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The Causes and Impact of Turnover of Saudi or Non-Saudi Employees, Who Registered In the General Organization for Social Insurance, (GOSI), On the Private and Public (Government) Sectors In the Kingdom of Saudi Arabia, (KSA).

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Abstract

Employee **Turnover** is one the significant case that Human Resources, (HR) in worldwide are faced. It is an action that when employees are planning to leave their jobs by their own decision or when the organizations are planned to terminate the employees position. Where the turnover has two types:

Voluntary Turnover: Is happen when the employee is no longer want to work and want to leave his\her job by his\her choice for different response, such as, a new job opportunity, career change, relocation, or personal reasons. (An 2019)

Involuntary Turnover: This happens when an employee's position is terminated by organization, due to reasons for example, company restructuring or employee's poor performance. (An 2019)

Employee turnover, whether among Saudi or non- Saudi, is a significant issue on both the private and public sectors in the Kingdom of Saudi Arabia (KSA).

This study investigates the causes and impact of turnover among employees registered with the General Organization for Social Insurance (GOSI) on the both Saudi labor sector, the government sector (public) and the private sector.

Key factors contributing to turnover include economic fluctuations, organizational policies, employee satisfaction, opportunities for career development, and government-driven Saudization initiatives, which prioritize local employment over non- Saudi employees.

The research also highlights the differences in turnover trends between Saudi and non-Saudi employees, particularly in the context of Vision 2030 reforms, which aim to diversify the economy and reduce dependency on foreign labor.

The impact of turnover is analyzed in terms of organizational costs, productivity, and workforce stability, as well as broader economic implications for the KSA labor market.

Understanding these dynamics is crucial for developing effective retention strategies and aligning workforce planning with national goals.

The study offers recommendations to reduce turnover and enhance employee engagement, focusing on both workforce localization and sustainable of employment, serving both the public and private sectors.

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Contents

Abstract	ii
Acknowledgments	iii
Contents	iv
List of Contents	iv
List of Tables	vi
List of Figures	vi
List of Terminology	vii
List of Abbreviations	vii

List of Contents

Chapter No	Chapter Title	Page No
1	1.1 Introduction	8
	1.2 Problem Statement	8
	1.3 Study Purposes	9
	1.4 Study Importance	10
	1.5 Study Questions	11
	1.6 Hypotheses of Research	11
	1.7 Theoretical Model	12
	1.7.1 Maslow's Hierarchy of Needs	12
	1.7.2 Herzberg's Two-Factor	13
	1.7.3 Job Embeddedness Theory	14
	Literature Review	15
	2.1 Introduction	15
	2.2 Dependent Variable: Employee Turnover	15
	2.3 Independent Variables: Causes of Turnover	16
	2.4 Theoretical Framework of the Study	16
	2.4.1 Maslow's Hierarchy of Needs	16
	2.4.2 Herzberg's Two-Factor Theory Herzberg's	17

2	2.4.3 Job Embeddedness Theory	17
	2.5 The Past Researches on Employee Turnover	17
	2.5.1 Labor Turnover	17
	2.5.2 Private vs. Government Sectors: A Comparison of Saudi Arabia's Turnover Rates	18
	2.5.3 Major Findings on Saudi Organizations from Previous Studies	19
	2.6 Summary of Previous Works	20
	2.7 Theoretical Framework of the Study	20
3	Research Methodology	21
	3.1 Introduction	21
	3.2 Design of Research	21
	3.3 Population of the Study	22
	3.4 Sample Characteristics	22
	3.5 Sample Size Determination	22
	3.6 Data Collection Procedures	23
	3.7 Study Determinants	23
	3.8 Method of Testing	24
4	4.1 Data Analysis	25
	4.1.1 Information Overview from GOSI Collected	25
	4.1.2 Descriptive Statistics	26
	4.1.3 Turnover by Nationality	27
	4.1.4 Age Grade Replacement	27
	4.2 Inferential Statistical Analysis	28
	4.2.1 Least Squares Regression:	28
	4.2.2 Regression Results:	28
	4.2.3 Logistic Regression Results:	29
	4.2.4 Data Interpretation	30
	4.3 Research Findings	30
	4.4 Recommendations for Research	30
-	Reference	32
-	Appendixes	35
-	QUESTIONNAIRE	39
-	Abstract	44

List of Tables

Table No	Description	Page No
1	Table 2-1: Average Turnover in Government and Private Sectors in 2023	18
2	Table4- 1: Average Turnover Rate in Sectors	26
3	Table 4-2: Turnover rates by nationality	27
4	Table 4-3: Turnover Rate by Age Group	27

List of Figures

Chart No	Description	Page No
1	Picture1-1: Maslow's Hierarchy of Needs [Website1]	12
2	Picture 1-2: Herzberg's Two Factor Theory [Website2]	13
3	Picture 2-1: Compare the rate of turnover between Government and Private sector [Website3] & [Website4]	19
4	Picture 4-1: General Number of Subscribers by Sector & Nationality in GOSI, 2023, [Website5]	25
5	Picture 4-2: Registered Employees in GOSI [Website6]	26
Appendixes	Picture C2-1: Turnover Rate in Public Sector between 2015 - 2022	35
	Picture C2-2: Turnover Percentage Rate in Public Sector between 2015 - 2022	36
	Picture C2-3: Turnover Rate in Private Sector of 2023	37
	Picture C2-4: Turnover Rate in Public Sector of 2023	37
	Picture C2-5: Turnover Rate in Public & Private Sectors of 2024	38
	Picture C2-6: Turnover Formula	38
	Picture C2-7: Average Number of Employees Formula	38

List of Terminology

- **Turnover:** Is the rate that employee change his\her position or job
- **Voluntary Turnover:** It happened when the employee leave his\her position or job by his\her well
- **Involuntary Turnover:** It happened when the employee is terminated by the employer

List of Abbreviations

- **KSA:** Kingdom of Saudi Arabia.
- **GOSI:** General Organization for Social Insurance.
- **HR:** Human Resource
- **MHRSD:** Ministry of Human Resources and Social Development.
- **ROI** Return On Investment
- **GAS** General Authority for Statistics

Chapter 1

1.1 Introduction

Employee turnover refers to the rate at which workers leave organizations, thereby necessitating their replacement with new hires, an issue important to businesses and government institutions. Specifically in private and government sectors in the KSA. Indeed, high employee turnover can lead to significant financial losses, disruptions in productivity, operation, and weakened organizational culture in many countries. Saudi Arabia is no exception, as employee high turnover rates can pose serious challenges for Saudi companies, impacting productivity, morale, and overall organizational performance of the both sectors. With the labor market in the Kingdom made up of Saudi and a mix of non-Saudi. The government policy of Saudization, and economic issues such as fluctuating services prices and rapid modernization efforts, the turnover temporarily problem is only complicated further.

This research investigates the causes and effects of employee turnover among employees registered with GOSI in the public and private sectors (Morrice et al., 2021). GOSI, which operates the social insurance system of Saudi Arabia, provides a rich source of data about employment patterns across sectors and, therefore, forms an ideal focus for comprehending turnover within the Kingdom. The research will analyze the leading causes of turnover and measure the influence of turnover on organizational performance, employee morale, or productivity in both sectors based on data from GOSI.

The study also explores the difference in Saudi and non-Saudi turnover rates, pitting them against each other across the private and public sectors. The purpose is to develop recommendations for turnover reduction that will improve employee retention and be symbiotic with employers and employees in Saudi Arabia.

1.2 Problem Statement

One of employers' worst problems, especially in Saudi Arabia, is employee turnover (Alshareef et al., 2020). Turnover problems are particularly critical in the private sector, which tends to show much higher turnover rates than in the state or public sectors. This is mainly

because job promotion, wages, and security differ significantly between these sectors. In addition, expatriates, who comprise a significant percentage of the Saudi Arabian workforce, have higher turnover ratios than Saudi nationals, primarily because of short-term contracts, visa restrictions, and limitations concerning career advancement. People working in the public sector have greater job security and more benefits, which lowers the rate of turnover.

