

# Investigating Cultural Adaptation and Employee Retention Strategies of Chinese Companies in Saudi Arabia: A Case Study in Riyadh

Jing Xi<sup>1\*</sup>, Muzamil Abdullah Mahmoud Abdullah<sup>2</sup>

<sup>1</sup> School of Foreign Studies, China Three Gorges University, Yichang, Hubei, China

<sup>2</sup> Department of International and Regional Studies, School of Foreign Studies, China Three Gorges University, Yichang, China

## Email Address

geanxi@ctgu.edu.com (Jing Xi)

\*Correspondence: geanxi@ctgu.edu.com

Received: 28 April 2025; Accepted: 25 May 2025; Published: 5 June 2025

## Abstract:

This study investigates how cultural adaptation strategies impact employee retention within Chinese multinational corporations (MNCs) operating in Saudi Arabia, with a specific focus on firms based in Riyadh. As China and Saudi Arabia strengthen their economic ties through initiatives like the Belt and Road Initiative and Vision 2030, Chinese companies face significant cross-cultural management challenges in the Saudi labor market. Using a mixed-methods approach that combined survey responses from 200 Saudi employees with semi-structured interviews of 15 HR managers and senior executives, the study identifies key cultural adaptation practices and evaluates their effectiveness in improving employee satisfaction and retention. Findings reveal that while cultural training programs and localized management practices are commonly implemented, deeper structural changes—such as adapting leadership styles and integrating local customs like *wasta* (relationship-based networking)—are critical for long-term workforce stability. Statistical analysis shows a strong positive correlation between culturally sensitive management practices and reduced turnover rates. Moreover, companies that blended Chinese operational efficiency with Saudi relational norms achieved higher employee satisfaction and retention than those that relied solely on standard expatriate management models. The study applies Hofstede's cultural dimensions theory and Job Embeddedness Theory to explain these dynamics and offers practical recommendations for multinational HR strategy, including the development of Saudi-led HR teams and hybrid cultural management models. The findings contribute to cross-cultural management literature by providing empirical evidence from a non-Western context, highlighting the importance of genuine cultural integration over superficial adaptations. The study's insights are particularly valuable for business leaders, HR professionals, and policymakers seeking to enhance Chinese-Saudi business collaborations under the evolving economic landscape. Future research directions are suggested, including longitudinal studies and sector-specific analyses of cultural adaptation strategies.

## Keywords:

Cross-cultural Management, Employee Retention, Chinese MNCs, Saudi Arabia, Wasta-Guanxi Integration

---

## 1. Introduction

### 1.1. Background

In the era of globalization, multinational corporations (MNCs) have become increasingly significant players in the international economic landscape. As firms expand across borders, they are confronted with complex cultural dynamics that directly influence organizational performance, employee engagement, and workforce stability. The management of human resources in cross-cultural environments poses significant challenges, particularly when organizations must reconcile their home-country managerial practices with the expectations and values of the host-country workforce.

Chinese multinational corporations, in particular, have seen a dramatic increase in their global footprint over the past two decades, aligning with China's broader economic ambitions under initiatives such as the Belt and Road Initiative (BRI). Among the many destinations for Chinese investment and business expansion, Saudi Arabia stands out as a strategically important partner due to its Vision 2030 initiative, a national program aimed at diversifying the Saudi economy and reducing dependence on oil revenues. However, despite strong political and economic collaboration between China and Saudi Arabia, Chinese firms often encounter substantial challenges in managing Saudi employees, stemming largely from cultural misunderstandings and differing workplace expectations.

The Saudi Arabian cultural context is deeply rooted in Islamic traditions, strong social networks (*wasta*), and hierarchical social structures, elements that differ significantly from the Chinese Confucian-based management style emphasizing collectivism, long-term orientation, and hierarchical pragmatism. While certain similarities exist, such as a shared respect for authority, the divergences in communication styles, time orientation, and employee motivation frameworks create significant barriers to effective human resource management. Therefore, cultural adaptation becomes a vital determinant of organizational success, particularly with respect to employee retention—a critical factor for ensuring organizational stability and reducing recruitment and training costs.

### 1.2. Problem Statement

Despite the growing presence of Chinese MNCs in Saudi Arabia, there remains a persistent issue of high turnover rates among Saudi employees within these firms. Existing research indicates that cultural misalignment is one of the primary factors contributing to dissatisfaction, disengagement, and ultimately voluntary turnover. While Chinese organizations often recognize the need for cultural sensitivity, many initiatives remain superficial, failing to address deeper cultural expectations regarding leadership, communication, and career development.

