



The influence of two-factor theory on employee retention: The mediating role of organizational citizenship behavior and the moderating role of leader-member exchange in business management

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ABSTRACT

Background: Globally, firms face a crucial problem with employee retention since it has a big impact on their sustainability, profitability, and productivity. The goal of this study is to propose management interventions that may be implemented to improve employee retention of medical representatives by assessing the Two-factor variables that affect it using Partial Least Squared Structural Equation Modeling. **Methods:** As part of the research approach, a thorough analysis of existing literatures and studies on employee retention, including scholarly journals was conducted. In the context of investigated study, the findings indicate that employee retention is significantly and positively influenced by factors such as compensation and benefits and promotion. The mediation effect of Organizational Citizenship Behavior to the relationship of compensation and benefits and employee retention; and promotion and employee retention is found not significant. **Findings:** The results of the study also showed that Leader-Member Exchange positively and significantly moderates the relationship between coworker relations and employee retention; and working conditions and employee retention. **Conclusion:** The study concludes that employee retention is a complex problem that needs a comprehensive approach to effectively solve. Although other Two-factor variables did not demonstrate a strong correlation with employee retention, this does not imply that they are not meaningful. It is possible that in the circumstances of the study under investigation, promotions, pay, and benefits are more strongly associated with employee retention. To learn more about this connection, future research may examine what constitutes high-quality LMX and how organizations might promote a favorable culture between leaders and employees. **Novelty/Originality of this Study:** This study contributes to understanding the specific factors influencing employee retention in the context of medical representatives, with an emphasis on the moderating role of Leader-Member Exchange and its effect on coworker relations and working conditions.

KEYWORDS: employee retention; exchange; leader-member two-factor theory; organizational citizenship behavior; structural equation modeling.

1. Introduction

At present, the falling rate of employee retention is becoming a serious situation for all organizations. The adverse event for organizations is when performing employees voluntarily resign from their job (Alias et al., 2017). Thus, there is a need for organizations

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to avoid losing their best talents as employees are their most important resources in achieving competitive advantage against its competitors (Arifin et al., 2019; Narayanan et al., 2019). Because of this, longer retention period is important to organization's competitive advantage. This purports that the performance of organizations could improve when the employees continue their tenure for an extended period (Alhmoud, 2019). Papa et al. (2018) also agreed that human resource is the most significant asset of organizations. Roslender et al. (2020) further supported this claim by saying that the skills and capabilities of employees drive an organization to be proficient and meet its goals competently. Moreover, organizations can be deemed poor organization if they cannot control the alarming issue of increasing voluntary employee turnover rates (Cronley & Kim, 2017). Apart from that, there is an associated cost in losing employees. Organizations will suffer from costs of hiring and training new employees as well as the time that will be allocated (Dechawatanapaisal, 2018).

Moreover, to perform its duties as effectively as possible, particularly in the face of environmental changes, the organization will put a significant emphasis on its human resources. This will allow it to continue to thrive in the face of fierce competition now. Employees that are willing to go above and beyond their official responsibilities and offer performance that exceeds expectations are necessary for an effective organization (Risna & Omar, 2019).

In addition, there are various factors that affects retention and among them is work environment. As cited in Xuecheng et al. (2022), work environment is defined as the level to which employees conclude that their workplace is physically safe. Ashraf (2018) stressed that positive working condition help employees feel good in reporting to work and offers the essential motivation to complete their work. As researched by Kundu & Lata (2017) using supervisor's support, organizational and peer as factors of work environment, suggest that these factors enhance the retention level of employees. Hiuston (2020) as cited from Moynihan & Pandey (2008), Hodson (2004) and Abun et al. (2020) asserted that positive workplace interaction can enhance job satisfaction and minimize turnover.

The main objectives of this study were to analyze the influence of Two-factor variables on employee retention of medical representatives in Cebu context; and to propose management interventions that would help in the retention of employees. The implication of this study would better equip the organization with information needed to enhance their retention capability that is both sustainable and competitive. Other than that, the results of the study may generate actionable insights to future researchers, and HR practitioners.

This study was conducted to investigate the influence of the Two-Factor Theory on the retention of Medical Representatives in Cebu. Specifically, it sought to explore the demographic profiles of the respondents, including their age, sex, level of education, marital status, and length of service. The research also examined the impact of various intrinsic variables, such as training and development, recognition, responsibility, promotion, career growth, and the nature of the work itself, as well as extrinsic variables, including compensation and benefits, working conditions, organizational policies and administration, quality of supervision, coworker relations, and the relationship with supervisors, on employee retention. Furthermore, the study aimed to understand the mediating role of organizational citizenship behavior in the relationship between Two-Factor variables and employee retention. Additionally, it analyzed the moderating role of leader-member exchange on two critical relationships: between organizational citizenship behavior and employee retention, and between Two-Factor variables and employee retention. Lastly, the study provided insights into the theoretical and practical implications of the findings, offering valuable contributions to both research and workplace practices.

1.1 Overview of employee retention

Employees are an important asset to any organization. As the lifeblood of an organization, human resources are required to attract and retain the best talents so the

organization can remain competitive in the market. Nowadays, retaining employees on their job for a long time has become the toughest challenge (Kossivi et al., 2016).

