SS1	0.795	0.610	0.860
	SS2	0.615		
	SS3	0.874		
	SS4	0.815		
Transactional leadership	TL1	0.831	0.539	0.774
	TL2	0.772		
	TL3	0.574		
Employee retention	ER1	D	0.592	0.852
	ER2	0.855		
	ER3	0.792		
	ER4	0.661		
	ER5	0.755		
	EE1	0.834		
	EE2	0.894		
	EE3	0.920		
	EE4	0.904		
Employee engagement	EE5	0.898		
	EE6	0.931		
	EE7	0.895		
	EE8	0.943		
	EE9	0.929		

Note: D – deleted due to low factor loading. All indicator loadings are significant ( $p < 0.001$ ).

In the second phase of PLS, the inner model is evaluated. In the inner model assessment, it presents the relationships between latent constructs as seen in Figure 2, Table 3 for the direct effects, and Table 4 for the mediating effects. The results revealed that supervisory support has a significant and direct effect on employee engagement ( $\beta = 0.325$ ,  $p < 0.001$ ) with a small effect size ( $f^2 = 0.192$ ). Moreover, it was also found that supervisory support has a significant and positive effect on employee retention ( $\beta = 0.150$ ,  $p = 0.008$ ) with a small effect size ( $f^2 = 0.076$ ). Therefore, H1 and H2 are both supported.



**Figure 2. The Structural Model with Path Coefficients**

Analysis of the data likewise showed that transactional leadership has a significant and positive effect on employee retention ( $\beta = 0.608$ ,  $p < 0.001$ ) with a large effect size ( $f^2 = 0.456$ ). Contrary, transaction leadership and employee retention were found to be insignificantly related ( $\beta = 0.011$ ,  $p = 0.430$ ). Hence, H3 is supported while H4 is not.

And lastly, employee engagement showed a significant and direct effect on employee retention ( $\beta = 0.592$ ,  $p < 0.001$ ) with a large effect size ( $f^2 = 0.407$ ). Accordingly, H5 is supported.

**Table 3. Hypothesis Test Results – Direct Effects**

Hypothesis	Path coefficient	p-value	t-ratio	Effect size
H1. SS → EE	0.325	<0.001	5.438	0.192
H2. SS → ER	0.150	0.008	2.440	0.076
H3. TL → EE	0.608	<0.001	10.686	0.456
H4. TL → ER	0.011	0.430	0.176	0.004
H5. EE → ER	0.592	<0.001	10.388	0.407

*Critical t ratios: 1.645 (one-tailed); 1.960 (two-tailed). SS – supervisory support; TL – transactional leadership; ER – employee retention; EE – employee engagement. Effect size measurement (Cohen, 1988): 0.02 (small), 0.15 (medium), 0.35 (large).*

To measure the indirect effects, mediation analysis was performed. The results manifested that employee engagement plays as a mediator between supervisory support and employee retention ( $\beta = 0.192$ ,  $p < 0.001$ ) and between transactional leadership and employee retention ( $\beta = 0.360$ ,  $p < 0.001$ ). When effect

sizes were gauged, the findings revealed that  $SS \rightarrow EE \rightarrow ER$  ( $f^2 = 0.098$ ) and  $TL \rightarrow EE \rightarrow ER$  ( $f^2 = 0.132$ ) both exhibit small effects. Therefore, H6 and H7 are supported.

**Table 4. Hypothesis Test Results – Mediating Effects**

Hypothesis	Path coefficient	p-value	Standard error	Effect size
H6. $SS \rightarrow EE \rightarrow ER$	0.192	< 0.001	0.043	0.098
H7. $TL \rightarrow EE \rightarrow ER$	0.360	< 0.001	0.042	0.132

*SS – supervisory support; TL – transactional leadership; ER – employee retention; EE – employee engagement. Effect size measurement (Cohen, 1988): 0.02 (small), 0.15 (medium), 0.35 (large).*

Table 5 summarizes the results of the hypothesis testing. It can be gleaned that the direct relationships between supervisory support and employee engagement, supervisory support and employee retention, transactional leadership and employee engagement, and employee engagement and employee retention are all supported. On the other hand, the link between transactional leadership and employee retention is not supported.