In the public sector, though, turnover remains an issue despite all efforts to energize it, and among the younger crowd looking for more challenging jobs with better life-work balance, it still needs to be addressed. The Saudi government's Saudization policy, replacing expatriates with Saudi nationals in the workforce, further aggravates turnover challenges as companies seek to balance their needs for skilled expatriate labor against government requirements to hire more Saudis. It is, therefore, very significant to understand the causes of turnover in both sectors to devise effective strategies to improve employee retention and organizational performance. High turnover is often accompanied by high costs linked to recruitment and training activities, loss of institutional knowledge, reduced productivity levels, and poor morale among the remaining employees. In Saudi Arabia, however, the reliance on both Saudi and non-Saudi employees makes the issues even worse, each a different stumbling point in expectation and experience in the workforce.

1.3 Study Purposes

This paper researches the causes and effects of employee turnover in Saudi and non-Saudi employees registered in GOSI in the public and private sectors (Hani & Lopesciolo, 2021). It will identify what elements of turnover are essential through analysis of the data concerning turnover and their relative strength of impact in the investigated public and private sectors. The study will also examine the effect of turnover on organizational performance, morale among employees, and overall productivity, suggesting how to improve employee retention strategies.

This study aims to identify the prime factor of turnover in the public and private sectors. It also investigates the differences in the separation rate between nationals and expatriates. Assess the turnover regarding its impact on organizational performance and employee morale. Additionally, suggestions should be made to reduce turnover and enhance employee retention in both sectors. It also renders the findings particularly useful to policymakers, human resource

managers, and business leaders in Saudi Arabia who are interested in enhancing workforce stability and mitigating adverse impacts of workforce turnover on their organizations.

1.4 Study Importance

The significance of the study could provide a solution to a significant problem affecting both the private and public sectors in Saudi Arabia. High labor turnover has several negative impacts on organizations, including increased expenditures related to recruitment, training, and lost productivity. For individual employees, high turnover might lead to job insecurity, which results in low morale and dissatisfaction with the work environment. In a greater sense, this could lead to labor market instability when the turnover rates become high and make firms less competitive. Since the Saudi markets are witnessing a great expansion and openness to attract foreign investments from major economies, Saudi companies in both the private and public sectors will not be able to compete effectively if there is still a high turnover rate.

High labor mobility challenges the private sector in keeping a productive workforce. This is critical since Saudi Arabia depends on many expatriates, most of whom hold short-term contracts or face visa restrictions that reduce their longer-term employment opportunities. Many expatriates in Saudi Arabia would instead seek more long-term job opportunities elsewhere, creating that vicious circle of high turnover and heavy recruitment for companies in the private sector.

As can be seen, turnover in the public sector is less pronounced, with increased job security and an associated benefits package. Still, turnover remains an issue for some employees who may feel the public sector offers limited growth and professional development opportunities. Such employees are likely to head towards the private sector or abroad in search of more exciting career opportunities, thereby increasing the average turnover levels for the public sector.

The findings from this research will contribute to the existing literature on employee turnover in the KSA and ratify policymakers and business leaders with relevant information that representatives are eager to break this trend. This research paper will support organizations in both sectors in developing a more stable and productive working environment by identifying the

leading causes of turnover and providing practical recommendations on reducing turnover and promoting better employee retention.

1.5 Study Questions

The researcher attempts to find answers to the following research questions:

- What causes employee turnover in the public and private sectors within Saudi Arabia?
- What are the perceived differences between the turnover rates of Saudi nationals and expatriates, and what are the causes for such a difference?
- What does employee turnover affect in terms of its consequences, such as organizational performance, employee morale, and productivity?
- What strategies might organizations of both public and private sectors put in place to minimize turnover and improve retention of workers?

Therefore, this research project will try to answer these questions. When established, it will comprehensively explain the 'why' behind turnover in Saudi Arabia and make specific, actionable recommendations to improve workforce stability.

1.6 Hypotheses of Research

The following hypotheses will be tested based on the study's objectives and the literature review on employee turnover.

- H1: Private sector turnover is much higher than in the public sector due to perceived job threats, pressures on performance, and more minor benefits.
- H2: Expatriates have higher turnover rates than Saudi nationals since the workforce is usually hired on temporary contracts, with limitations in obtaining a visa and limited career advancement.
- H3: Workers employed in private companies have more chances to quit due to dissatisfaction with compensation, career development prospects, and work/life balance.
- H4: Targeted retention strategies, such as enhancing job security, offering competitive remuneration packages, and offering career development opportunities, could be highly effective for all sectors.

These hypotheses will be tested with quantitative and qualitative data to analyze the pattern effectively and causes linked to turnover.

1.7 Theoretical Model

Therefore, this study uses key theoretical models to explain employee turnover and retention. These theoretical models provide a framework underlining how the different factors relating to job security, compensation, and career development affect employees ' decisions about future retention or exit in an organization for better opportunities.

1.7.1 Maslow's Hierarchy of Needs

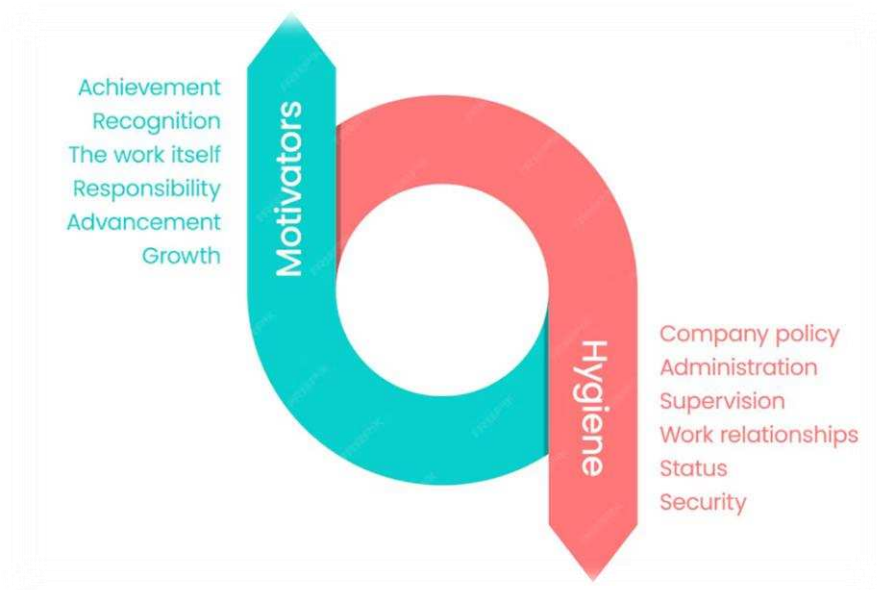
Maslow's hierarchy of needs is a widely applied theory of motivation, dating back to 1943, and has been extended to study employee turnover comprehensively. The theory postulates that individuals have hierarchical motivational needs, with basic physiological needs (food, water, shelter) at the bottom and higher-order needs towards self-actualization. Maslow's theory (Omodan & Abejide,2022) about employee turnover states that people will stay longer with an organization should their basic level needs, such as a guarantee of job security, good remuneration packages, and safety in the workplace, be made available. On the contrary, according to this theory, employees would quickly leave an organization to look for other better opportunities when these fundamental needs are not considered. Therefore, this paper adopts Maslow's framework to analyze how unmet needs, especially in job security, compensation, and career development, lead to turnover in the public and private sectors.



Picture1-1: Maslow's Hierarchy of Needs [Website1]

1.7.2 Herzberg's Two-Factor

In the Two-Factor Theory, Herzberg identifies two factors: hygiene and motivators (Alam, 2021). Hygiene factors create dissatisfaction if absent but do not lead to actual job satisfaction, including salary, job security, and working conditions. The motivators include, among others, recognition, career advancement, and personal growth, which drive job satisfaction and, subsequently, loyalty. In the light of Herzberg's theory, this suggests, in terms of employee turnover, that improved hygiene factors other words, increasing salary, and job security reduce dissatisfaction and, therefore, turnover, but for a feeling of satisfaction to be evoked and, thus long-term loyalty, organizations have to provide motivators, such as opportunities for career development.



Picture 1-2: Herzberg's Two Factor Theory [Website2]

1.7.3 Job Embeddedness Theory

According to Job Embeddedness Theory, proposed by (Mitchell et al., 2001), the reasons employees decide to continue to stay with an organization or not depend on how much they are embedded in their jobs and communities. It involves developing personal relationships, finding a fit, and acquiring career opportunities (Al-Ghazali, 2020). The results show that employees more embedded in their jobs and communities are less likely to quit, even if dissatisfaction arises. This study relies on the job embeddedness theory to explain how factors like job fit, social connections, and career opportunities influence the turnover rate in both public and private organizations. The focus is on the aspects that, when improved, will enhance job embeddedness, thereby reducing turnover.