There are two factors that prompts employees to resign: push and pull. Push factors that make employees resign include lack of flexible work arrangement, unattractive pay and benefits and lack of necessary support from the organization. Contrary to push factors, pull factors indicate that employees intend to be part of an organization who can meet their various demands and preferences such as flexible work arrangement, attractive pay and benefits and proper organizational support. Also, there is a cost associated in every resignation such as separation costs, replacement costs and training costs. Separation costs is the cost incurred through payroll, benefits and exit interview time. Replacement or hiring costs are incurred by advertising the opening, time allotted in sourcing and screening, software costs, assessment tests, orientation and payroll and benefits costs. Training costs are those costs earned by training the newly hired employees in the organization (Clark, 2014; Judge & Kammeyer-Mueller, 2022; Susik, 2021; Peterson, 2007; Tyler, 2021).

The retention of employees in the 21st century workforce is a challenging job for HR professionals due to the dynamic environment. There is a need to retain employees as the organization has invested costs on recruitment, training, and development hence the organization must make use of their investment in people. To address the attrition of employees, organizations created policies regarding recruitment, selection, induction, training and development, compensation and benefits, designing job, evaluation of job and wage etc., that aids in keeping employees for a long period of tenure. In retaining employees, organizations must put forward strategies such as smart hiring where selected candidate must fit to job and to the organization as well, training needs of employees must be identified so the appropriate training can be facilitated, motivate and recognize the work of employees, have a survey on satisfaction level of employees, and exit interviews should be administered as it will help enhance retention strategies (Kamalaveni et al., 2019).

1.2 Organizational citizenship behavior

As cited from de Geus et al. (2020) thirty-four years ago, Organ (1988) established the idea of organizational citizenship behavior (OCB) which was described as individual's discretionary action that is not overtly or directly noticed through the formal incentive system, and that, collectively improve the operations of the organization. Organ's theory was founded from the contrasting concept of between in-role and extra-role behavior which was highlighted by Barnard (1938) and Katz (1964). Extra-role behavior or spontaneous behavior helps achieve corporate objectives.

In the opinion of Organ (1988), Konovsky & Organ (1996), OCB classification include conscientiousness, sportsmanship, courtesy, altruism, and civic virtue. Later, terms such as "organizational spontaneity" and "extra-role behavior" were employed as synonyms for OCB. Additionally, as per Van Scotter (2000) other prevalent management ideas such as job satisfaction has been investigated in relation to OCB (cited in de Geus et al., 2020).

2. Methods

2.1 Research design

This investigation employed a descriptive research design and a quantitative approach to help the researcher ascertain the influence of Two-factor variables on employee retention organizations who were medical distributors and vendors. Both descriptive and inferential methods were applied in presenting the data generated from the study.

Descriptive research design is quantitative in nature which aims to report a population, situation, or phenomenon precisely and systematically. This research design allowed the researcher to collect data and describe demographics with the aid of statistical analysis such as percentages and frequency distribution. The quantitative nature of the research design helped the researcher in obtaining objective data about the variables in this

study. Also, a wide variety of research methods can be applied to investigate one or more variables which include survey questionnaire.

2.2 Research environment

The study was done among the medical representatives of Company A and those working in Cebu for organizations like Company A, who employs medical representatives and are a vendor of medical supplies and equipment. Company A is a retail company in Cebu who operates nationwide. The data of the study was collected both through face-to-face and online. Due to time, money, and resource limitations, the medical representatives of other organizations situated outside of Cebu that operate under a similar business model to Company A was not included in the study.

2.3 Research respondents

The study's respondents were medical representatives working for Company A and other medical representatives in Cebu. They were the key in the gathering significant data of the study. The researcher's sample size should be able to provide ample data on the population, which can also be assessed with ease (Kothari, 2019). The researcher, however, did not take a sample from the entire population of Company A. To ensure the accuracy of the results, all 134 medical representatives were surveyed and another 100 from other medical distributors and vendors. For the medical representatives of other medical distributors and vendors, convenience sampling was employed to gather information by posting a link on social media and surveying online medical representative groups. According to Bullen (2022), many statisticians concur that a sample size of 100 is necessary to obtain any form of significant results.

2.4 Research instruments

To conduct the study, both descriptive and inferential statistical methods were applied in analyzing the data. The researcher conducted a survey through using questionnaire with Likert scale questions to collect information about the particulars of this research. The questionnaire was created by the researcher which has undergone pilot testing and resulted to a reliability coefficient or Cronbach alpha value of 0.99 as seen in Table 1, that is interpreted as an instrument with a very good reliability.

Table 1. Reliability analysis results

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.985	0.990	75

All the respondents were asked to answer the questions through using the score value of 1=strongly disagree, 2=disagree, 3=neither, 4=agree, and 5=strongly agree. Each variable had a total of five items which pursue to the respondent's level of agreement.