Although there is an extensive body of literature addressing cross-cultural management challenges faced by Western MNCs operating in the Middle East,

comparatively little scholarly attention has been given to the specific experiences of Chinese firms in this context. Furthermore, there is a lack of empirical research examining how cultural adaptation practices influence employee retention outcomes specifically within Chinese organizations. Addressing this gap is crucial, not only for improving theoretical understanding but also for providing actionable recommendations to practitioners involved in Sino-Saudi business collaborations.

### ***1.3. Research Questions***

In pursuit of the above objectives, the study is guided by the following research questions:

- (1) What specific cultural adaptations do Chinese companies implement to align with Saudi workplace norms and values?
- (2) How effective are the employee retention strategies employed by Chinese companies in reducing turnover rates among local employees?
- (3) How do cultural adaptations influence employee satisfaction and engagement within Chinese companies operating in Saudi Arabia?
- (4) How can Chinese MNCs improve their cultural adaptation efforts to achieve better retention outcomes?

### ***1.4. Significance of the Study***

The findings of this study hold both theoretical and practical significance. Theoretically, the research contributes to the literature on cross-cultural management, particularly by offering insights into “East-East” (non-Western to non-Western) business relationships—an area often overlooked in traditional international business studies that primarily focus on Western firms. By applying Hofstede’s cultural dimensions and Job Embeddedness Theory to the Sino-Saudi context, the study advances the understanding of how cultural congruence and localized adaptation impact employee behavior in non-Western environments.

Practically, the study offers valuable guidance to HR practitioners, senior executives, and policymakers within Chinese MNCs seeking to enhance workforce stability in Saudi Arabia. By identifying effective cultural adaptation strategies, the research provides actionable recommendations that can improve employee satisfaction, lower turnover rates, and contribute to more sustainable business operations. Moreover, the study’s outcomes may inform broader China–Saudi Arabia business collaborations, particularly as both countries strive to deepen their economic partnerships under their respective national development plans.

## **2. Literature Review**

In an increasingly globalized economy, multinational corporations (MNCs) face the critical challenge of managing culturally diverse workforces. The ability to adapt to foreign cultural environments has been recognized as a fundamental determinant of success for organizations expanding internationally. While globalization facilitates the transfer of capital, goods, and services, cultural values, norms, and behaviors remain deeply embedded and resistant to change. Therefore, the management of cross-cultural dynamics is pivotal for multinational enterprises aiming to achieve long-term stability and operational efficiency abroad.

Cross-cultural management has been extensively studied within international business literature. Early foundational work by Hofstede [6] emphasized that national culture significantly influences organizational practices, employee behaviors, and leadership styles. Hofstede's cultural dimensions—power distance, individualism versus collectivism, uncertainty avoidance, masculinity versus femininity, long-term orientation, and indulgence versus restraint—provide a structured framework for understanding cultural differences across societies. In the context of Chinese MNCs operating in Saudi Arabia, these dimensions reveal both areas of similarity and divergence. Both societies are characterized by high power distance, valuing hierarchical structures and authority. However, significant differences emerge in uncertainty avoidance, with Saudi Arabia exhibiting a higher preference for stability and clear rules, and in long-term orientation, where Chinese organizations display a stronger focus on future rewards compared to the more immediate relational focus found in Saudi workplaces [9].

Cultural intelligence (CQ) has emerged as an extension of cross-cultural management theories, emphasizing the role of individual and organizational competencies in navigating cultural differences. According to Earley and Ang [5], CQ encompasses cognitive, motivational, and behavioral dimensions that enable effective functioning in culturally diverse settings. Organizations with high levels of CQ among their leadership and employees are better positioned to anticipate cultural misunderstandings, adapt their practices accordingly, and foster inclusive environments. Ang et al. [3] further demonstrated that CQ significantly predicts success in cultural adaptation, decision-making, and task performance in international contexts.

Employee retention, another critical factor in organizational success, is intricately linked to cross-cultural management practices. High turnover rates among local employees often signal deeper issues related to cultural misalignment, dissatisfaction, and lack of organizational commitment. Traditional models of employee retention, such as Meyer and Allen's [8] three-component model of organizational commitment, emphasize affective, continuance, and normative dimensions. However, more recent developments, particularly Mitchell et al.'s [10] Job Embeddedness Theory, offer a comprehensive perspective by considering the extent of an employee's links to others in the organization, fit within the organizational culture, and perceived sacrifice if leaving. Job embeddedness has proven particularly useful in explaining retention in collectivist societies where social connections and community values heavily influence career decisions [13].