When it comes to the mediating effects, employee engagement indirectly influences the relationship between supervisory support and employee retention, and between transactional leadership and employee retention, hence, both hypotheses are supported.

**Table 5. Summary of Hypothesis Testing Results**

Hypothesis	Decision
<b>Direct effects</b>	
H1. $SS \rightarrow EE$	Supported
H2. $SS \rightarrow ER$	Supported
H3. $TL \rightarrow EE$	Supported
H4. $TL \rightarrow ER$	Unsupported
H5. $EE \rightarrow ER$	Supported
<b>Indirect effects</b>	
H6. $SS \rightarrow EE \rightarrow ER$	Supported
H7. $TL \rightarrow EE \rightarrow ER$	Supported

*SS – supervisory support; TL – transactional leadership; ER – employee retention; EE – employee engagement.*

Robustness of the structural model was also established through common method bias test, determination coefficients, and predictive relevance. The common method bias test is measured using full collinearity variance inflation factor (FCVIF). It gauges whether collinearity problems, both vertical and lateral, exist in the model. Kock (2015) contended that to say that there is no common method bias, FCVIF must be at less than 3.30. Based on the results in Table 6, supervisor support (FCVIF = 1.793), transactional leadership (FCVIF = 1.528), employee retention (FCVIF = 1.555), and employee engagement (FCVIF = 1.767) evince no collinearity problems.

Furthermore, coefficient of determination ( $R^2$ ) was also gauged. It measures the proportion of variance for a dependent latent construct that is explained by independent variables in the structural model. In the present study, there are two dependent variables – employee engagement (and the corresponding independent variables are supervisory support and transaction leadership) and employee retention (and the corresponding independent variables are supervisory support, transaction leadership, and employee

engagement). Based on the results employee retention with  $R^2 = 0.487$  and employee engagement with  $R^2 = 0.648$  manifested moderate coefficients of determination.

And lastly, predictive relevance ( $Q^2$ ) was gauged. Kock (2022) argued that, to conclude that predictive relevance is present in the structural model,  $Q^2$  coefficients must be more than zero. Based on the results, employee retention ( $Q^2 = 0.495$ ) and employee engagement ( $Q^2 = 0.643$ ) passed the test for predictive relevance.

**Table 6. Full Collinearity VIF, R2 and Q2**

Construct	Full collinearity VIF	R <sup>2</sup>	Q <sup>2</sup>
Supervisory support	1.793		
Transactional leadership	1.528		
Employee retention	1.555	0.487	0.495
Employee engagement	1.767	0.648	0.643

## Discussion

Findings of the study revealed that supervisory support has a direct and significant impact on employee engagement. The direct and significant impact signifies that supervisory support augments employee engagement. This indicates that the more support that an employee gets from his immediate superior, the more engaged the employee is in the organization. This is also true among previous studies (Al-Tit & Hunitie, 2015; Aninkan & Oyewole, 2014). Gopal (2006) also argued that the root cause of disengagement is poor management. This implies that leaders have massive influence on the workers' engagement. Employees, when well-supported, alleviates their job satisfaction, at the same time, they become more driven in their roles.

Similarly, the study also showed that supervisory support has a significant and positive impact on employee retention. This suggests that when an employee receives increased support from his immediate superior, the intent of the employee to stay with the company also increases. This result validates prior research studies (Gentry et al., 2007). Gentry et al. (2007) revealed that the more support that an employee gets from his superior, the more it strengthens the employee's obligation to help the organization resulting to decrease in withdrawal behaviors.

Additionally, results proved that transactional leadership significant and positively affects employee engagement. The positive relationship between these two variables suggests that employee engagement rises when employees experience transactional leadership in the organization. This was also validated in previous undertakings (Zhang et al., 2014; Bass, 2008; Popli and Rizvi, 2016). Since transactional leaders are focused on attaining goals, their strategy in rewarding subordinates every time they are doing a job well done, enables workers to be more motivated at work (Popli & Rizvi, 2016).