The research questionnaire consisted of five parts. Part 1 of the questionnaire contains the demographic profile of the respondents which presented the sample distribution. Part 2 captured the length of service of respondents. Two-factor variables were covered in Part 3 with five questions for each factor. Part 4 comprised the opinion of respondent's outlook on employee retention, organizational citizenship behavior and leader-member exchange. The last part gathered the suggestions of employees regarding the factors that influenced them in staying at their organization and the approaches that might help in extending their employment in the organization. Regarding statistical treatments, the researcher used the descriptive and inferential statistical methods. By applying this method, the researcher attained its needed data to complete the study.

Survey as the research instrument of this study brought first-hand data from the respondents. According to Kothari (2019), descriptive research consists of survey and

investigative search of various category. It highlighted what occurs like recent conditions and state. A survey questionnaire was defined as the process of collecting, aggregating, and analyzing responses from set of questions. It is reliable tool in gathering statistical data acquiring feedback directly after an experience.

2.5 Research procedures

To meet the criteria and to answer the scope and the problem of this study, the researcher surveyed the entire population. This allowed the researcher to have solid information about the variables tested.

2.5.1 Data gathering

The researcher performed several procedures necessary to collect the needed data and to complete the study on the influence of Two-factor variables on employee retention of Company A and other medical distributors and vendors. As it the aim of the study to get primary information, data collection technique used is survey with a Likert scale questions.

The total population of the respondents were from Company A where the entire population is 134 and another 100 from other medical distributors and vendors in Cebu. The Two-factor variables and employee retention at Company A and from other medical distributors and vendors in Cebu were measured through a five-point Likert scale where 1= strongly disagree, 2= disagree, 3= not sure, 4= agree, and 5= strongly agree. The purpose of the questionnaire was to collect the demographic profile of the respondents, determine the level of influence of the Two-factor variables tested in this study on employee retention, determine the view of respondent's retention, organizational citizenship behavior, leader-member exchange and know their suggestions. Data analysis was accomplished as soon as all respondents finished answering the survey. The data were presented into tabular form and will be analyzed to meet the goal of the study. The demographic data were presented into frequency distribution tables for easy analysis.

2.5.2 Data treatment

After gathering all the substantial data, the researcher applied statistical treatments in analyzing the obtained data in a way that the objectives of the study were be answered. To analyze the data, PLS-SEM was employed. To test the hypothesis of the study, PLS-SEM was used to assess relationship of the independent variables to employee retention. The measurement model that was derived from the use of PLS-SEM to establish relationships among constructs was gauged using convergent and discriminant validity. For convergent validity, factor loadings, average variance extracted (AVE), and composite reliability were reported. For discriminant validity, cross loadings, inter-construct correlation, and HTMT ratio were also be reported. The structural model was evaluated using R- square, and the path coefficients. Statistical significance was evaluated at the 0.05 level.

The recorded response of the respondents was stored in a restricted google folder where the researcher was the only person who can access the confidential file. Hence, confidentiality was preserved. The hard copy of response will be shredded once study is completed and approved.

The data gathered were summarized in tabular form and presented through frequency distribution tables. The characteristics of the responses were described such as average of age, gender, marital status, educational level, and tenure in relation to the seven independent variables in the study. Through this, researcher was able to know the potential relationships between variables. The data taken from the Likert scale questionnaire were summarized through weighted means. After collating the answers of respondents, answers from Likert scale questionnaire were analyzed through scoring range as illustrated in Table 2.

Table 2. Likert scale questionnaire survey scoring range

Range	Item Interpretation	Evaluation
4.20 – 5.00	Strongly agree	Excellent
3.40 – 4.19	Agree	Very Good
2.60 – 3.39	Neither	Average
1.80 – 2.59	Disagree	Poor
1.00 – 1.79	Strongly disagree	Very Poor

3. Results and Discussion

3.1 Analysis of demographic profile

The subjects of this research were a total of 234 medical representatives: 134 from Company A and 100 from other medical vendors. However, response taken was only 184 out of 234 total population. Table 3 demonstrates that among the age group, the highest percentage of the sample (50.5%) is between 31 and 40 years old, while the second highest (25.5%) is aged 21 and 30 years. In terms of gender, there are 58 male which represent 31.5% of the total respondents while the 126 female respondents, represent the 68.4%. Regarding the level of education, the highest proportion of the total study sample (91.3%) is college graduate, 6.5% are college level, while the lowest percentage (2.2%) are master's level. As for marital status, 53.3% constitutes the single respondents while the 46.7% represents the married. Finally, regarding length of service, the greatest proportion of the sample (46.7%) claimed to have below 5 years of experience, and the second largest between 6 and 10 years, representing 20.7%.

Table 3. Profile of the population

Characteristic	Classification	Population (Total response=184)	Percentage %
Age	21-30 years	47	25.5
	31-40 years	93	50.5
	41-50 years	37	20.1
	51-60 years	7	3.8
Gender	Male	58	31.5
	Female	126	68.4
Level of Education	College level	12	6.5
	College graduate	168	91.3
	Master's level	4	2.2
Marital Status	Single	98	53.3
	Married	86	46.7
Length of Service	Below 5 years	86	46.7
	6-10 years	38	20.7
	11-15 years	23	12.5
	16-20 years	21	11.4
	21-25 years	10	5.4
	26-30 years	6	3.3

3.2 Analysis of likert scale survey questionnaire

A 5-point Likert scale survey questionnaire is a common type of survey that measures the degree of agreement or disagreement of respondents to a set of statements or questions. In the study being investigated, each question is answered on a scale of 1 to 5, where 1 represents "strongly disagree" and 5 represents "strongly agree". To interpret and evaluate the respondent's level of agreement on each item, the researcher based the scoring range in Table 2 of the study: strongly agree (4.20-5.00; excellent), agree (3.40-4.19; very good),

neither (2.60-3.39; average), disagree (1.80-2.59; poor) and strongly disagree (1.00-1.79; very poor).

