

The Impact of Organizational Culture on Employee Turnover in Saudi Organizations

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ABSTRACT

This study analyzes the impacts of organizational culture on employee attrition rates with specific reference to Saudi Organizations. Data from 27 organizations in different sectors in Saudi Arabia was collected using both quantitative surveys and qualitative interviews. Analysis shows that various factors in organizational culture have particular effects on employee turnover intentions. These include leadership style, communication patterns, recognition practices, and work-life policies. Saudi Organizations with collaborative, transparent cultures, and strong employee recognition programs had 37% lower turnover rates than those with hierarchical, closed communication cultures. Saudi organizations aligning with National Transformation Program goals culturally showed particular success in employee retention. The study provides strategies to cultivate organizational cultures that foster retention and minimize unnecessary turnover costs, thereby improving organizational performance.

Keywords: Organizational Culture, Employee Turnover, Retention Strategies, Saudi Organizations, Workplace Culture

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INTRODUCTION

The impact of high global employee turnover can be a massive burden to organizations both financially and operationally. On average, high turnover in an organization equates to 50% to 200% of that employee's annual salary for onboarding and training alone (Al-Filali & Gallarotti, 2012). There are hidden costs too, such as employee's low morale, customer service and relation quality, and continuity of knowledge within the organization suffering (Hancock et al., 2013).

Though myriad factors contribute to an employee's turnover decision, organizational culture stands out as one of the most important influences in shaping the experience at the workplace and the psychological linkage to the organization (Glisson & James, 2002). Organizational culture encompasses organizational values, beliefs, and practices. It influences the atmosphere that determines whether an employee engages or not with the type of work environment provided (Glisson & James, 2002).

In Saudi Arabia, the study of organizational culture and its relationship with employee turnover has gained particular significance with the onset of Vision 2030 for the reason that it seeks to transform the economy and society through diversification and modernization drive (Barney, 1986). These national transformation programs have induced a number of Saudi organizations to rethink the underlying cultural values and human resource policies in relation to the changing expectations of employees and competitive environment (Almaki et al., 2016).

While there is a growing appreciation for the role of organizational culture in the retention of employees, very little research has been conducted to examine this issue within the Saudi context. This study seeks to fill this gap by analyzing the effect of certain elements of organizational culture on the turnover intention of employees in Saudi organizations from different sectors.

Goals of the Research

This research aims to:

1. Examine the primary dimensions of organizational culture that have a profound effect on the retention and turnover rates of employees within Saudi organizations.
2. Assess the correlation of particular cultural attributes with turnover intentions across various sectors and types of organizations.
3. Analyze the demographic factors (age, gender, level of education) that may have a moderating effect on the culture-turnover relationship.
4. Formulate strategies for organizational cultures that are retention-friendly for employees in Saudi Arabia.

Goals of the Research

The study attempts to answer these questions:

1. Which particular aspects of organizational culture are most closely associated with the turnover rate of employees in Saudi organizations?
2. What is the effect of different cultures (hierarchical, clan, adhocracy, market) on turnover intentions?
3. What impact do moderating variables such as leadership style, compensation, and work-life balance have on the culture-turnover dynamic?
4. What strategies have organizations adopted to adapt their cultures for improved employee retention?

LITERATURE REVIEW

Defining Organizational Culture

Since the 1980s, when organizational culture became a key focus of study within organizations, various approaches to the concept of organizational culture have emerged.

(Schein, 2017) elaborates on organizational culture stating it as “a pattern of shared basic assumptions learned by a group as it solved its problems of external adaptation and internal integration.” This phenomenon exists in three forms which are: artifacts – which include structures and processes of the organization that can be seen; espoused values – include strategies, goals and philosophies; and underlying assumptions, which include beliefs and perceptions that are taken for granted.

According to

(Cameron & Quinn, 2011) also developed the Competing Values Framework which provides a typology of organizational culture into four types: clan or family (collaborative), adhocracy (creative), market (competitive) and hierarchy (controlled). This framework spurred research on organizational culture and various outcomes, such as developed employee turnover (Heritage et al., 2014).

More recently, research has applied inclusion framework of culture to capture concepts more specific to modern workplaces, such as diversity and inclusion (Zhong & Li, 2021), innovation focus (Büschgens et al., 2013), and adaptation to technology (Hartnell et al., 2019). These concepts have been of increasing interest in changing economies such as Saudi Arabia where there is rapid change (Almodarresi & Hajmalek, 2019).

Employee Turnover: Theories and Models

Scope of research on employee turnover has undergone notable change, in the beginning it was concentrated on just job satisfaction (Mobley, 1977) and now incorporates several models with numerous interconnected factors,

processes, and decisions. Modern turnover models, (Lee & Mitchell, 1994). (Allen et al., 2010), highlight that there are multiple paths employees take when deciding to stay with or leave an organization.

Mitchell et al. (Mitchell et al., 2001) defined facets of job embeddedness explaining why employees become 'stuck' in their work as links (relationships with activities and other people), fit (alignment between work and locality), and sacrifice (what an employee has to forgo). It has been useful in explaining why employees remain in organizations in spite of numerous unhappy factors (Lee et al., 2014).