In terms of transactional leadership and employee retention, the findings suggests that these two are significantly and negatively related. The negative correlation between the two constructs indicates that when the immediate superior's leadership style is transactional, the more likely that an employee will quit the organization. This supports the previous undertaking of Nwokocha and Iheriohanma (2015). He proved that the drawback of transactional leadership is that its members can do a little to support their

job satisfaction which in return, can lead to turnover in the organization. However, this is in contrast with the previous findings of Favour (2016), which showed that there is a strong association between transactional leadership style and employee retention. Favour (2016) proposes that the ability of the leaders to identify the needs and desires of its employees and provide them, in exchange of accomplishing their tasks encourages retention rate.

Subsequently, employee engagement and employee retention, findings suggests that these two variables are significantly and positively related. The significant and positive relationship between the two signifies that an engaged employee would less likely leave his job. This is also true among previous studies (Kenedy & Daim, 2010; Alias et al., 2014; Lacap, 2019; Frank et al. 2004). Frank et al. (2004) argued that high-retention organizations are exemplified by highly engaged labor force. Employee engagement encourages and motivates employees to develop positive attitudes and behaviors which enables the increase in their intent to stay in the organization.

The mediation model revealed that employee engagement mediates the positive link between supervisory support and employee retention. The results coincide with prior studies (Saks, 2006; Kundu & Lata, 2017; Frank et al. 2004). Hence, when supervisory support and employee retention are distinct, employee engagement becomes significant. This proposes that when employee engagement is strengthened, supervisory support and retention level of employees also increases. Engaged employees will stay in the organization if they have a good relationship and open communication with their leaders.

Furthermore, mediation analysis also revealed that employee engagement mediates the positive link between transactional leadership and employee retention. This was validated by prior undertakings (Zhang et al., 2014; Sobaih et al., 2020). Consequently, when transactional leadership and employee retention are distinct, employee engagement becomes significant. This implies that when employee engagement is heightened, transactional leadership style and employee retention also increases. Employee engagement, therefore, aids transactional leaders in making their workers stay longer in the organization.

### ***Conclusion, Implications, Limitations, and Future Research Directions***

Theoretically, this current undertaking advances the understanding on the relationship of supervisory support and transactional leadership and its effect on increasing the merchandisers' retention by applying the S-O-R model and by adding employee engagement as a mediating variable.

The proposed framework articulates cause and effect between supervisory support and transactional leadership on employee retention; and employee engagement that mediates between them. The results signify that the type of leaders and how much they give value to their subordinates significantly influence the intent of the workers to stay or not in an organization. Employee engagement, when strengthened, supervisory support and transactional leadership will boost retention levels of workers.

Previous research (Lacap 2019 and Kundu & Lata, 2007) has suggested examining other constructs that may impact employee engagement as a mediating variable in understanding employee retention. Thus, another contribution was that this study addressed the issue and uncovered the mediating role of employee engagement on the relationship of supervisory support and transactional leadership and how it aids these two constructs in improving workers' retention. Frank et al. (2004) even argued that employee engagement must be viewed as a strategy in all levels of the organization. Leaders should take the front-line in motivating and engaging the employees in their job. To do this, they must be equipped with the

correct leadership style to help build a strong environment of trust in the workplace to retain talents in the organization.

Keeping on track with the current demographic trends will give way to new and creative ideas to retain employees on the job as long as possible and keenly engaged. Innovation must be present in the organization to drive ideas that will create appropriate solutions substantial in preventing turnover and lack of engagement.

Considering the limitations, the results of this study suggest a number of avenues for future research. As the present study focused on retail merchandisers of a company in the food sector, other researchers may explore the framework in another business sector. Furthermore, sample size can be increased for the generalization of the results. The current study shows partial mediation effect of the employee engagement on the relationship between supervisory support and transactional leadership on employee retention. It opens the prospects for more mediating variables. Future researchers might find interest in exploring other mediators on supervisory support and transactional leadership and employee retention.

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