Chapter 2

Chapter 2: Literature Review

2.1 Introduction

One of the main issues that almost every organization around the globe is facing nowadays is employee turnover (Hassan et al., 2023) due to its negative impact on productivity, financial stability, and organizational culture. The problem of turnover in KSA is influenced by the harmony between Saudi nationals and expatriates in the workforce and the unique flavor of the public and private sectors.

Relevant literature on employee turnover, focusing on its causes, consequences, and potential strategies to reduce turnover, especially in the labor market of Saudi Arabia, is reviewed in this chapter. This chapter starts with the definition of turnover, followed by a review of critical theoretical models, and then an analysis of global and Saudi Arabian trends.

2.2 Dependent Variable: Employee Turnover

Turnover measures the flow of leavers from an organization and their replacement by new employees during a given period. There are two types:

- Voluntary Turnover: a circumstance when the employee leaves of their own will, which can be because of pay dissatisfaction, career development problems, or inability to enforce work-life balance. (An 2019)
- Involuntary Turnover means any separation that employers force upon employees, such as for poor performance, downsizing, or changes in organizational strategy. (An 2019)

The dependent variable to be used is employee turnover, which focuses on the employees registered with GOSI in Saudi Arabia. The causes and patterns of Turnover in both the public and private sectors give insight into how Turnover interferes with an organization's stability and performance.

2.3 Independent Variables: Causes of Turnover

Employee turnover depends on the interaction of several independent variables, such as personal, organizational, and external factors:

- Job insecurity: Job insecurity due to short-term contracts, performance-based dismissals, and fluctuating economic situations is also haunting employees, especially in the private sector.
- Salaries and Benefits Packages: Competitive salaries and benefits packages are akin to other industries; there is an excellent tendency for workers to either continue or quit an organization. Government jobs generally have more job security and benefits, which impacts lower turnover than the private sector.
- Developmental opportunities: An organization's inability to help an employee grow in his career is one of the major influences on voluntary turnover. Employees in any sector may quit due to a lack of promotional or career-building opportunities.
- Work-Life Balance: An employee looks forward to a successful balance of his or her professional and personal lives. Organizations with rigid schedules or over-loaded work projects record higher turnover rates (Akinloye, 2022).

Organizational culture and job poor communications, a lack of recognition, and workplace cultural dissatisfaction contribute to higher turnover rates. Employees will be willing to continue with well-organized firms where the workplace culture is good, and their contributions are recognized.

2.4 Theoretical Framework of the Study

Several theoretical models explain employee turnover and retention. These frameworks explain how organizational factors interact with employees' needs to influence turnover.

2.4.1 Maslow's Hierarchy of Needs

Maslow's hierarchy of needs constitutes one of the most applied theories in understanding employee motivation and turnover. According to Maslow, individuals are first motivated to fulfill basic needs, such as job security and fair wages, before addressing higher-order needs, such as belonging, recognition, and self-actualization.

People working in industries with bad job security or inferior pay will leave, especially if their basic needs are unmet. Workers are more likely to quit, particularly when their basic needs have not been met. This study's application of Maslow's theory offers an understanding of why the turnover rate is different between the public and private sectors, as working with the government typically offers a higher level of stability with better benefits.

2.4.2 Herzberg's Two-Factor Theory Herzberg's

The two-factor theory identifies two factors: hygiene factors, which are aspects related to salary, job security, and working conditions, and motivators, including recognition and career advancement. Hygiene factors only prevent dissatisfaction if present but cannot make one feel satisfied with the job. On the other hand, motivators contribute to higher job satisfaction and retention. This theory suggests that organizations need to eliminate dissatisfaction factors and create motivating environments that will attract employees to commit and remain loyal in return.

2.4.3 Job Embeddedness Theory

Mitchell et al. (2001) popularized the Job Embeddedness Theory, which describes how employee retention depends upon the degree to which employees are embedded within their jobs and communities. Factors increasing embeddedness involve personal relationships, job fit, and career development opportunities. Turnover is considered less likely for people who feel more connected to their job or community, even if they are dissatisfied.

2.5 The Past Researches on Employee Turnover

Indeed, there is a good deal of empirical research into employee turnover across a wide array of industries and from different parts of the world. Such research explains turnover causes and consequences within various organizational settings. First, relevant research has been reviewed both in the global and Saudi Arabian contexts.

2.5.1 Labor Turnover

Global and Local Trends Generally speaking, industries with low job security and minimal career advancement opportunities - retail, hospitality, and customer service- are good examples of this, and they exhibit higher turnover rates globally. On the other hand, sectors like education and healthcare, which have intrinsic motivation and job security, usually have lower turnover rates. Due to geographical location, several other factors trigger turnover, which

happens in Saudi Arabia, and Saudization policies are one of them. It guarantees the employment of Saudi nationals rather than expatriates (Lopesciolo et al., 2021). While these have promoted good job prospects for Saudi nationals, they have also facilitated the turnover of expatriates due to visa restrictions and temporary contract forcings.

2.5.2 Private vs. Government Sectors: A Comparison of Saudi Arabia's Turnover Rates

As such, studies indicate a higher turnover rate in Saudi Arabia, especially when comparing the private sector to the government sector. The reason is based on the fact that the government sector offers job security, stable benefits, and pensions, thus creating better retention factors for employees. In addition, private sector employees continue to be uncertain due to performance-based contracts with minimal benefits, thereby leading to their intention to leave an organization (Al Rashdi, 2020). Assert that the leading causes of turnover in the private sector are job insecurity, limited career growth, and remuneration.

For example, table 2-1 shows the total number of turnover of employees in both government and public sectors of the year 2023.

Table 2-1: Average Turnover in Government and Private Sectors in 2023			
Government Sector	Saudi	Non-Saudi	Total
	9045.75	570.25	9616
Private Sector	Saudi	Non-Saudi	Total
	82293.75	84002.25	166296

As we can see in the table 2-1, statistics provided by General Authority for Statistics, (website3) and (website4), the total number of employees who discontinuation of work and was registered in GOSI and in the government sectors is 175,912 employee. However, in the government sector about 94% are Saudi, while 6% are Non-Saudi.

In the contrast in the private sector about 49.5% are Saudi, while 50.5% are Non-Saudi. Where there were different reasons why the employees are left their jobs such as:

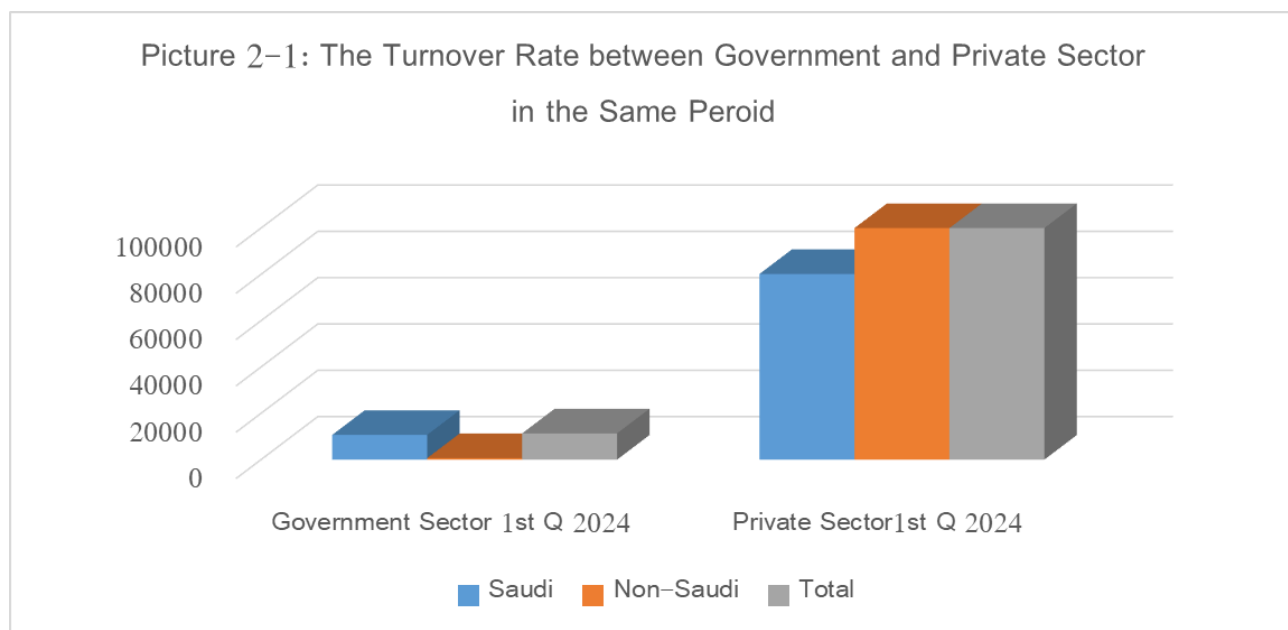
- Joining a government job
- End of business relationship
- Expiry of the activity
- Reaching retirement age

- Termination under Article (80) of the Labor Law
- Termination of the contract during the training period Season
- Dismissal under Article (77) of the Labor Law
- Expiry of the employment contract.
- Natural death , etc

Note: More information in appendix section page 27- 30

Moreover, when to compare the rate of the turnover based on first quarter of 2024 between the government (public) and the private sectors, it can be seen from the picture:2-1 about 94.2% of the employee are Saudi, while 5.8% are Non-Saudi. Who left the position respectively.