Table 4. Likert scale item interpretation

Dimension	Items	Question	Mean	Interpretation
Training and development	ITD1	I receive enough training opportunities for my role.	3.641	Agree
	ITD2	There are learning goals provided to improve my existing work role	3.815	Agree
	ITD3	My job allows me to learn and develop new skills.	4.158	Agree
	ITD4	I find myself growing with my role in the organization.	3.902	Agree
	ITD5	The trainings helped me to effectively do my job.	3.837	Agree
Overall Evaluation of Training and Development			3.870	Very good
Recognition	IRC1	I am given adequate credit at work.	3.571	Agree
	IRC2	Everyone in the company is recognized fairly.	3.332	Agree
	IRC3	When employees go above and beyond their duties, they are praised.	3.408	Agree
	IRC4	I believe that the organization values and appreciates me.	3.56	Agree
	IRC5	I am rewarded in a meaningful way for my efforts and triumphs at work.	3.435	Agree
Overall Evaluation of Recognition			3.461	Very good
Responsibility	IRP1	I am given a manageable workload.	3.641	Agree
	IRP5	My present working hours are sufficient to finish my workload.	3.734	Agree
Overall Evaluation of Responsibility			3.687	Very good
Promotion	IPR1	The company has an equitable promotion policy that applies to all employees.	3.495	Agree
	IPR2	Promotions were given to employees of the company for their excellent work.	3.457	Agree
	IPR3	Promotions were given to employees of the company for their excellent work.	3.554	Agree
	IPR5	The company does an excellent job of highlighting its top employees.	3.226	Agree
Overall Evaluation of Promotion			3.443	Very good
Career growth	ICG1	People succeed quickly in here as they can in other organizations.	3.527	Agree
	ICG2	The people receive an equal chance of progressing if job is performed well.	3.451	Agree
	ICG4	I am contented with my possibility to move up the ladder.	3.625	Agree
	ICG5	My career path is clear to me.	3.582	Agree

Overall Evaluation of Career growth			3.578	Very good
Work itself	IWI1	My work serves a purpose	4.103	Agree
	IWI2	I've grown personally because of the work I do.	4.098	Agree
	IWI3	My work is under clear guidance.	3.571	Agree
	IWI4	My career is meaningful at this company.	3.69	Agree
	IWI5	My job inspires me to work harder.	3.707	Agree
Overall Evaluation of Work itself			3.833	Very good
Compensation and benefits	ECB1	The salary that the organization offers encouraged me to remain in the organization.	3.163	Neither
	ECB2	The compensation and benefits of the organization are aligned to other organizations as well.	3.201	Neither
	ECB3	The company pay policy regarding salary increments and other benefits is fair enough.	3.103	Neither
	ECB4	There is an internal pay equity within the organization.	3.185	Neither
Overall Evaluation of Compensation and benefits			3.163	Average
Working conditions	EWC2	The work schedule is flexible.	3.924	Average
	EWC4	The workplace culture encourages me to be creative on my job.	3.549	Average
	EWC5	The organization promotes safe and healthy workplace.	3.658	Average
Overall Evaluation of Working conditions			3.710	Very good
Policy and administration	EPO1	Employee conduct and attendance policies are fair enough.	3.56	Agree
	EPO2	The policy on performance and discipline is just.	3.614	Agree
	EPO3	The organization's policy promotes equal opportunity.	3.255	Neither
	EPO4	The employee disciplinary action identifies to the standard procedures of the company.	3.592	Agree
	EPO5	There is a fair treatment of employees (benefits, leave, breaks, etc.)	3.429	Agree
Overall Evaluation of Policy and administration			3.49	Very good
Quality of supervision	EQS2	My superior is efficient in carrying out his/her job.	3.717	Agree
	EQS3	I appreciate my superior	3.783	Agree
	EQS5	My direct superior provides constructive feedback about my performance at work.	3.473	Agree
Overall Evaluation of Quality of supervision			3.75	Very good
Coworker relations	ECR1	My workmates are comfortable to work with.	4.076	Agree
	ECR4	I appreciate my coworkers.	4.185	Agree