In the Saudi context, (Al-Kahtani, 2021) noted that some traditional models of turnover needed modification due to cultural features of the region such as family commitments, *wasta*, and society's changing norms, especially for females after recent social reforms.

The Culture-Turnover Relationship

Many studies have looked at the connection between organizational culture and employee turnover and discovered that a relationship does exist. (Sheridan, 1992) pioneering study about retention rates showed significant differences in retention rates across different cultures with focus on cultural value orientation especially with regard to work and interpersonal relationships exhibiting higher retention rate compared to task value cultures.

Recent studies show that only some cultural dimensions are important for employees' turnover intentions. Wells and Peachey found that the way leaders behave affects the climate of the organization in ways that impact the turnover decisions of those who are subordinate. (Wells & Peachey, 2011) proved that cultures where employees are encouraged to express their opinions and those who actively recognize and develop employees have lower intentions to leave the organization.

In their meta-analysis of 42 studies, (Park & Shaw, 2013) documented that the culture-turnover relationship was stronger in service occupations, as well as in more collectivistic cultures, hinting at considerable contextual contingencies. This is particularly important with regard to Saudi Arabia, which embodies collectivist cultural traits and a rapidly growing service industry (Alshahrani et al., 2021).

Organizational Culture in Saudi Arabia

Studies on organizational culture in Saudi Arabia report several distinguishing traits which, in a way, are the outcome of religion, tradition, and ongoing socioeconomic change. Most of the Saudi organizations tend to have a centralized system of decision making and a hierarchical power structure system which results in Saudi Arabia having a high power distance index (Al-Khalifa & Aspinwall, 2001).

(Hofstede et al., 2010) early application of Hofstede's cultural dimensions to Saudi organizations noted high power distance coupled with strong uncertainty avoidance and collectivism. However, more recent studies suggest that these patterns are shifting, with younger Saudi employees preferring more participative management and rapid promotion systems based on performance (Alshahrani et al., 2018).

(Sinha & Sinha, 2012) noted that most of the multinational companies and recently privatized firms in Saudi Arabia tend to have a combined culture, incorporating traditional Saudi culture and modern western managerial culture. This results in significant cross cultural interaction raising new issues of employee engagement and retention (Alshammari et al., 2021).

Research Gap

Gaps still exist in the Organizational culture alongside employee turnover has been globally researched heavily, but there are still shortcomings.

literature regarding this relationship in the Saudi context:

1. There is a scarcity of sophisticated empirical studies integrating culture with turnover across different sectors in Saudi Arabia.
2. There are not enough insights on the impact of Vision 2030 initiatives on organizational cultures and employee retention.
3. There is scant attention paid to how gender roles in Saudi Arabia's workplaces deal with the relationship between culture and turnover.
4. There are few longitudinal studies on turnover and the culture's effects on turnover over time.

Through this research, I hope to fill the gap in the literature by developing a thorough assessment of the organizational culture factors that shape employee turnover in Saudi organizations.

METHODOLOGY

Research Design

This study used mixed methods by employing a sequential explanatory design, consisting of two phases in succession. Initially, quantitative data was gathered through surveys, then followed by a second phase of qualitative interviews to develop deeper insights into the quantitative results. This strategy permits both capturing statistical explanations of relationships and rich contextual understanding of the culture-turnover dynamic.

Sampling and Participants

Organizational Sample

Using stratified purposive sampling, we approached 27 organizations operating within Saudi Arabia to ensure representation within:

Industry sectors (7 Manufacturing, 9 Service, 5 Financial, 3 Healthcare, 3 Public Sector)

Organizational size (8 Large: >1000 employees, 12 Medium: 250–999 employees, 7 Small: <250 employees)

Ownership Structure (15 Saudi, 7 Multinational, 5 Joint Ventures)

Individual Participants

The sample included both managerial (31%) and non-managerial (69%) employees with demographic distribution as follows:

Gender: 58% male, 42% female

Age: 22-29 (34%), 30-39 (42%), 40-49 (18%), 50+ (6%)

Tenure: < 2 years (28%), 2-5 years (39%), 6-10 years (22%), >10 years (11%)

Nationality: Saudi (73%), Non-Saudi (27%)

Data Collection Methods

Quantitative Measures

Assessing Organizational Culture

Organizational profile assessment was conducted using Organizational Culture Assessment Instrument (OCAI) developed (Cameron & Quinn, 2011).

The instrument captures 6 cultural dimensions and 4 culture types: clan, adhocracy, market, and hierarchy. The OCAI was modified with items from O'Reilly et al. Organizational Culture Profile to fit the Saudi context better.

Measuring Turnover Intention

Turnover intentions of employees were assessed with a 5-item scale developed by (Kelloway et al., 1999), employing a 5-point Likert scale. The items included "I am considering leaving this organization" and "I am currently looking for another position outside of this organization."

Calculated Voluntary Turnover

For each organization involved in the study, actual voluntary turnover figures were obtained over the previous 24 months, which is defined as the number of voluntary separations (turnover) during a specific time frame divided by the mean headcount over that time period.