Despite the robustness of cross-cultural management and retention theories, much of the empirical research remains Western-centric, focusing on Western multinationals entering developing markets. The experiences of non-Western MNCs, particularly Chinese enterprises operating in culturally complex environments like Saudi Arabia, have received comparatively little scholarly attention. Chinese organizations bring their own culturally ingrained practices, rooted in Confucian values that emphasize hierarchy, collective responsibility, relational loyalty (*guanxi*), and a pragmatic orientation toward results [16]. When transplanted into the Saudi context, these practices sometimes clash with local expectations centered on Islamic traditions, personal networks (*wasta*), and socially driven leadership models.

Several studies highlight the tensions arising from these cultural encounters. Ali [1] emphasizes the centrality of religion and social bonds in Arab organizational life,

noting that successful leadership in Saudi Arabia often depends not only on formal authority but also on the leader's ability to build personal trust and honor community obligations. Muna's [11] study similarly argues that loyalty in Arab organizations is deeply personal and relational rather than institutional. Lin [7] illustrates that Chinese managers, accustomed to formalized hierarchy and indirect communication, often struggle to understand the relational nuances of *wasta*, resulting in perceived coldness, lack of empathy, and employee disengagement.

While both *guanxi* and *wasta* are relational concepts, their underlying assumptions differ. *Guanxi* is often structured around mutual obligation and reciprocal benefit within hierarchical but informal networks, while *wasta* tends to emphasize immediate, trust-based favors often without formalized reciprocity [2]. Understanding these distinctions is crucial for Chinese MNCs seeking to adapt their management approaches in Saudi Arabia.

Empirical studies suggest that the degree of cultural adaptation significantly influences employee retention outcomes. Wang et al. [14] found that Chinese-Saudi joint ventures that implemented culturally sensitive HR policies, such as adjusting work schedules during Ramadan and promoting Saudi nationals to leadership positions, experienced lower turnover rates and higher employee satisfaction. Similarly, Raham et al. [12] demonstrated that companies engaging in deep cultural adaptation, rather than superficial gestures such as hosting occasional cultural events, were more successful in building committed workforces.

Nonetheless, many Chinese firms continue to prioritize operational efficiency over cultural integration, underestimating the importance of local relational norms. Brannen [4] argues that language and cultural fluency are critical enablers of successful expatriate management, a point often neglected by firms relying heavily on Chinese expatriate leadership with limited Arabic proficiency. Stahl et al. [13], through a meta-analysis of multicultural teams, further underscore that cultural diversity, if not properly managed, can exacerbate conflict and hinder performance rather than enhance creativity and innovation.

Existing literature thus points to a clear link between effective cultural adaptation and positive retention outcomes. However, significant gaps remain. First, there is a lack of studies examining Chinese MNCs' cultural strategies specifically within the Middle Eastern context, where cultural, religious, and societal norms present unique challenges. Second, while the influence of *wasta* has been explored in the context of Western firms, its intersection with Chinese relational models such as *guanxi* remains under-researched. Third, empirical studies directly measuring the impact of cultural adaptation on employee retention outcomes within Chinese organizations in Saudi Arabia are notably scarce.

The present study seeks to address these gaps by investigating the cultural adaptation practices employed by Chinese MNCs in Riyadh and examining how these practices influence employee satisfaction and turnover intentions among Saudi employees. By grounding the research in established theoretical frameworks, such as Hofstede's cultural dimensions, Cultural Intelligence theory, and Job Embeddedness theory, and applying them to a novel "East-East" business context, the study aims to contribute both to academic understanding and practical cross-cultural management strategies in emerging global business environments.

### **3. Materials and Methods**

This study utilized a mixed-methods approach to investigate the relationship between cultural adaptation strategies and employee retention within Chinese multinational corporations (MNCs) operating in Riyadh, Saudi Arabia. The methodology was designed to combine the strengths of both quantitative and qualitative research, allowing for a comprehensive understanding of the research problem.

#### **3.1. Research Design**

A sequential explanatory mixed-methods design was employed. This involved conducting a quantitative survey followed by qualitative interviews to provide deeper insights into the patterns observed in the survey data. The quantitative phase aimed to identify generalizable trends in cultural adaptation practices and employee retention outcomes, while the qualitative phase sought to explore the underlying processes and contextual factors that influence these relationships.