In the contrast in the private sector about 44.48% are Saudi, while 55.51% are Non-Saudi. Who left the position respectively.



Picture 2-1: Compare the rate of turnover between Government and Private sector [Website3] & [Website4]

2.5.3 Major Findings on Saudi Organizations from Previous Studies

Several studies have targeted the tendency for turnover in Saudi organizations. For example, Al-Ahmadi's 2002 study reported that job satisfaction and career growth opportunities were significant predictors of turnover among Saudi nurses. Likewise, Achoui and Mansour (2007) also reported that lack of recognition, poor communication, and low wages are severe

reasons for turnover in Saudi private firms. These findings indicate that more excellent retention strategies are needed in Saudi Arabia, which requires a more focused approach in industries where turnover is generally higher, such as health and construction.

2.6 Summary of Previous Works

The reviewed studies have shown that organizational and personal factors influence turnover in Saudi Arabia. Turnover rates are relatively low in the public sector due to prevailing job security and benefits, while in the private sector, higher turnover rates exist, driven by job insecurity, advanced career growth limitation, and dissatisfaction over compensation. It is observed that the turnover rates increase for expatriates and younger employees as they search for opportunities in more stable environments. These findings suggest that retention strategies must be carefully tailored to meet the needs of various employee groups.

2.7 Theoretical Framework of the Study

The present research used Maslow's Hierarchy of Needs, Herzberg's Two-Factor Theory, and Job Embeddedness Theory to describe employee turnover in Saudi Arabia's public and private sectors. These theories adequately underpin a complete framework that explains the relationship between job security, career development, organizational culture, and turnover. The study shall also use some statistics from the GOSI to examine turnover trends across the different demographic groupings and sectors to develop a fine-grained understanding of turnover trends in Saudi Arabia.

Chapter 3

Chapter 3: Research Methodology

3.1 Introduction

This chapter highlights the overview of the methodology to be used in investigating the causes and impacts of employee turnover in both the public and private sectors of Saudi Arabia. The research will utilize qualitative and quantitative methods based on employee data listed under the General Organization for Social Insurance, GOSI. Using statistical analysis will help the study point to turnover trends across different sectors and age groups regarding the demographics of employees. It will also maintain qualitative inputs based on surveys or interviews to investigate further the causes of turnover and its impact on organizational performance.

3.2 Design of Research

The research design for this study includes a mixed-method approach that combines quantitative and qualitative approaches to understanding employee turnover. The quantitative data will be retrieved from GOSI, but more essentially, it will be regarding the turnover rate of employees against actual numbers of each sector. This will allow for carrying out statistical tests and getting trends. On the other hand, qualitative data will also be collected using surveys or semi-structured interviews for employees on personal experiences, job security, career development, and their reasons for quitting their respective organizations.

The GOSI dataset will provide numerical data on such turnover rates, allowing for a thorough statistical analysis of the trend. The quantitative part will focus on the difference in turnover rates between Saudi nationals and expatriates; moreover, a comparison will be drawn between the private and public sectors. The qualitative part of the study will be questionnaires or face-to-face interviews with study staff, both sectors, to complement the in-depth analysis concerning intention-to-leave and job satisfaction, work-life balance, and opportunities for career progression.

3.3 Population of the Study

The target population in this research is all the employees listed in GOSI, ranging from shared Saudi nationals to expatriates working either in the public or private sectors. The GOSI can be used as a rich data source concerning employment patterns, turnover rates, and demographic information on the workforce.

- **Public Employees:** Generally, public employees enjoy more job security and significant benefits. Thus, the rate of quitting is less likely compared to the private industry. Government jobs are generally considered stable worldwide, and the turnover rate is assumed to be lower.
- **Private Sector Employees:** This sector is more precarious, with higher turnover rates, since the contract length might be shorter, performance pressures are more significant, and job security is weaker. Employees in the private sector comprise both nationals and expatriates; the latter usually have higher turnover rates.

3.4 Sample Characteristics

The sample will be drawn from various industries and sectors from a pool of employees registered with GOSI. Samples in this study will cover a representative population of the following:

- **Nationality required:** Saudi nationals and non-Saudi.
- **Sector:** Staff in the public and private sectors.
- **Gender:** Male and female employees.
- **There are age brackets** for young employees under 25, middle employees between the ages of 35 and 49, and senior employees 50+
- **Types of Jobs:** Administrative, Technical, Managerial, Operational.

3.5 Sample Size Determination

A sample of some 500 from the GOSI database should be drawn so that the representation across sectors is as comprehensive as possible, covering age groups, nationalities, and job roles. The sample size will be selected based on:

- Population Size: The number of employees in both sectors registered in GOSI.
- Confidence Level and Margin of Error: To ensure statistical validity, aim for a 95% confidence level, which results in a 5% margin of error.
- Stratified Sampling: The sample will be stratified by sector, namely public vs. private, nationality, namely Saudi vs. expatriate, and demographic characteristics, such as age and sex, to ensure that all relevant groups are adequately represented.

3.6 Data Collection Procedures

Data collection will be done in a two-fold manner:

- Quantitative data collection: The information would be directly obtained from GOSI's employment records. The dataset shall include employee turnover, job types, contract duration, demographic information, and sector-wise statistics, among many other factors. The data shall span over five years to outline the long-term trends in employee turnover.
- Data Collection: The data collection will be done qualitatively, using surveying or semi-structured interviews across samples in both sectors. The questions would relate to major turnover factors, including job satisfaction, career development opportunities, compensation, and work-life balance. Semi-structural interviews allow more in-depth explorations of these topics, providing a richer understanding of employees' motivations to stay or leave.

3.7 Study Determinants

Various crucial determinants will be studied to understand the trend of turnover.

- Job Security: The 'ladder' approach is a critical factor influencing turnover today, particularly in the private sector.
- Career Development: The level of career growth opportunities available and whether or not it impacts employee retention.
- Rewards: Salaries, benefits, and respective impacts on turnover owing to competitive remuneration packages.
- Work-Life Balance: Employees' balance between work and personal life may influence their decision to stay or leave.
- Organizational Culture: How communication, recognition, and positive work environment affect turnover.

3.8 Method of Testing

Quantitative data will be analyzed using descriptive and inferential statistics, while thematic analyses will be performed for the qualitative data. Quantitative data analysis will involve descriptive statistics to summarize the turnover rates across industries and demographics. At the same time, inferential statistical tests will be used, such as regression analysis and hypotheses of relationship with independent variables: job security, compensation, and career development. The mean, median, and standard deviation will summarize turnover rates and demographic distributions. Regression Analysis would test the effects of the fundamental independent variables, such as job security, compensation, and career development, on turnover rates across industries. A comparative analysis using t-tests and ANOVA will compare the turnover rates between the public and private sectors first and then between Saudi nationals and expatriates. The thematic analysis shall follow from identifying common themes that emerge from the responses to the questionnaires and interviews regarding turnover, experiences, perceptions, and motivation. We shall systematically do the qualitative data analysis using reputed qualitative data analysis software like NVivo to code and categorize the responses.

The research will be based on strict ethical considerations, ensuring all participants' privacy and confidentiality. Informed consent will be sought from all the candidates participating in the qualitative part of this research work. Even the GOSI data will be anonymized to keep the employee's identity hidden and ensure personal information is disclosed.