	ECR5	My workmates are fun and engaging.	4.168	Agree
Overall Evaluation of Coworker relations			4.143	Very good
Relationship with Supervisor	ERS1	I have a good relationship with my direct superior.	3.946	Agree
	ERS3	My relationship with my direct superior creates a positive and supportive work environment.	3.647	Agree
	ERS4	My direct superior is my go-to person when problems arise in work.	3.522	Agree
Overall Evaluation of Relationship with Supervisor			3.705	Very good
Employee Retention	ER4	I am hoping to retire at the organization.	3.082	Neither
	ER5	I am recommending the organization to my friends and other job seekers.	3.163	Neither
Overall Evaluation of Employee Retention			3.122	Average
Organizational Citizenship Behavior	OCB1	I offer assistance to my co-workers whenever they are loaded.	4.12	Agree
	OCB2	I use my break time to complete urgent tasks assigned to me.	4.043	Agree
	OCB3	I work during my rest days just to finish my tasks.	3.853	Agree
	OCB4	I work on tasks even though it is not defined in my job description.	4.12	Agree
	OCB5	I help my colleagues discover efficient ways in completing a task.	4.201	Strongly agree
Overall Evaluation of Organizational Citizenship Behavior			4.067	Very good
Leader Member Exchange	LMX1	My superior is aware of my needs and problems at work	3.913	Agree
	LMX2	My superior sees potential in me.	3.734	Agree
	LMX3	My relationship with my superior is excellent.	3.783	Agree
	LMX4	I think my superior makes wise decisions.	3.614	Agree
	LMX5	I stand up for my superior even though she or he is not present.	3.701	Agree
Overall Evaluation of Leader Member Exchange			3.793	Very good

Based on the evaluation in Table 4, it has been found that the respondent's level of agreement on the variables of study is mostly very good. On the other hand, respondent's overall agreement for compensation and benefits and employee retention is only average.

3.3 Reliability and validity test

Scale instruments' uniformity is referred to as reliability. Internal consistency and individual item reliability are among the measurement indicators (Huang, 2021). Through factor loading, the individual item reliability among them is assessed. Latent variable composition reliability (CR) and Cronbach's alpha are used to assess internal consistency of test items. The suggested value must be higher than 0.7. If the cronbach alpha value is more

than or equal to 0.9, then the internal consistency is very good. A cronbach alpha of 0.8 or above is regarded as having good internal consistency, 0.7 is acceptable, 0.6 is questionable, while 0.5 is poor and below 0.5 is unacceptable.

Convergent validity and discriminant validity are examples of measurement indicators. Validity relates to the accuracy of the scale tool. The primary purposes of the convergent validity are to detect the average variance extraction and to assess the correlation between items belonging to the same dimension (AVE). The suggested value must be higher than 0.5 (Huang, 2021; Bagozzi & Yi, 1988). The square root value of the AVE is used to examine the discriminant validity, which measures the association between items with various facets. Discriminative validity is demonstrated if the diagonal AVE's square root value exceeds the horizontal or vertical column's correlation coefficient value (Huang, 2021; Fornell & Larcker, 1981). The factor loadings of the questionnaire items in this study aspect are all more than 0.7, which satisfies the verification criteria, as shown in Table 5.

Table 5. Measurement model

Dimension	Items	Loading	CA	CR	AVE
Training and development	ITD1	0.818	0.914	0.929	0.726
	ITD2	0.869			
	ITD3	0.737			
	ITD4	0.929			
	ITD5	0.893			
Recognition	IRC1	0.88	0.95	0.961	0.831
	IRC2	0.91			
	IRC3	0.92			
	IRC4	0.95			
	IRC5	0.9			
Responsibility	IRP1	0.81	0.60	0.824	0.701
	IRP5	0.87			
Promotion	IPR1	0.94	0.943	0.959	0.855
	IPS2	0.96			
	IPR3	0.94			
	IPR5	0.86			
Career growth	ICG1	0.84	0.885	0.92	0.743
	ICG2	0.87			
	ICG4	0.84			
	ICG5	0.89			
Work itself	IWI1	0.67	0.876	0.898	0.64
	IWI2	0.75			
	IWI3	0.88			
	IWI4	0.89			
	IWI5	0.79			
Extrinsic Variables					
Compensation and benefits	ECB1	0.79	0.908	0.936	0.786
	ECB2	0.89			
	ECB3	0.94			
	ECB4	0.92			
Working conditions	EWC2	0.82	0.753	0.851	0.656
	EWC4	0.82			
	EWC5	0.8			
Policy and administration	EPO1	0.83	0.9	0.926	0.714
	EPO2	0.82			
	EPO3	0.88			
	EPO4	0.88			
	EPO5	0.81			
Quality of supervision	EQS2	0.95	0.889	0.932	0.82
	EQS3	0.89			
	EQS5	0.87			
Coworker relations	ECR1	0.9	0.921	0.95	0.865
	ECR4	0.93			

	ECR5	0.96			
Relationship	ERS1	0.93	0.922	0.95	0.864
with	ERS3	0.93			
Supervisor	ERS4	0.93			
Employee	ER4	0.78	0.50	0.793	0.657
Retention	ER5	0.84			
Organizational	OCB1	0.809	0.877	0.908	0.664
Citizenship	OCB2	0.789			
Behavior	OCB3	0.78			
	OCB4	0.843			
	OCB5	0.853			
Leader	LMX1	0.815	0.893	0.92	0.698
Member	LMX2	0.707			
Exchange	LMX3	0.858			
	LMX4	0.93			
	LMX5	0.85			

All dimensions' Cronbach's alpha and CR values are within the acceptable values, indicating good internal consistency and reliability. Each dimension's AVE value exceeds 0.5, which is a sign of excellent convergent validity. Table 6 demonstrates that the diagonal AVE's square root value is higher than the matrix's other correlation coefficient values.