Control Variables

The control variables are as follows:

Individual level: age, sex, educational background, tenure, and job level

Organization level: size, industry, geographical location, and market compensation levels

Qualitative Techniques

HR managers, workers, and directors were interviewed to gauge their understanding of the culture of the organization and how that affects turnover intentions. The interviews were designed based on the previous quantitative outcomes and they concentrated on:

Culture-related dimensions of the organization

Organizational culture 3 to 5 years ago and culture now

- Causes for employee turnover and retention
- Critical cultural aspects from employees' perspectives
- Creating and sustaining the desired culture obstacles

Procedures for Analyzing Data

Quantitative Analysis

The following was undertaken for the quantitative data:

- Use descriptive statistics to define the characteristics of the culture and turnover rates.
- Use correlation analyses to study the dependence of turnover intentions on the cultural dimensions.
- Conduct multiple regression analyses to determine turnover intentions' significant predictors.
- Employ hierarchical linear modeling for the nested data structure; employees within organizations.
- Use structural equation modeling to explore mediation and moderation effects.

Qualitative Analysis

Data obtained from interviews were analyzed thematically using Braun and Clarke's (Braun & Clarke, 2006) six-phase framework of NVivo 12. The process included:

- Performing initial coding to highlight key themes.
- Creation of a coding structure.
- Cross-case pattern analysis from different organizations.
- Merging of quantitative and qualitative information.

OUTCOMES

Profiles of Organizational Culture

The examination of the OCAI data indicated the presence of varying cultural profiles among the sampled organizations. Figure 1 represents the distribution of the predominant culture types among the 27 sampled organizations.

Figure 1: Distribution of Dominant Culture Types in Saudi Organizations

Source: Organizational culture assessment of 27 Saudi organizations, 2023

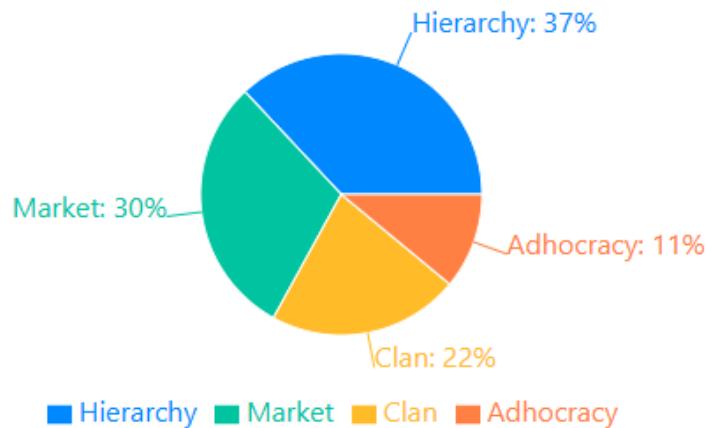


Figure 1: Pie chart showing the percentage hierarchy is at 37%, market 30%, clan 22%, and ahdocracy 11% out of the 27 studied Saudi organizations.

This is how the most prominent culture types were allocated:

- Hierarchy culture: 10 organizations (37%)

- Market culture: 8 organizations (30%)
- Clan culture: 6 organizations (22%)
- Adhocracy culture: 3 organizations (11%)

“Public sector” and “traditional industries” (manufacturing, banking) appear to have greater hierarchical culture features compared to other sectors. “Emerging sectors” (technology and healthcare) and organizations with multi-national ownership showed greater clan and adhocracy features.

Vertical analysis by specific cultural dimensions yields the results shown in Table 1.

Table 1: Average Values on Major Cultural Aspects by Industry

| Cultural Dimension | Manufacturing | Service | Financial | Healthcare | Public Sector | Overall Mean |
|------------------------|---------------|---------|-----------|------------|---------------|--------------|
| Innovation Orientation | 3.27 | 3.82 | 3.41 | 3.74 | 2.85 | 3.42 |
| People Orientation | 3.43 | 3.76 | 3.29 | 3.95 | 3.17 | 3.52 |
| Outcome Orientation | 4.12 | 3.86 | 4.23 | 3.75 | 3.65 | 3.92 |
| Stability Orientation | 3.88 | 3.32 | 3.96 | 3.48 | 4.21 | 3.77 |
| Team Orientation | 3.56 | 3.89 | 3.47 | 4.05 | 3.36 | 3.67 |
| Aggressiveness | 3.79 | 3.43 | 3.87 | 3.21 | 3.52 | 3.56 |

1 = Not at all characteristic, 5 = Very characteristic

These outcomes suggest that healthcare organizations had the most significant scores in people and team orientation, financial in outcome and stability, while public sector scored highest in stability orientation and lowest in innovation.