Though the study tries to provide in-depth information concerning the trends in employee turnover in Saudi Arabia, some things could be improved. The study can only depend on data from GOSI; it may not capture all the variables affecting turnover in the study, for instance, personal reasons for voluntary turnover. While the study aims to represent the public and private sectors, findings may only be fully generalized to some industries or regions in Saudi Arabia. There may be a difference in response rates for the survey or interview portion, skimping on both the depth and breadth of qualitative data collected.

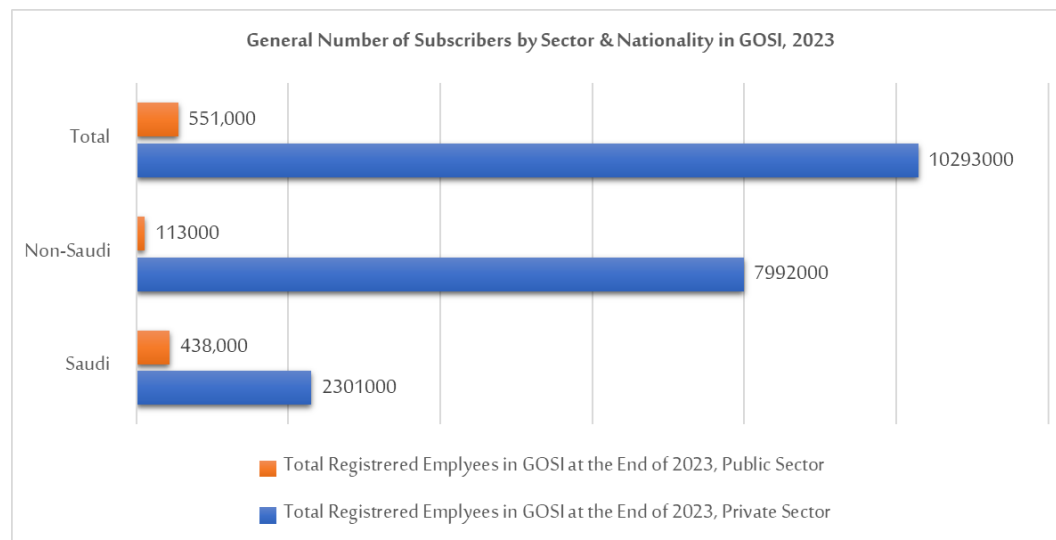
Chapter 4

4.1 Data Analysis

The data analysis in the present study is organized into two major parts: descriptive statistical analysis of turnover rate and inferential statistical analysis to find the relationship between the different variables of turnover and its critical determinants concerning job security, compensation, and opportunities for career development. Data were drawn from GOSI, which has tracked turnover across Saudi Arabia's private and public sectors - thus providing a robust dataset for analysis. The chapter examines the pattern of turnover by identified demographic variables and compares patterns between the public and private sectors.

4.1.1 Information Overview from GOSI Collected

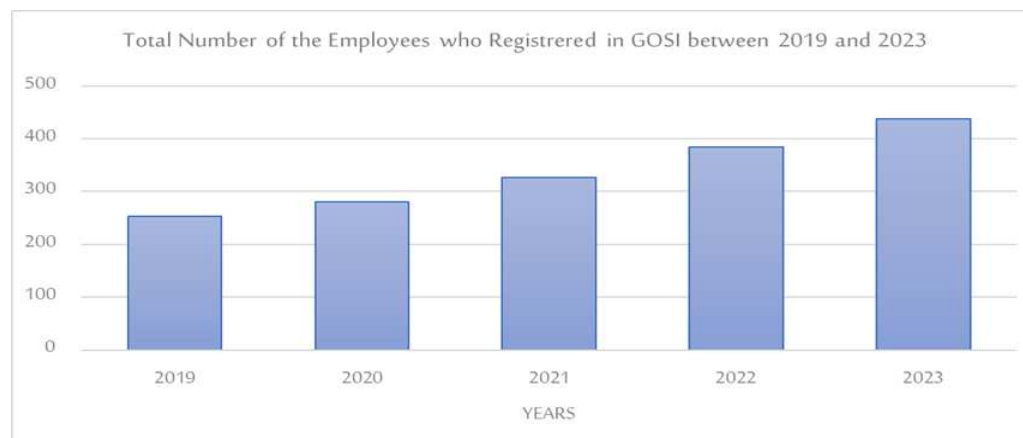
GOSI collects data on comprehensive employment in Saudi Arabia, supplied from both the public and private sectors. Pic4 shows the general number of subscribers by sector and nationality in GOSI at the end of the year 2023.



Picture 4-1: General Number of Subscribers by Sector & Nationality in GOSI, 2023, [Website5]

The dataset used in this study runs for five years, 2019–2023, as is shown in Pic3, (Website5), it includes close to 500,000 employees registered with GOSI (Website5),

and contains detailed records of employee separations, new hires, contract types, and demographic data such as age, gender, and nationality.



Picture 4-2: Registered Employees in GOSI [Website6]

The dataset allows the analysis of variables on:

- Turnover Rate: The percentage of staff leaving their positions in a calendar year.
- Industry: Public or private sector.
- Nationality: Saudi national or expatriate.
- Age: This could be grouped into 25–34 years (younger employees), 35–49 years (mid-career), and those 50+ years (older employees).

4.1.2 Descriptive Statistics

Sectoral turnover rate one of the primary differences researched in the paper is turnover rates between the public and private sectors. Table 4-1 shows the average turnover rates for each sector over the five-year period.

Table4-1: Average Turnover Rate in Sectors	
Sector	Average Turnover Rate (%)
Public	10%
Private	30%

This is evidently from Table 4-1, with the private sector having amazingly high rates of about 30% average turnover against the public sector, which has as low as 10%. The contributing factors to the higher turnover in the private sector include job insecurity, performance contracted jobs and limited benefits. Concerning that, employees within the public sector usually have

higher job security, better benefits, and longer-term contracts that retain them longer in the workplace.

4.1.3 Turnover by Nationality

The turnover rate also varies significantly in the nationals and expatriates, especially in the private sector. Table 4-2: Turnover rates by nationality and sector.

Table 4-2: Turnover rates by nationality		
Sector	Saudi Nationals (%)	Expatriates (%)
Public	8%	12%
Private	25%	38%

Table 4-2 really illustrates that expatriates tend to have higher turnover rates than Saudis, especially in the private sector, where the rate reaches 38% for expatriates but only 25% for Saudis. In partial explanation, this could be due to the nature of many expatriate contracts, which are either very short or contracted around the duration of a particular project. Concerning this, expatriates generally face visa restrictions and other job security problems over the long term that drive many to look elsewhere for work outside Saudi Arabia or within more secure environments.

4.1.4 Age Grade Replacement

Turnover patterns also vary between different age groups. Table 4-3 shows turnover rate by age group and industry respectively.

Table 4-3: Turnover Rate by Age Group		
Age Group	Public Sector (%)	Private Sector (%)
25–34 years	12%	40%
35–49 years	8%	28%
50+ years	5%	18%

The data show in the table 4-3 that, within both sectors, younger employees aged 25–34 have the highest turnover rates, peaking at 40% in the private sector. Career growth, increased technical skills, and higher remuneration are the more plausible reasons why younger employees often change jobs. On the contrary, the turnover rate is always minimal among older employees, aged 50+, because in the public sector, long-term contracts and pension benefits provide greater job security.

4.2 Inferential Statistical Analysis

Regression analysis was performed to examine in depth the relationship between some of the key determinants: job security, compensation, career development opportunities, and turnover. This section presents results regarding linear regression and logistic regression models.

4.2.1 Least Squares Regression:

Determinants of Turnover Rate Multiple linear regression analysis was done to see the impact independent variables have on dependent variables: job security, compensation, career development, and work-life balance. If it all points back to the turnover rate, then the model equation is expressed as follows:

$$\text{Turnover Rate} = \beta_0 + \beta_1(\text{Job Security}) + \beta_2(\text{Compensation}) + \beta_3(\text{Career Development}) + \beta_4(\text{Work-Life Balance}) + \epsilon$$

Where:

- Job Security is measured by contract duration and the presence of long-term employment agreements.
- Compensation includes salary and benefits packages.
- Career Development is based on promotions, training, and skill enhancement opportunities.
- Work-life balance refers to flexibility in working hours, remote options, and overall job stress.