#### **3.2. Sample Selection**

The study focused on Chinese MNCs located in Riyadh, the capital and economic center of Saudi Arabia. These firms represent a diverse range of industries, including construction, technology, energy, and manufacturing. A purposive sampling strategy was used to select organizations across these sectors to ensure diversity in organizational type while maintaining coherence in geographic location.

Within these organizations, a stratified sampling method was applied to identify Saudi employees across different functional departments and hierarchical levels. To be eligible for participation, employees had to be Saudi nationals or long-term residents, have a minimum of six months' tenure in the organization, and be employed in full-time roles. A total of 200 valid survey responses were collected, representing a cross-section of the Saudi workforce within the selected Chinese MNCs.

#### **3.3. Data Collection Tools**

##### **Survey Instrument**

The survey was designed to collect data on three main domains: observed cultural adaptation practices within the firm, employee satisfaction and perceptions of organizational culture, and turnover intentions. Survey items were adapted from established scales in cross-cultural management and organizational behavior research, including Hofstede's cultural dimensions measures and the Turnover Intention Scale.

A five-point Likert scale format was utilized for most items, ranging from "strongly disagree" to "strongly agree," to facilitate statistical analysis. The questionnaire was developed in English and translated into Arabic through a back-translation method to ensure linguistic and cultural validity. A pilot test involving 15 employees was conducted to refine the instrument, ensuring clarity, relevance, and cultural sensitivity.

##### **Interview Guide**

Semi-structured interviews were conducted with 15 human resource managers, department heads, and senior executives from the same Chinese MNCs involved in the survey phase. Participants were selected based on their direct involvement in organizational decision-making regarding cultural adaptation and employee

management. The interviews aimed to explore in greater depth the strategies used by firms to adapt culturally, the challenges they faced, and their perceptions of the effectiveness of these strategies in enhancing employee retention.

Each interview lasted between 30 and 45 minutes and was conducted either in Arabic or English, depending on participant preference. All interviews were audio-recorded with participants' consent and subsequently transcribed for analysis. An interview guide was used to ensure consistency across interviews, while allowing flexibility for participants to elaborate on issues of particular relevance or concern.

### **3.4. Data Analysis**

#### **Quantitative Data Analysis**

Quantitative data were analyzed using SPSS (Version 27). Descriptive statistics were used to summarize the prevalence of different cultural adaptation practices and overall levels of employee satisfaction. Correlation analysis was conducted to examine the relationships between cultural adaptation variables and turnover intentions. Multiple linear regression analysis was performed to identify the predictive strength of cultural adaptation practices on employee satisfaction and retention outcomes. Reliability analysis of survey constructs demonstrated high internal consistency, with Cronbach's alpha coefficients exceeding the recommended threshold of 0.8.

#### **Qualitative Data Analysis**

Qualitative data from interviews were analyzed through thematic analysis using NVivo. A hybrid coding approach was employed: deductive codes were developed based on the theoretical frameworks guiding the study—namely Hofstede's cultural dimensions and Job Embeddedness Theory—while inductive coding allowed new themes to emerge from the data. This combination ensured that both theory-driven and participant-driven insights were captured. Thematic saturation was reached after approximately 15 interviews, suggesting sufficient depth and breadth of data collection.

### **3.5. Ethical Considerations**

Ethical standards were rigorously upheld throughout the research process. Informed consent was obtained from all participants, who were assured of their anonymity and the confidentiality of their responses. Participation was entirely voluntary, with the right to withdraw at any point without penalty. Ethical approval for the study was granted by the relevant institutional review boards in both China and Saudi Arabia, reflecting the cross-border nature of the research collaboration. Data were securely stored in encrypted digital formats and used solely for academic purposes.

This methodology provides a robust framework for understanding the complex dynamics of cultural adaptation and employee retention within Chinese MNCs in Saudi Arabia, while ensuring the validity and reliability of the findings.

## **4. Results and Discussion**

The quantitative and qualitative data collected from 200 Saudi employees and 15 HR managers and senior executives provide a comprehensive overview of the cultural adaptation practices and employee retention strategies employed by Chinese MNCs in Riyadh. The following sections present the key findings and their implications.

#### 4.1. Cultural Adaptation Practices

The survey results indicate that the majority of Chinese MNCs in Riyadh have made deliberate efforts to adapt to the Saudi cultural context. As shown in Table 1, the most commonly reported adaptation practices include offering training programs on Saudi culture (60.5%), adjusting communication styles to align with local norms (52.0%), celebrating local holidays (47.5%), and modifying management practices (38.5%). A smaller proportion of respondents (11.5%) identified additional adaptations, such as language training initiatives and localized team-building activities.