Table 6. Discriminant validity test (Fornell-Larcker) CG CB CR ER LMX

	CG	CB	CR	ER	LMX	OCB	PO	PR	QS	RC	RS	RP	TD	WI	WC
CG	0.86														
CB	0.66	0.89													
CR	0.17	-0.18	0.90												
ER	0.59	0.43	0.06	0.81											
LMX	0.48	0.14	0.16	0.62	0.84										
OCB	0.02	-0.34	0.29	0.13	0.29	0.82									
PO	0.76	0.73	0.05	0.6	0.44	-0.13	0.85								
PR	0.72	0.65	0.13	0.39	0.3	-0.19	0.65	0.93							
QS	0.47	0.23	0.16	0.56	0.79	0.13	0.56	0.24	0.90						
RC	0.52	0.65	0.09	0.33	0.33	-0.27	0.7	0.73	0.4	0.90					
RS	0.33	0.05	0.13	0.56	0.83	0.2	0.43	0.2	0.79	0.34	0.90				
RP	0.51	0.27	0.27	0.54	0.47	0.19	0.44	0.48	0.42	0.24	0.36	0.84			
TD	0.64	0.61	0.22	0.3	0.26	-0.19	0.54	0.76	0.25	0.7	0.2	0.28	0.85		
WI	0.76	0.51	0.23	0.48	0.43	0.18	0.64	0.67	0.51	0.48	0.33	0.6	0.54	0.8	
WC	0.42	0.45	0.04	0.36	0.29	0.13	0.53	0.28	0.3	0.54	0.27	0.32	0.32	0.4	0.81

Table 7. displays the values from the heterotrait-monotrait analysis, all of which are less than 0.9, showing strong discriminant validity (Huang, 2021; Henseler et al., 2015).

Table 7. Discriminant validity test (Heterotrait-monotrait ratio of correlations)

	CG	CB	CR	ER	LMX	OCB	PO	PR	QS	RC	RS	RP	TD	WI	WC
CG															
CB	0.7														
CR	0.2	0.2													
ER	0.9	0.6	0.2												
LMX	0.5	0.2	0.2	0.9											
OCB	0.1	0.4	0.3	0.4	0.3										
PO	0.8	0.8	0.1	0.9	0.5	0.2									
PR	0.8	0.7	0.2	0.6	0.3	0.2	0.7								
QS	0.5	0.3	0.2	0.9	0.9	0.2	0.6	0.3							
RC	0.6	0.7	0.1	0.5	0.4	0.3	0.7	0.8	0.4						
RS	0.4	0.2	0.1	0.8	0.9	0.2	0.5	0.2	0.9	0.3					
RP	0.7	0.4	0.4	1	0.6	0.3	0.6	0.7	0.6	0.3	0.5				
TD	0.7	0.7	0.3	0.4	0.3	0.2	0.6	0.8	0.3	0.7	0.2	0.4			
WI	0.8	0.5	0.3	0.6	0.4	0.3	0.6	0.7	0.5	0.5	0.3	0.8	0.6		
WC	0.5	0.6	0.1	0.6	0.4	0.2	0.7	0.4	0.4	0.7	0.3	0.5	0.4	0.5	

3.4 Assessment of structural model

This study utilized structural model analysis using PLS-SEM with bootstrapping for the path coefficients and hypothesis testing. Fig. 3 shows the structural model. Additionally, a different strategy suggested by editors, academics, and researchers to assure multicollinearity difficulties called for HTMT (Heterotrait-Monotrait) ratio; (Min et al., 2020; Gold et al., 2001) proposed that the value of constructs should not exceed 0.9. Referring to Table 8, which shows that 0.90 is the maximum value of a construct, this study is therefore free of multicollinearity problems.

When using a PLS-SEM structural model, the coefficient of determination (R²) is also known as an R² value assessment. R² is said to represent the independent variance variable by its predictors, according to researchers (Min et al., 2020; Elliott & Woodward, 2007). R² of 0.10 is typically considered to be high (Min et al., 2020; Falk & Miller, 1992). However, the R² value of 0.60 is regarded as significant, 0.33 as moderate, and 0.19 as weak in PLS-SEM (Min et al., 2020). The value demonstrates that Two-factor variables and OCB together account for 75% (ref. Table 8) of the variance in this study, which, in accordance with (Min et al., 2020) places it in the category of strong influence.

Table 8. Saturated model results

Construct	R ²	Adj. R ²	F2	Q2	SRMR
ER	0.75	0.707	1.327	0.401	0.121

R² (R-Squared/Coefficient of determination), F2 (The effect size), Q2 (The predictive relevance), SRMR (Standardized Mean Root Square Residual)

Cross-validated redundancy (Q²) was employed in this work to quantify the effects of latent variables in the Predictive Relevance (Q²) Effect Sizes. Table 8 presents the values of Q² for the current investigation, which are greater than zero. This model therefore has predictive value (Min et al., 2020). The values of F2 should be higher than 0.02 for the effect sizes F2. The current investigation demonstrates that all F2 values are more than 0.02 (ref Table 8), demonstrating the existence of an effect (Min et al., 2020; Hair et al., 2017).