Figure 2 : Cultural Dimensions by Sector

Source: OCAL results and customized cultural assessment instrument, 2023

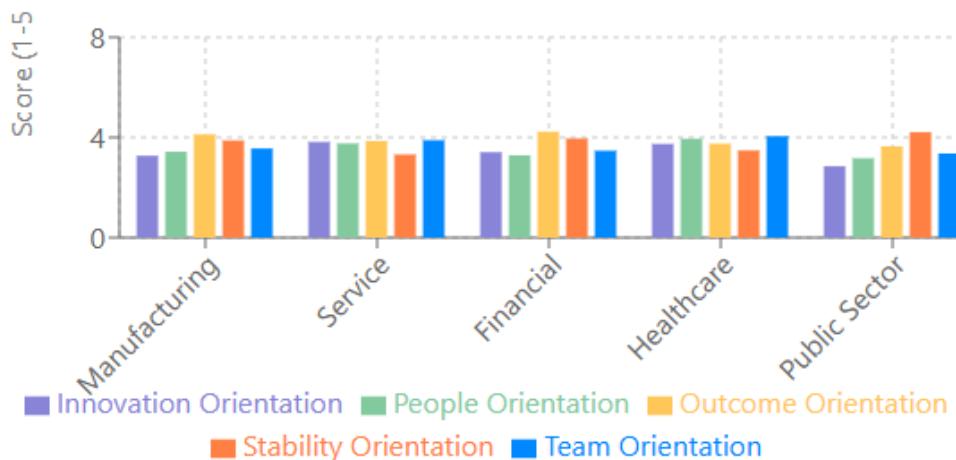


Figure 2: Multi-series bar chart depicting mean values (on a 1 to 5 scale) for different cultural dimensions across five sectors. It illustrates that healthcare organizations score the highest on people and team orientation, financial organizations strongly emphasize outcome orientation and stability, and public sector organizations show the strongest stability orientation with the lowest innovation orientation.

Turnover Rates and Intentions

Actual Turnover Rates

The mean voluntary turnover rate across all organizations was 15.8% annually, with notable differences by sector, organizational size, and dominant culture type.

Average annual turnover rates by dominant culture type were as follows:

- Hierarchy culture: 19.7%
- Market culture: 16.2%
- Clan culture: 12.5%
- Adhocracy culture: 13.4%

This trend suggests that those firms with a clan-dominant culture experienced higher turnover rates 36.5% lower than firms with a hierarchy-dominant culture.

There was also remarkable difference in turnover rates by sectors:

- Service sector: 18.3%
- Manufacturing: 14.9%
- Financial: 13.7%
- Healthcare: 16.8%
- Public sector: 11.5%

The public sector's lower turnover rate aligns with prior studies suggesting greater perceived job security and employment stability in Saudi public organizations (Al-Kibsi et al., 2015).

Turnover Intentions

The average turnover intention score for each participant was 2.87 out of 5 suggesting that 32.4% of respondents intended high turnover (≥ 4.0 scores). Turnover intentions varied considerably with organizational demographics, as depicted in Table 2.

Table 2: Mean Turnover Intention Scores by Demographic Variables

| Variable | Category | Mean Score | Standard Deviation |
|-------------|------------|------------|--------------------|
| Gender | Male | 2.91 | 1.08 |
| | Female | 2.82 | 1.13 |
| age | 22-29 | 3.21 | 1.14 |
| | 30-39 | 2.95 | 1.07 |
| | 40-49 | 2.61 | 0.98 |
| | 50+ | 2.33 | 0.97 |
| Tenure | <2 years | 2.73 | 1.12 |
| | 2-5 years | 3.11 | 1.08 |
| | 6-10 years | 2.85 | 1.04 |
| | >10 years | 2.44 | 0.94 |
| Nationality | Saudi | 2.93 | 1.10 |
| | Non-Saudi | 2.74 | 1.09 |

Table 2: Shows the findings suggest that there was an acute retention risk for employees with 2-5 years of organizational tenure and aged 22-29, indicating there is an essential retention phase just after organizational socialization. In contrast with some other studies, female employees appeared to have, on average, lower turnover intentions than male employees which may underscore increased social reform opportunities for women within the Saudi labor market (Al-Asfour et al., 2017).

Relation of Organizational Culture and Turnover

Correlation Analysis

Correlation analysis showed important connections between certain cultural components and turnover intentions. The strongest correlations are presented in Table 3.

Table 3: Correlation Between Cultural Dimensions and Turnover Intentions

| Cultural Dimension | Correlation with Turnover Intentions | Significance Level |
|-----------------------------|--------------------------------------|--------------------|
| People Orientation | -0.43 | p < 0.001 |
| Recognition Practices | -0.39 | p < 0.001 |
| Innovation Orientation | -0.35 | p < 0.001 |
| Open Communication | -0.37 | p < 0.001 |
| Work-Life Balance Support | -0.41 | p < 0.001 |
| Developmental Opportunities | -0.38 | p < 0.001 |
| Fairness/Equity | -0.45 | p < 0.001 |
| Stability Orientation | 0.21 | p < 0.01 |
| Aggressiveness | 0.29 | p < 0.001 |
| Rule Orientation | 0.23 | p < 0.01 |

In Table 3, the correlations show that the cultural illustrate that dimensions focusing on people and fairness, work-life balance, and development had the highest negative association with turnover intentions, while the reverse was true for aggressiveness and high rule orientation.