4.2.2 Regression Results:

- Job Security: $\beta = -0.45$, $p < 0.01$
- Compensation: $\beta = -0.35$, $p < 0.05$

- Career Development: $\beta = -0.40, p < 0.05$
- Work-Life Balance: $\beta = -0.30, p < 0.05$

These results show that all the independent variables reduce the turnover rate, so the higher the level of job security, compensation, career development, and work-life balance, the lower the turnover rate. Job security has been ranked first with a coefficient of -0.45, signifying that the person with a more secure job has fewer chances to leave. Compensation and career development are also essential, with coefficients of -0.35 and -0.40, respectively.

Using the same independent variables, a logistic regression model was used to predict voluntary turnover. Based on employees' perceptions of job security, compensation, career opportunities, and work-life balance, the model estimates the probability an employee will leave voluntarily.

Where, $\log (1-P (\text{Turnover}) / P (\text{Turnover})) = \beta_0 + \beta_1(\text{Job Security}) + \beta_2(\text{Compensation}) + \beta_3(\text{Career Development}) + \beta_4(\text{Work-Life Balance})$

4.2.3 Logistic Regression Results:

- Job Security: Odds ratio = 0.60, $p < 0.01$
- Compensation: Odds ratio = 0.75, $p < 0.05$
- Career Development: Odds ratio = 0.65, $p < 0.05$
- Work-Life Balance: Odds ratio = 0.70, $p < 0.05$

The odds ratios show that the higher the job security, compensation, career development opportunities, and work-life balance, the lesser the chances of voluntary turnover. In other words, when one is in a position where an individual has better job security, they are 40% less likely to leave with an odds ratio of 0.60, and employees for whom career development opportunities are provided are 35% less likely actually to leave with an odds ratio of 0.65. Such findings bring into sharp perspective the need to provide stable, rewarding, and supportive conditions of work to minimize voluntary turnover.

4.2.4 Data Interpretation

The analysis presented below provides an overview of several key findings related to employee turnover in Saudi Arabia.

- **Sectoral Differences:** Differences by sector include the private sector's greater vulnerability to higher rates of turnover due to job security issues, performance-based contracts, and fewer benefits.
- **Nationality:** The labor turnover rate is higher among expatriates than Saudi nationals, especially in the private sector. The reason may be the restriction of visas and the temporariness of their contracts.
- **Age brackets:** Younger employees, 25-34 years, tend to leave their jobs, especially for the private sector, where opportunities for advancement and compensation may be better elsewhere.
- **Predictors of Turnover:** Job security, remuneration, career development, and work-life balance were strong predictors of turnover. Therefore, increasing job security and promoting opportunities for growth and flexibility are significant strategies.

4.3 Research Findings

In this respect, these findings imply that retention strategies must ensure downward changes in the turnover rates in Saudi Arabia, especially in the private sector, are particularly important. While public sector organizations usually enjoy more stable employment conditions, their private sector peers must focus on increasing job security, competitive remuneration, and career advancement opportunities. The tailored retention strategies should also address specific needs related to expatriates and younger employees, regarded as the highest risk due to job insecurity and lack of growth opportunities.

4.4 Recommendations for Research

In light of the salient findings in this study, recommendations to reduce employee turnover in Saudi Arabia are advanced thus:

- **Increasing Job Security:** To increase job security, private sector organizations should provide long-term contracts and reduce their dependence on short-term and performance-based contracts.

- **Competitive Compensation:** Salaries and benefit packages should be in tune with the industry norms, standard of living, and expectations that the employees want. Again, performance-linked bonuses along with flexible working hours will further reinforce retention.
- **Career Development Opportunity:** The career path needs to be well-defined, and skills development within an organization should be invested in through training, mentoring, and skill-building programs.
- **Better Work-Life Balance:** This might also mean offering flexible work conditions, such as working from home or flextime, to provide staff with ample time to balance their responsibilities at work and home, thereby reducing instances of burnout and turnover.

The statistical analysis of GOSI data gave an insight into the pattern of turnover in the public and private sectors in Saudi Arabia. This may favor the public sector because of job security and comprehensive benefits. Still, the private sector suffers from higher turnover rates due to job insecurity, limited career prospects, and discontent regarding pay. Organizations that desire to reduce turnover must work out these factors, especially in the private sector. Targeted retention strategies focus on work security, increasing income, career opportunities, and a balanced lifestyle; such techniques may effectively decrease turnover and improve organizational performance.

In addition, the companies in the Saudi Arabia have to be aware of the cost that will pay because of high rate of employees turnover. "It can have significant financial implications for companies" (Website7). In the KSA, the range that could cost of replacing an employee is from 50% to 200% of the employee's annual salary (Website7).

To accurately calculate the financial implications of turnover, firms have to consider different factors, including separation costs, replacement costs, training costs, lost productivity costs, and the return on investment (ROI) of employee retention strategies. (Website7).

By investigating into these aspects, companies can gain a comprehensive understanding of the true cost of turnover and take proactive measures to mitigate its impact. (Website7).

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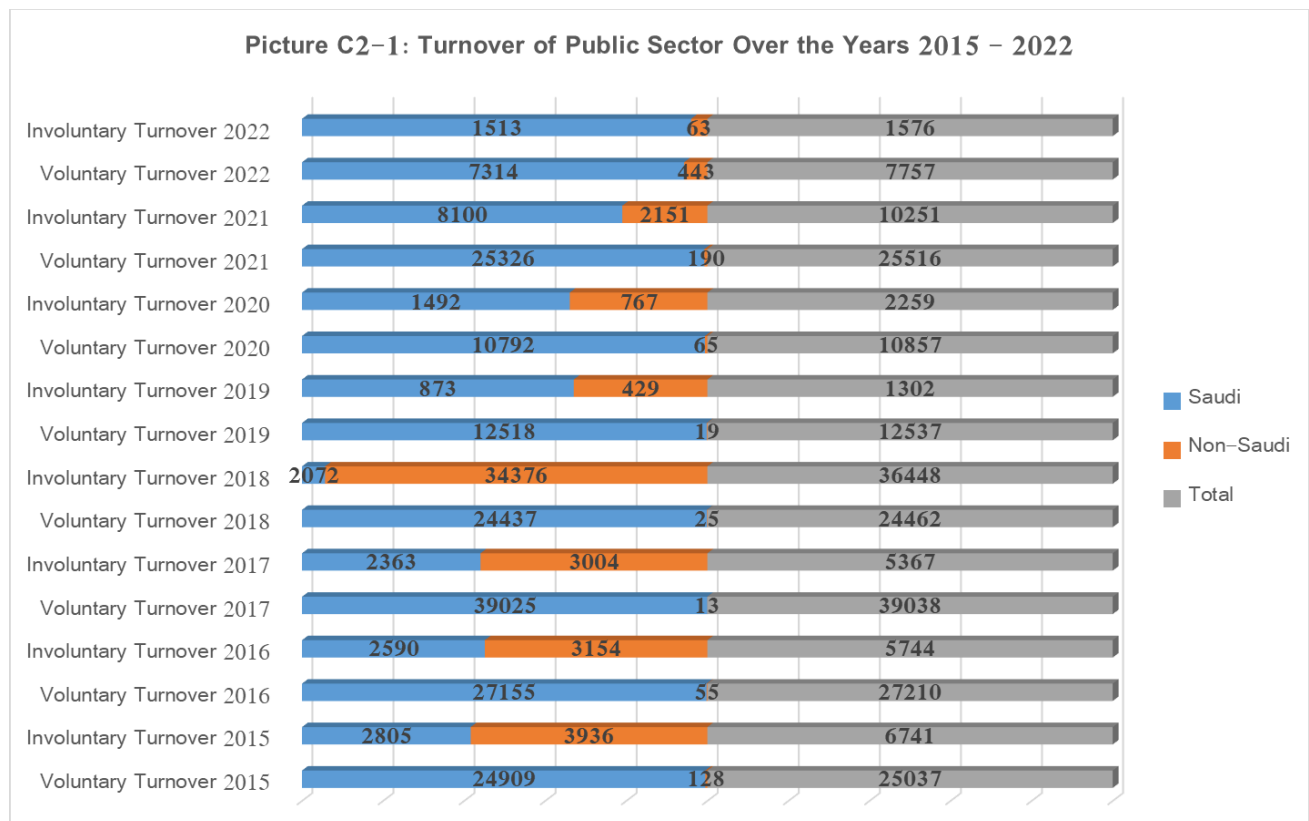
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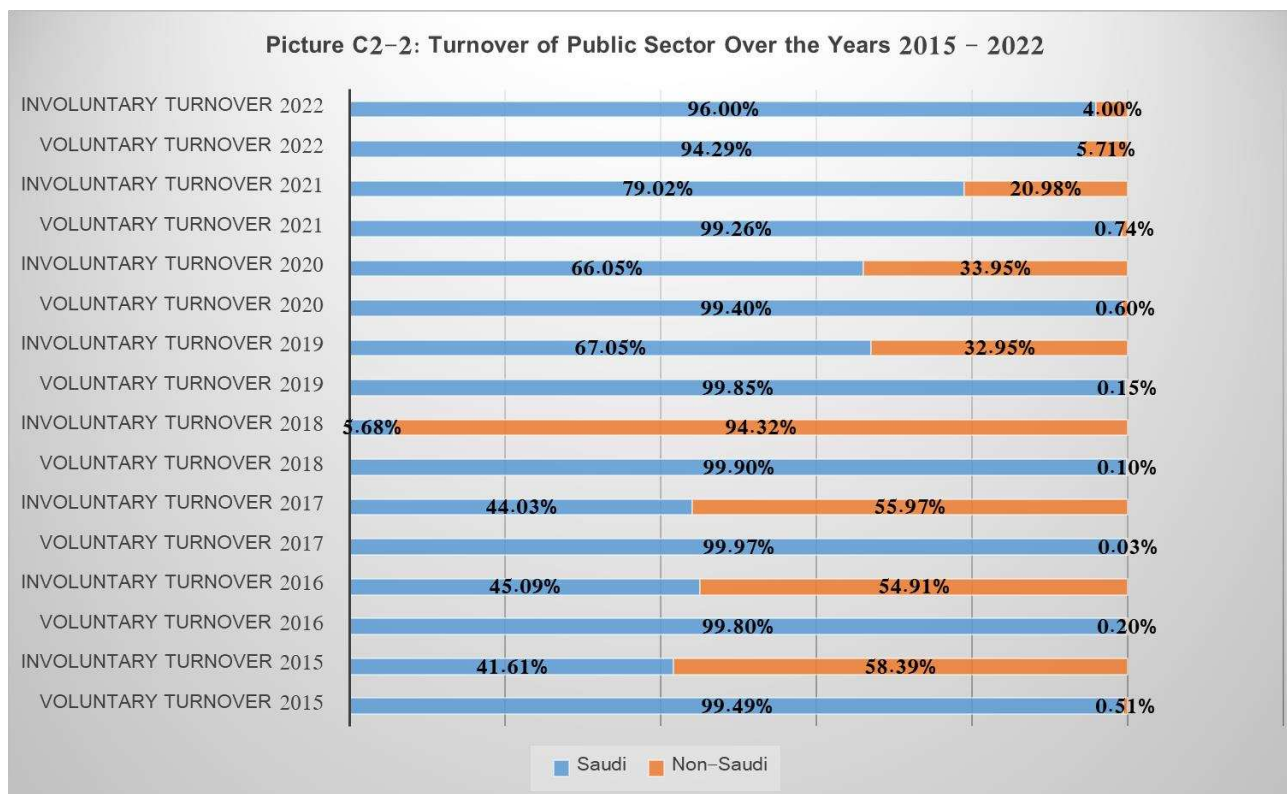
Appendixes