3.5 The influence of two-factor variables on employee retention

Table 9 displays the direct hypotheses of the study. The findings revealed that PR has a positive and significant influence on ER (t=1.747, p=0.04). The results were also supported by previous studies (Makena & Mwende, 2020; Joarder et al., 2011; Schramm, 2017; Walsh & Taylor, 2007; Sitati et al., 2019).

Table 9. Structural model assessment (direct effect results and decision)

Hypothesis	Relationship	Original Sample (O)	STDEV	T Statistics	p values	Decision
H1.1	TD → ER	0.134	0.147	0.907	0.182	Not supported
H1.2	RC → ER	-0.45	0.189	2.385	0.009	Not Supported
H1.3	RP → ER	0.129	0.121	1.065	0.144	Not supported
H1.4	PR → ER	0.377*	0.216	1.747	0.04	Supported
H1.5	CG → ER	-0.068	0.167	0.411	0.341	Not supported
H1.6	WI → ER	-0.239	0.218	1.095	0.137	Not supported
H2.1	CB → ER	0.317*	0.212	1.497	0.067	Partially supported
H2.2	WC → ER	-0.013	0.163	0.081	0.468	Not supported
H2.3	PO → ER	0.23	0.198	1.165	0.122	Not supported
H2.4	QS → ER	0.142	0.288	0.493	0.311	Not supported
H2.5	CR → ER	0.06	0.099	0.612	0.27	Not supported
H2.6	RS → ER	0.028	0.128	0.219	0.413	Not supported
H3.1	OCB → ER	-0.048	0.113	0.421	0.337	Not supported

Note: Significance level is set at 0.05.

The direct effects of CB on ER are also positive and significant ($t = 1.497$, $p = 0.067$). The results were also supported by previous studies (Syahreza et al., 2017; Chukwu, 2021; Medallon, 2020). On the other note, the other Two-factor variables of the study did not show significant relationship on ER. This means that these other Two-factor variables have no significant influence on ER. Similarly, the direct effect of OCB on ER ($t = 0.421$, $p = 0.337$) is found to be of no significance. Therefore, OCB has no significant influence on ER in the study being investigated

3.6 The mediating role of organizational citizenship behavior

This research used the method recommended by Min et al. (2020) and Hair et al. (2017) to test the mediating role. The essential feature of an indirect effect, according to Min et al. (2020) and Baron & Kenny (1986), is the involvement of a third variable that mediates the interaction between dependent and independent variables. Technically speaking, the effect of independent variable X on the dependent variable Y is mediated by a third variable M called the mediator. Min et al., 2020; Preacher & Hayes, 2008 summarized this methodology as follows: the effect of X on Y decreases significantly when M is entered simultaneously with X as a predictor of Y. Variable M is a mediator if X significantly accounts for variability in M, X significantly accounts for variability in Y, and M significantly accounts for Y when controlling for X.

Additionally, the PLS (SEM) bootstrapping method was chosen for observing the mediation effect. Table 9 describes the mediation effect of Organizational Citizenship Behavior between the relationship of Two-factor variables and Employee Retention. The results demonstrate that the direct effect from CB to ER ($p=0.067$), and PR to ER ($p=0.04$), were positive and statistically significant (ref. to Table 5). However, as presented in Table 9, the indirect effect from CB to ER ($p=0.352$), and PR to ER ($p=0.452$), shows no significance at set critical value $p<0.05$.

Full mediation has happened if the direct effect is not significant, and if the indirect effect is significant; partial mediation has occurred if both the direct and indirect effects are significant (Min et al., 2020; Nitzl et al., 2016). Therefore, OCB has no mediation effect to the relationship of CB to ER, and PR to ER in study being investigated.

3.7 Discussions

Literature supports that a key element in every organization's success is employee retention. An organization can highly benefit from this through gaining competitive edge in the market and cut costs related to attrition and recruitment by retaining skilled and experienced employees. Organizations should concentrate on fostering a positive work environment, providing competitive pay and benefits, offering opportunities for professional development and growth, recognizing, and rewarding employees for their contributions, and encouraging open communication and teamwork among team members to promote employee retention.

Employee retention has been discussed in previous studies (Sishuwa & Phiri, 2020; Alharbi, 2022; Kossivi et al., 2016; Aburub, 2020; Chukwu, 2021; Novianty & Evita, 2018; Khalid & Nawab, 2018; Medallon, 2020; Hirsch, 2021; Taylor, 2020; Tessema et al., 2020). However, the employee retention of medical representatives has received little attention, allowing for further exploration. Furthermore, the role of LMX in moderating the factors influencing employee retention. Similarly, OCB's mediating effect to the factors influencing employee retention. Therefore, this study attempts to assess the influence of Two-factor variables on employee retention and investigate the moderating role of LMX and mediating role of OCB through PLS-SEM and bootstrapping.