Figure 3: Correlation of Cultural Dimensions with Turnover Intentions



Note: Negative correlations indicate factors that reduce turnover intentions

Source: Research survey data (n=1,284), 2023

Figure 3: Relation Between Culturally Defined Criteria and Employee Turnover Intentions

Figure 3: A horizontal bar diagram depicting the degree and direction of the relationship between different cultural dimensions and intention to leave the employment. Correlation indicators that have a negative relationship (factors that mitigate turnover) are colored green, while those that have positive relationships (factors that exacerbate turnover) are shown in orange. The chart ranks the factors in order of significance, as shown in the diagram.

Regression Analysis

In attempt to explore the most culturally defined predictors of turnover intentions whilst holding other demographic and organizational factors constant, a multiple regression analysis was performed. Within the regression model examined turnover intentions, 42% on average was in their prediction accuracy (adjusted $R^2 = 0.42$, $F(14, 1269) = 32.87$, $p < 0.001$). The significant cultural predictors are shown in Table 4.

Table 4: Multiple Regression Results: Cultural Predictors of Turnover Intentions

| Predictor | β | t | p |
|-----------------------------|---------|-------|--------|
| People Orientation | -0.28 | -6.23 | <0.001 |
| Fairness/Equity | -0.23 | -5.87 | <0.001 |
| Work-Life Balance Support | -0.21 | -4.92 | <0.001 |
| Developmental Opportunities | -0.19 | -4.43 | <0.001 |
| Recognition Practices | -0.17 | -3.95 | <0.001 |
| Open Communication | -0.15 | -3.62 | <0.001 |
| Aggressiveness | 0.12 | 2.97 | <0.01 |

From Table 4, it appears that after controlling for age, gender, standing tenure, and job level alongside organizational shifts, people orientation became the variable with the highest explanatory power for predicting turnover intent, followed in order by equity/fairness and support of work-life balance policies.

Structural Equation Modeling

Structural equation modeling (SEM) was conducted to evaluate the mediating and moderating relationships within the culture and turnover nexus. The final model fitted the data well (CFI=0.94, RMSEA=0.05, SRMR=0.04). Important results were:

1. Leadership practices mediated the impact of cultural values on turnover intentions (indirect effect: $\beta = -0.19$, $p < 0.001$).
2. Perceived organizational support (POS) was found to partial mediate the effects of people oriented culture on turnover intentions (indirect effect: $\beta = -0.16$, $p < 0.001$).
3. Employee engagement fully mediated the impact of turnover intentions of developmental opportunities within the organization. (indirect effect: $\beta = -0.21$, $p < 0.001$)
4. Job satisfaction partially mediated the effects of supportive work-life balance on turnover intentions (indirect effect: $\beta = -0.17$, $p < 0.001$).

The results show that organizational culture directly affects turnover intentions, but also impacts these through leader's influence, organizational support, employee engagement, and satisfaction.

Qualitative Findings

An examination of the interviews culminated in five distinct results on the intersection between organizational culture and employee attrition:

Leadership Style as a Cultural Catalyst

Almost all respondents marked leadership style as the most critical aspect of turnover decision making at the organization. Employees who felt cared for, received feedback, and worked in a psychologically safe environment reported higher retention. To quote one of the HR directors:

“Once we moved from an authoritarian leadership approach to more coaching style at mid-level management, we noticed a turnaround in engagement and a 23% drop in voluntary turnover within six months.” (HR Director, Financial Services)

People who intended to resign were at a breaking point because many of them mentioned the lack of connection from leadership as a major contributor.

“In this neck of the woods, no matter how decent the compensation, if your immediate supervisor does not appreciate your talent, you inevitably start looking around. Culture comes from above but it is felt through the supervisors and their leadership.” (Employee, Services)

Appreciation and Recognition

Companies with developed systematic recognition practices incorporated in their culture tended to have lower employee turnover. Recognition was equally important in moderating turnover intention regardless of its formal or informal nature:

“We initiated a recognition program at three tiers, where employees recognize each other, managers acknowledge their subordinates, and the organisation provides awards.”

“Our program has become part of our culture, and it correlates with a reduction in turnover from 22% to 14%.” (HR Manager, Manufacturing Sector)

Furthermore, employees appreciated recognition that was specific, timely, and meaningful rather than routine generic accolades:

“It felt like recognition at my past organization was too mechanical and impersonal. Here, managers appreciate your specific contribution and acknowledge it meaningfully, which makes me want to stay despite receiving offers from elsewhere.” (Employee, Healthcare Sector)

Transparency and Communication Flow

Organizations with open internal communications exhibited strong employee attachment. Sharing information about organizational changes or strategic decisions was readily available and showed to be an important cultural attribute influencing turnover:

“When we became more transparent about communication around the company performance and even shared information that was not always positive, employee trust grew significantly. Our pulse surveys indicate a 31%

increase in trust scores, and over the same period, turnover has reduced by 17%.” (HR Director, Manufacturing Sector)

Communication accessibility within and among different levels of a hierarchy was most appreciated:

“There has been a large power distance in Saudi organizations traditionally. Our efforts to allow all employees direct access to senior leadership through regular town halls and an open-door policy have dramatically changed our culture.”