It is clear from the picture C2-1 which shows the detailed data about the turnover over the years from 2015 until 2022. It illustrates the turnover types, also shows the different in the numbers by the nationality. (Website4)



Picture C2-1: Turnover Rate in Public Sector between 2015 - 2022

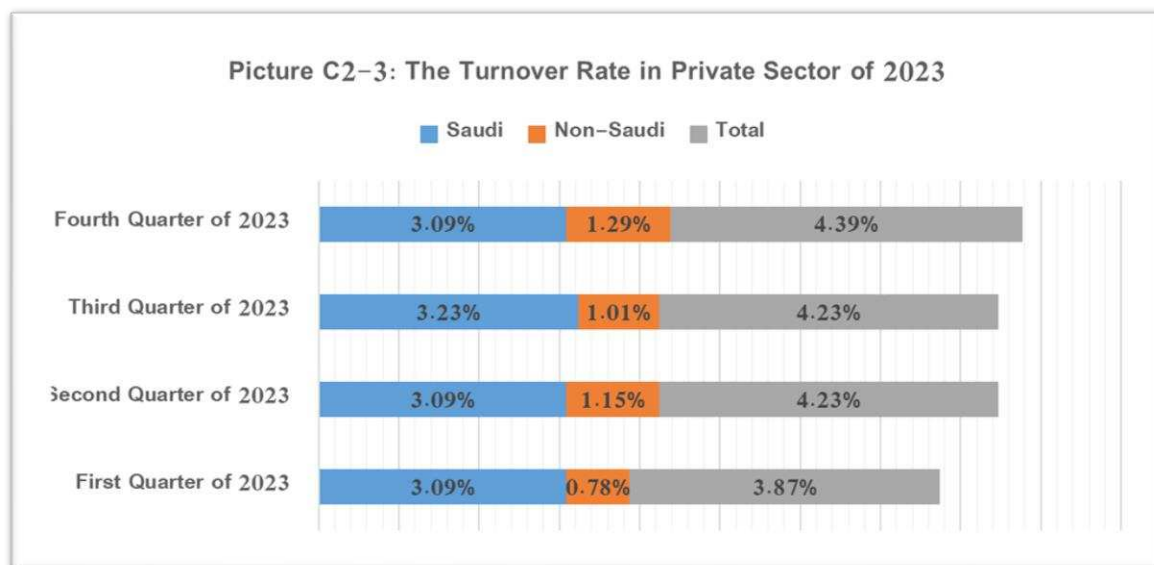
In addition, picture C2-2 shows the detailed data about the turnover over the years from 2015 until 2022 by percentage . It illustrates the turnover types, also shows the different percentage by the nationality. (Website4)



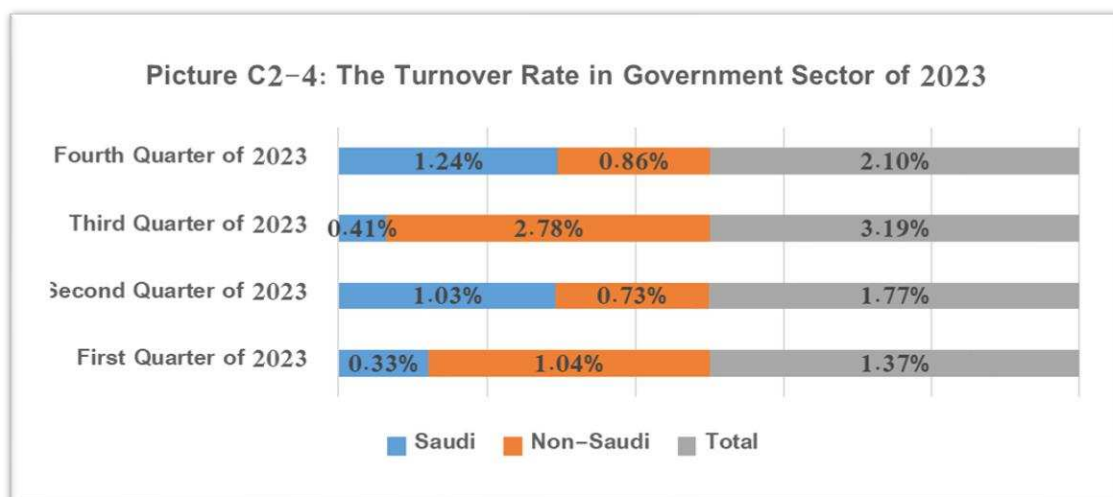
Picture C2-2: Turnover Percentage Rate in Public Sector between 2015 - 2022

Where the picture C2-3 and picture C2-4 respectively are showing the comparison between the private and the government sectors' quarterly turnover rates by nationality in KSA. It can be seen from these pictures C2-3 and C2-4 that the turnover rate in the private sector is higher than the turnover rate in the government sector. (Website 3) & (Website 4)

For example: in the first quarter of 2023 in total the turnover rate in the private sector is 3.87%, 3.09% are Saudi and 0.78% are Non-Saudi. While in government sector in the same period is 1.37%, 0.33% are Saudi and 1.37% are Non-Saudi. (Website 3) & (Website 4)