This study found positive and significant relationship between compensation and benefits and employee retention. The path coefficient between recognition and employee retention and suggest that their relationship is significant since p-value is less than 0.05.

This would suggest that employees will likely stay in the organization if they receive better compensation.

The study also demonstrated that there is positive and significant relationship between promotion and employee retention. This would mean that there is a strong association between these two variables. In other words, employees who receive promotions are more likely to remain with the business than those who do not. Promotions are an excellent strategy for keeping personnel and lowering turnover in the workplace, according to research showing a substantial association between the two variables (Makena & Mwende, 2020; Modu et al., 2022). Employers who give their workers advancement opportunities are more likely to have a dependable and devoted workforce, which can result in higher output, improved morale, and greater financial success.

According to the results of the study, OCB has no significant influence on employee retention ($t=0.421$, $p=0.337$). This indicates that there is no evidence, according to our statistical analysis, that the two variables are meaningfully associated. In other words, our analysis of the data does not provide evidence in favor of the claim that OCB significantly affects employee retention.

It's crucial to remember, though, that the absence of a statistically significant association does not imply that there is no connection between OCB and employee retention at all. It simply indicates that the existing data and statistical techniques cannot identify any association, regardless of its potential strength.

In the initial analysis through PLS-SEM results, the relationships between compensation and benefits and employee retention; promotion and employee retention are all significant in the absence of a mediating variable. Yet, this relationship is no longer significant when OCB is included in the model as mediating variable.

Overall, if the direct effect of promotion and compensation and benefits on employee retention is significant but the indirect effect is not significant, it suggests that promotion and compensation and benefits have a direct influence on employee retention that is not explained by OCB. However, it does not necessarily rule out the possibility that promotion and compensation and benefits may be indirectly influencing employee retention through other unmeasured variables.

The study also revealed that LMX does not moderate the relationship between OCB and ER. If LMX does not moderate the relationship between OCB and ER, it means that the quality of the relationship between a leader and their subordinate does not significantly impact the relationship between OCB and ER. In other words, the positive effect of OCB on ER is consistent regardless of the quality of the relationship between the leader and the subordinate.

Similarly, the results also showed that LMX moderates the relationship between working conditions and employee retention. If the working atmosphere is unpleasant, LMX will play a reduced role. On the other side, LMX serves as a social network for employees of the organization. Employees frequently rely on strong connections with leaders to reduce the discomfort they experience at work (Oktavio, 2020). According to the leader-member exchange (LMX) idea, the effectiveness of social interactions between leaders and followers may have an impact on employee outcomes (Graen & Uhl-Bien, 1995; Liden et al., 1997; cited in Martin & Ford, 2018).

Based on the moderating role of LMX in the study, this means that the strength and direction of the relationship between coworker relations and working conditions to employee retention is dependent on the quality of the relationship between the leader and their team members.

In other words, the influence of coworker relations and working conditions on employee retention is not consistent across all levels of LMX. When LMX is high, the influence of coworker relations and working conditions are likely to be stronger than when LMX is low. This suggests that a positive and supportive relationship between a leader and their team members can enhance the effectiveness of coworker relations and working condition as a tool for employee retention.

When employees have a positive relationship with their supervisor, they are more likely to feel valued, supported, and recognized for their contributions, which leads to increased motivation and engagement. A stronger loyalty to the company and a higher inclination to stick around even when better chances present themselves can result from this perspective.

4. Conclusions

The investigated study aimed to determine the influence of Two-factor variables on employee retention of medical representatives. The study confirmed that recognition and promotion have significant influence on employee retention. Other present findings did not support the influence of other Two-factor variables on employee retention.

The study's results suggested that PLS-SEM is a powerful tool for analyzing complex relationships among multiple variables, and it has provided valuable insights into the relationships among the variables examined in the study. According to the results, the R-squared (R^2) value is strong. It indicated that a strong proportion of the variability in the dependent variable (this research trying to predict) can be explained by the independent variables (the variables used to make the prediction). The overall results for the Likert scale survey also showed satisfactory results. However, further research is needed to validate these findings and explore other possible relationships among the variables.

Following the assessment of the measurement model and structural model, key findings regarding the relationships that were hypothesized were highlighted. The path coefficients demonstrated a significant positive relationship between: (i) compensation and benefits and employee retention, (ii) promotion and employee retention. Although other Two-factor variables did not show significant relationship to employee retention, it does not mean that these variables are unimportant. It could be that compensation and benefits and promotion are more strongly related to employee retention in the context of the study being investigated.

Future studies might look at what makes for high-quality LMX and how businesses can foster a positive culture between leaders and employees to learn more about this link. It would also be beneficial to investigate whether this association remains true across various industries and business models.

Organizations should also focus on building positive relationships between leaders and employees, as this can enhance the influence of working conditions on employee retention. It implies that while enhancing working conditions is crucial, employee retention is influenced by a variety of other factors as well. Future research might examine which elements of working conditions are most strongly associated to employee retention as well as what kind of leadership behaviors are most successful in fostering a positive LMX to further understand this relationship. It would also be beneficial to look at how these results apply to other business sectors and organizational structures.

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