“Employees stay because they feel heard.” (Department Manager, Service Sector)

Alignment with Vision 2030 Values

Ranging from empowerment, innovation, and merit-based advancement, Saudi organizations willing to incorporate culture modernization values of Vision 2030 reported improvements in engagement, especially younger Saudi employees.

“Changing our culture to embrace innovation rather than relying on age hierarchies helped us a lot. Retention of young Saudi Talent increased significantly. People want to work at places that are in line with the future direction of the Kingdom.” (HR Director, Technology Sector)

This integration was pivotal for female employees.

“Through intentional cultural change to foster women leadership development, we not only enhanced gender diversity but were able to reduce female turnover rate by 42% in three years. Women now have a future here which resonates with the changes in Saudi society’s expectations.” (Department Manager, Financial Sector)

Work-Life Integration

The advancement of organizational policies from mere work-life hybrid strategies to embracing family and personal commitments created a culture focused on family time. These policies enhanced retention rates for the organization.

“Family commitments take priority in Saudi culture.”

“When we nurtured a culture that respects these values, with real empathy and flexibility—not just policies—our retention rates soared, particularly for younger employees with families.” (HR Director, Healthcare Sector)

This aspect of culture was particularly critical during and after the COVID-19 pandemic:

“The pandemic compelled us to adopt remote and flexible work practices. Organizations that embraced these changes as cultural shifts rather than a temporary workaround during the pandemic continue to reap retention rewards. Those applying such practices as policy devoid of cultural underpinning are bleeding talent.” (HR Consultant, interviewed for context)

Case integration of Culture Change

The investigation uncovered three organizations that were enduringly different in concerns, having shifted cultures with marked impacts on organizational turnover figures. Short case summaries offer useful insights:

Case Study: Riyad Bank

Riyad Bank had historically maintained a process and hierarchy oriented culture, which resulted in an annual turnover rate of over 18%. Followed after a strategic review in 2019, the organization caused a cultural change by implementing a shift in:

- Post and Pre coaching for employees and also empowering them as leaders
- Enhanced recognition systems inclusive of recognition by peers, not just targets
- Improved career development pathways internally, boosting horizontal staff mobility
- Flexible working conditions, altering how workspaces are arranged, and the spaces themselves

After three years of implementation, the bank reported:

- Reversal in their annual rate of employee turnover – from 18.7% down to 12.3%
- Further increase in employee engagement scores from 67% to 81%
- Reduction of 35% in recruitment costs
- Improvement of the ratio of females to males at management level positions

The HR Director noted the following benefits were the result of the cultural change : “Through changing our deep-rooted beliefs towards the organizing of work and the system of managing people, we have removed the barriers to retention and career progression.”

Case Study: Almarai Company

A severe employee retention problem was observed within Almarai's Eastern Province operations in Al Ahsa, with a 23.5% employee turnover rate in technical positions, including professionals and engineers. The company has embarked on a work culture change program, focusing on:

- Rolling out the culture of continuous improvement with an emphasis on employee suggestions
- Establishing career progression for the non-managerial track
- Administering mentorship programs
- Providing greater openness in decision making and assessment of performance

The results after implementation over a period of two years included:

- Turning around the staff attrition rate to 14.2%
- Increase of 28% in the organization's self-reported ideas for improvement
- Decrease of 19% in quality related problems
- Improved market position for recruiting Saudi nationals for technical posts

As the CEO put it: “We used to have a culture that overly emphasized age and hierarchy instead of actual contribution and innovation. Eliminating these deeply held beliefs has helped stop the revolving door and improved performance.”

Case Study: Al-Moussa Hospital

At Al-Moosa Hospital in the Eastern Province, which has multiple branches, corporate culture practices impacted employee turnover inconsistently across facilities, resulting in employee turnover rates ranging from 12% to 27%. The healthcare provider launched a program to standardize and reinforce cultural norms, focusing on:

- Establishing clearly articulated shared values along with behavioral indicators
- Implementing values-based leadership training for all existing and newly hired leaders
- Establishing inter-facility practitioner communities of common interests
- Standardizing appreciation and career progression policies and practice across units

After 18 months of program implementation, the qualitative results achieved were:

- Further convergence of facility turnover rates to 13-16%, with an overall increased average
- Reduction in average organizational turnover from 19.8% to 14.7%
- Increase in organizational patient satisfaction scores
- Reduced average time to fill critical roles by 23%

The Chief Medical Officer commented: “Process and technology take precedence over culture in healthcare organizations. We have seen first-hand how culture—specifically in terms of retaining our clinicians—is what enables all of that to happen.”

DISCUSSION

Key Dimensions of Organizational Culture Affecting Turnover

Several cultural characteristics appear to impact workforce turnover in Saudi organizations. These findings are discussed below alongside other implications.

People-Oriented Leadership

A blend of both qualitative and quantitative data has surfaced a finding that organizational culture and turnover decisions are primarily determined by the approaches used in leadership. The negative association, with staff turnover intentions showing greater people orientation ($r = -0.43$), preceded by interview insights, indicates that

attending to employees' wellbeing and growth through constructive leadership encourages retention by engendering a certain culture.