Picture C2-3: Turnover Rate in Private Sector of 2023

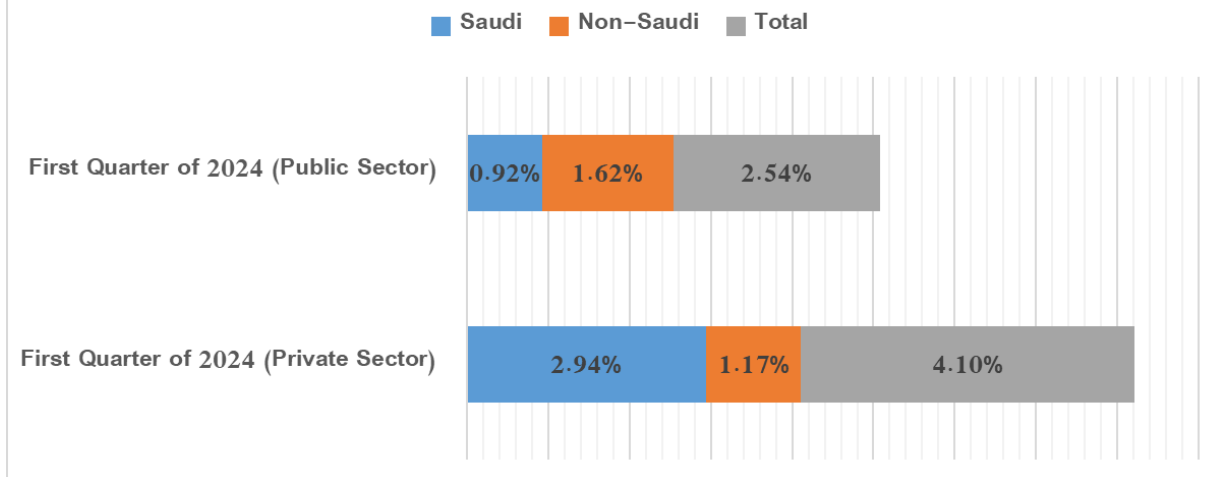


Picture C2-4: Turnover Rate in Public Sector of 2023

Lastly, picture C2-5 demonstrates the recent turnover rates by nationality in both private and the government sectors for the same period, precisely in the first quarter of 2024.

It can be seen from these pictures C2-5 that the turnover rate in the private sector is continuously higher than the turnover rate in the government sector. (Website 3) & (Website 4)

Picture C2-5: The Turnover Rate in Public & Private Sector of 2024



Picture C2-5: Turnover Rate in Public & Private Sectors of 2024

Finally, this data was collected for registered and suspended employees in both the public and private sectors by the GOSI and the MHRSD. It was analyzed, sorted and calculated to obtain the results that serve this academic research. For example, as shown in these two pictures C2-6 & C2-7, these equations were used to obtain the value of the employee turnover rate among companies in the KSA. (Website 3), (Website 4) & (Website 8)

Picture C2-6: Calculate Turnover Formula

$$\text{Turnover Rate} = \left(\frac{\text{Number of Employees Who Left During Period}}{\text{Average Number of Employees}} \right) \times 100$$

Picture C2-6: Turnover Formula

Picture C2-7: Average Number of Employees Formula

$$\text{Average Number of Employees} = \frac{\text{Number of Employees at Beginning of Period} + \text{Number of Employees at End of Period}}{2}$$

Picture C2-7: Average Number of Employees Formula

QUESTIONNAIRE

University of Midocean

RESEARCH ON

**The Causes and Impact of Turnover of Saudi or Non-Saudi Employees, Who Registered
In the General Organization for Social Insurance, (GOSI), On the Private and Public
(Government) Sectors In the Kingdom of Saudi Arabia, (KSA).**

QUESTIONNAIRE BOOKLET

MBA Candidate

Khaled Matar S. Al Anazi

Dear Respondent,

I am a Master's candidate (Management) at the University of Midocean. Currently, I have to examine this study aimsam conducting a study titled: **The Causes and Impact of Turnover of Saudi or Non-Saudi Employees, Who Registered In the General Organization for Social Insurance, (GOSI), On the Private and Public (Government) Sectors In the Kingdom of Saudi Arabia, (KSA).**

I would like to request your cooperation to answer this questionnaire. Any information obtained will be kept confidential and only used for academic purposes. Your cooperation is highly appreciated.

Thank you in advance for agreeing to participate in this study. If you have any questions, please do not hesitate to contact my honorable supervisor, Dr. Asma Abuanzeh, or myself

Khaled Matar S. Al Anazi (Master Candidate).

Supervisor Dr. Asma Abuanzeh

Faculty of Management

Master Candidate Faculty of

Management University Name

Midocean University.

Section A: Demographic Characteristics

Please tick (✓) the appropriate choice

1- Gender: Male ☐ Female ☐

2- Age group:

25 - 34 years old ☐ 35 - 49 years old ☐

50+ years old ☐

3- What is your nationality?

Saudi ☐

Non-Saudi ☐

4- In which sector are you working at present?

Public Sector ☐

Private Sector ☐

5- How long have you been working in your present position?

Less than one year ☐

1–3 years ☐

3–5 years ☐

5+ years ☐

Section B: Job Satisfaction

The following set of statements measures Job Satisfaction. Please mark according to your level of agreement.						
Section B: Job Satisfaction						
Item No		1	2	3	4	5
		Dissatisfied	Very Disgruntled	Neutral	Pleased	Very Satisfied
1	Overall, how satisfied are you with your current job role?					

2- Do you currently feel secure about the status of your job?

YES ☐

NO ☐

The following set of statements measures Job Satisfaction. Please mark according to your level of agreement.						
Section B: Job Satisfaction						
Item No		1	2	3	4	5
		Dissatisfied	Very Disgruntled	Neutral	Pleased	Very Satisfied
3	How would you rate the employer's remuneration, including salary and benefits, offered to you?					

4- Are there opportunities for growth and career advancement within the organization?

YES ☐

NO ☐

Section C: Work-Life Balance

The following set of statements measures Work-Life Balance. Please mark according to your level of agreement.						
Section B: Work-Life Balance						
Item No		1	2	3	4	5
		Very Dissatisfied	Disgruntled	Neutral	Pleased	Very Satisfied
1-	How would you rate your work-life balance?					

2- Are flexible work arrangements—e.g., flexi-time, working from home—available to you?

YES ☐

NO ☐

Section D: Turnover Intention

1- In the last year, have you considered leaving your current job?

YES ☐

NO ☐

2- If Yes, please list the main reasons you are considering leaving the job.

- Job Insecurity ☐
- Lack of Development in the Career ☐
- Unsatisfactory remuneration Poor work-life balance. ☐
- Other (please specify): _____

Abstract

This research aims to study the causes and impact of employee turnover amongst Saudi and non-Saudi employees registered in the GOSI for both the public and private sectors in the Kingdom of Saudi Arabia. Turnover, or the rate at which employees leave their positions and are replaced by others, has always posed severe challenges to organizational stability and productivity. The study leverages GOSI data to examine turnover trends through demographic, industry, and occupation-specific lenses, acknowledging such key drivers as job security, remuneration, career development, and work-life balance. A mixed-method approach investigated the reasons that involve turnover, where quantitative analytics on GOSI data are complemented with rich, qualitative insights gained from surveys and interviews. The findings showed that private sector turnover is highly related to job insecurity and performance pressures. Still, the public sector is more stable in terms of retention because of better job security and benefits. Based on this, recommendations include improving employee retention strategies by enhancing job security, offering competitive remuneration packages, and being open to career development opportunities. These research findings show how addressing these factors is essential in improving the rates of labor turnover and performance in organizations in Saudi Arabia.

- Total Registered Employees: 500,000
- Private employees alone: 300,000 - 60%
- Public Sector Employees: 200,000 (40%)
- The Privatized Sector: an annual average of 30% turnover in five continuous years:
- Public Sector Turnover Rate: 10% 5-year average
- Expatriate Turnover Rate: 38% private sector
- Saudi Arabian National Turnover Rate (Private Sector): 25%
- Age Group with the Highest Turnover: 25–34 Years, 40% in the Private Sector
- Lowest Turnover Age Group: 50+ years old: 5% in the public sector

All these data have been used in carrying out both descriptive and inferential statistical data analysis described in Chapter 4, and they form a basis for conclusions and recommendations outlined in this study.