(Sinha & Sinha, 2012) and several others on leadership behaviors vis-a-vis turnover intentions have been validated, while in this case, the Saudi context is provided where traditional leadership was mostly top down and heavily authoritative (Cameron & Quinn, 2011) The illustrative cases in this study showed that the movement towards people-oriented leadership was accompanied by people-centered practices that greatly improved retention results.

Organizational Justice and Equity

Lack of fairness and equity proved to be the second strongest cultural predictor of turnover intentions ($\beta = -0.23$). Employees in organizations with clearly defined processes for policy formulation and application, as well as award and advancement opportunities, had lower turnover intentions.

This finding adds to the work of (Colquitt et al., 2001) regarding organizational justice by emphasizing its significance in the Saudi context, where older systems of *wasta* (relationship-based advantage) have historically shaped organizational decision-making (Al-Asfour et al., 2017). Organizations that have erected fairness in their cultures seem to be gaining a competitive edge in retention of younger Saudi professionals, who increasingly adopt meritocratic principles, descending from traditions that value hierarchy and age.

Work-Life Balance and Flexibility

The strong association between work-life balance and its support with intention to turnover is negative and significant ($\beta = -0.21$). This means that organizational culture matters and such that takes care of employees lives beyond work is crucial to retention. The finding particularly stands out for Saudi Arabia because family obligations, albeit rooted in traditional structures, still carry considerable weight (Sidani & Al Ariss, 2014).

The qualitative findings highlighted retention markers for organizations that actively shift from policies to embedding work-life boundaries through fostering a culture that merges professional obligations and personal life. This cultural dimension has probably become more important in the wake of COVID-19, when flexible work policies became widely adopted in previously resistant Saudi organizations.

Growth and Development Orientation

Organizational cultures that focus on employee training and career progression exhibit to a large degree and with a significant negative relationship with turnover intentions ($\beta = -0.19$). In the interviews, employees participated in some cases within the commitment framework outline higher level development opportunities as important in explaining their commitment to the organization.

This is consistent with (Kraimer et al., 2011) study on retention and career development opportunities while emphasizing the Saudi context where the demographic profile of the workforce is relatively young and shifting towards skills development (Alturki & Arekat, 2018). Organizations that have been experiencing retention challenges have built cultures of continuous learning and internal career mobility especially with respect to high potential Saudi nationals trained abroad.

Recognition Practices

The cultural dimension of recognition practices exhibited a negative relationship with turnover intentions ($\beta = -0.17$). More integrated and systematic recognition had lower turnover rates than organizations that had inconsistent and superficial forms of recognition as culture.

This result contributes to the body of knowledge on organizational recognition by Danish and (Danish & Usman, 2010) on the motivational effect of recognition while addressing Saudi organizations with particular focus on effective recognition frameworks. The qualitative data indicates that recognition based on specific organizational milestones and culturally dominant value framework at different organizational tiers has the greatest retention effect.

Cultural Types and Turnover Patterns

As for the research results, there are clear differences in turnover rates among the four cultural types in the Competing Values Framework. Clan-dominant cultures tended to have the lowest turnover rates (12.5%) followed by adhocracy (13.4%), market (16.2%), and hierarchy cultures (19.7%).

These results corroborate past research conducted by (Sheridan, 1992) which stated that collaborative cultures are associated with stronger organizational commitment. They also add new insight into the industry context as a boundary condition.

In some industries such as banking and manufacturing, where there is a need for high reliability and standardization, the retention rate is likely to be higher than anticipated based on the predominant culture type because of the influence of people-centered styles of management alongside hierarchical structures.

The results also suggest that many Saudi organizations do not show pure types of hybrid cultures as much as they show a mix, drawing from several cultural orientations at once. Such organizations achieve better retention outcomes than more extreme cultural profile counterparts when the competing values most absent include the need for some form of hierarchy and some degree of collaboration and innovation.

Demographic Variations in the Culture-Turnover Relationship

The analysis uncover important demographic aspects related to organizational culture and turnover intentions. Age was identified as an important moderating variable. Employees aged between 22 and 29, for example, had a stronger negative association with developmental opportunities and turnover intention ($r = -0.47$) compared to older employees aged above 40 ($r = -0.29$). With this data, we can conclude that constituents of organizational culture which seek to develop young Saudi professionals are particularly important.

Differences in gender were observed, albeit not always as anticipated. Subordinate female employees demonstrated a stronger negative correlation between work-life balance support and turnover intentions ($r = -0.49$) than male employees ($r = -0.36$). On the other hand, at least somewhat contrary to prior Western research, the impact of recognition practices on intent to leave was somewhat stronger among male employees ($r = -0.41$) than among female employees ($r = -0.37$).

The social changes occurring in Saudi Arabia are essential when considering these differences. (Alwazzan & Rees, 2016) explain, the increasing available options for women in the Saudi labor market is changing their esthetic expectations and career paths. In particular, the emerging evidence underscores that those organizations changing culture to be more inclusive are experiencing much more favorable female retention outcomes.

Educational background also moderated the culture-turnover relationship. Employees with graduate degrees exhibited stronger negative correlations between innovation orientation and turnover intentions ($r = -0.43$) than employees with undergraduate degrees ($r = -0.32$). This means that advanced education characteristics significantly impact socially-accepted views, with heavily educated individuals being more likely to support cultures that are centered around innovation and ideation.

Cultural Change Initiatives and Results Achieved

The cultural transformation case studies included in this research's longitudinal scope provided useful lessons on how changing culture within an organization can facilitate improved retention outcomes. These transformative experiences reveal several common patterns:

Systemic Change in Approach to Culture

The retention metrics of organizations that undertook culture change interventions, within a single system perspective focusing on interactions among values, leadership actions, systems, and the physical surrounding environment, were markedly better than those with piecemeal attempts. The financial institution case study demonstrates this approach where changes across system components such as leadership training, recognition frameworks, career pathways, and workspaces collectively reduced turnover by 6.4 percentage points.

This corroborates (Barney, 1986) multi-level model of organizational culture, which argues that genuine cultural transformation is possible only when there is coherence between artifacts, espoused values, and underlying assumptions. This is particularly true in Saudi Arabia, where organizations tend to be more hierarchical as the reasoning behind such fundamental change has to do with the credibility of the culture being appealed to these systems.

Alignment and Modeling of Leadership

Obtained evidence from the case studies places great emphasis on the alignment of leadership as a recurring theme in sustaining change while resisting organizational drift in culture. Organizations that designed leaders at all levels as active agents of change and consistently reinforced the desired behaviors at all interaction levels reported greater retention improvements.

As one of the human resources directors said, "We tried to do a culture transformation in the past, and it didn't work because the executive leadership never upheld the values that we were trying to sell. The positive change that we started with had to go through a lot of work at the leadership level first to make sure that they practiced the cultural features that were intended to be cultivated heavily in the beginning."

Measurement and Accountability

Organizations that developed robust frameworks to culturally attribute measurement and enhanced their leadership accountability systems reported higher retention rates. Frequent measurements of culture, especially interim surveys, ranged from evaluating specific aspects of culture within the system to be embedded transformational changes to performing evaluation around change to be performed on the system.

The case of the manufacturing company demonstrates this by performing quarterly evaluations of the culture and enabling leaders to score on performance for specific cultural aspects assigned at evaluation periods. This shift provided momentum to intervene strategically when certain elements of culture began reverting to old ways.

Localization of Cultural Approaches

The study illustrates balancing aspects of change regarding culture with the Saudi context as Western models normally take over are not implemented in a blanket fashion. Cultures that immersed inherent culture of a balance core components of effective culture such as openness and equity alongside local values and norms tend to achieve higher acceptance and better employee retention.

For instance, some organizations were able to implement Islamic principles and Saudi cultural custom recognition practices to aid employees while not completely departing from contemporary management practice frameworks.

Alignment with Vision 2030

Another area of concern for this study is why an organization's culture alignment with vision 2030 values affects employee retention. These organizations that seem to have aligned have transformed their cultures in the intent of achieving the aims of vision 2030 (Kingdom of Saudi Arabia, 2016) such as cultivating innovation, ensuring efficiency, and exercising transparency and opportunities—tend to have higher retention rates, especially for younger Saudi nationals.

In these cases, the alignment appears in the following ways: First, organizations with promotion systems that reward merit seem to perform better with retention of talented Saudi employees. This is because such employees now expect Programs that reward merit instead of age or patronage. Second, organizations that encourage innovative and entrepreneurial behavior are retaining employees who wish to participate in the economic diversification of the Kingdom.

Third, perhaps most surprisingly, organizations that are making efforts to be more accommodating towards women staff members are improving retention rates among women significantly. As Saudi women's access to employment widens, those organizations that have cultures which support women's career progression and the balance of their professional and personal lives enjoy a significant retention edge.

CONCLUSION

This study has illustrated how profoundly organizational culture affects employee turnover in Saudi organizations. The data suggest that certain organizational culture dimensions, especially people orientation, fairness/equity, support for work life balance, developmental opportunities, and recognition activities, affect turnover intentions the most. Employees who work in organizations with transparent, collaborative cultures where employees are genuinely supported have much lower turnover rates compared to those whose organizations have hierarchical, more closed systems of communication.

The study captures important contextual variables that are significant in understanding the culture-turnover dynamic in Saudi Arabia, such as social reforms, Vision 2030, shifting socio-political norms vis-a-vis gender, and varying generational expectations. These contextual conditions pose new challenges as well as opportunities for organizations attempting to build cultures that genuinely support retention.

The illustrative case studies of some organizational successful culture change transformations provide insight that organizational culture can be purposefully changed to achieve better retention results. These changes require system-wide attention to leadership behaviors, organizational processes, space, and the generally accepted organizational beliefs and values.

With Saudi Arabia undergoing notable transformation on both an economic and social level, culture within organizations will be pivotal in capturing the attention of potential talent, which will ensure employee retention. The continuous shift in expectations on a global scale for organizations to fulfill corporative social responsibilities synced with national developmental aspirations makes cultural management lucrative for those in emerging markets. Striking the right balance between culture and society perhaps is the best way forward for the sustainability of corporate entities and the economic diversification initiatives of the Kingdom.

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