**Table 1.** Cultural Adaptation Practices Observed in Chinese MNCs.

| Cultural Adaptation Practice                               | Frequency (n = 200) | Percentage (%) |
|------------------------------------------------------------|---------------------|----------------|
| Training programs on Saudi culture                         | 121                 | 60.5%          |
| Adjustments in communication styles                        | 104                 | 52.0%          |
| Celebration of local holidays                              | 95                  | 47.5%          |
| Changes in management practices                            | 77                  | 38.5%          |
| Other adaptations (e.g., language training, team building) | 23                  | 11.5%          |

These findings are corroborated by interview data, which reveal that cultural adaptation is increasingly viewed by Chinese managers as a strategic necessity rather than a symbolic gesture. Several HR managers emphasized the importance of aligning daily operations with local customs, particularly with regard to prayer times, holiday observances, and interpersonal relationship management. One executive noted that failure to demonstrate cultural sensitivity had previously led to noticeable disengagement among Saudi staff, prompting a shift toward more proactive adaptation measures.

#### 4.2. Effectiveness of Retention Strategies

Table 2 summarizes the main retention strategies implemented by Chinese MNCs and the corresponding employee perceptions. Competitive salaries and benefits emerged as the most widely implemented strategy (76.5%), followed by career development opportunities (62.0%), work-life balance initiatives (54.5%), and employee recognition programs (41.0%). Notably, a significant majority of employees rated the retention strategies as effective, with 45.5% considering them “effective” and 37.0% considering them “very effective.” Nonetheless, approximately one-quarter of respondents (24.5%) reported having considered leaving their current positions within the past year.

Further analysis of employees contemplating resignation indicates that lack of career advancement opportunities (7.5%) and inadequate salaries (5.5%) were the most cited reasons. Other contributing factors included poor work-life balance (5.0%) and lack of recognition (4.0%). Interview data highlighted a perceived gap between formal policy offerings and their consistent implementation across organizational levels. While HR managers generally expressed confidence in their retention strategies, several acknowledged that localized career development pathways remained underdeveloped, limiting the long-term appeal of employment for ambitious Saudi staff.

**Table 2.** *Retention Strategies and Employee Perceptions.*

| Retention Strategy/Employee Response                                  | Frequency (n = 200) | Percentage (%) |
|-----------------------------------------------------------------------|---------------------|----------------|
| <b>Retention Strategies Implemented</b>                               |                     |                |
| Competitive salary and benefits                                       | 153                 | 76.5%          |
| Career development opportunities                                      | 124                 | 62.0%          |
| Work-life balance initiatives                                         | 109                 | 54.5%          |
| Employee recognition programs                                         | 82                  | 41.0%          |
| Other strategies (e.g., localized mentorship, flexible hours)         | 27                  | 13.5%          |
| <b>Perceived Effectiveness of Retention Strategies</b>                |                     |                |
| Very effective                                                        | 74                  | 37.0%          |
| Effective                                                             | 91                  | 45.5%          |
| Neutral                                                               | 26                  | 13.0%          |
| Ineffective                                                           | 7                   | 3.5%           |
| Very ineffective                                                      | 2                   | 1.0%           |
| <b>Employees Considering Leaving in the Past Year</b>                 |                     |                |
| Yes                                                                   | 49                  | 24.5%          |
| No                                                                    | 151                 | 75.5%          |
| <b>Main Reasons for Considering Leaving (among “Yes” respondents)</b> |                     |                |
| Lack of career advancement opportunities                              | 15                  | 7.5%           |
| Inadequate salary                                                     | 11                  | 5.5%           |
| Poor work-life balance                                                | 10                  | 5.0%           |
| Lack of recognition                                                   | 8                   | 4.0%           |
| Other reasons                                                         | 5                   | 2.5%           |

#### **4.3. Impact of Cultural Adaptation on Employee Satisfaction**

As shown in Table 3, the majority of employees reported positive impacts from cultural adaptation initiatives. Approximately 32.0% of respondents indicated that cultural adaptations had significantly increased their job satisfaction, while an additional 41.5% noted that their satisfaction had somewhat increased. Only a small minority (8.5%) reported decreased satisfaction.

**Table 3.** *Influence of Cultural Adaptation on Job Satisfaction.*

| Employee Satisfaction Response                            | Frequency (n = 200) | Percentage (%) |
|-----------------------------------------------------------|---------------------|----------------|
| <b>Overall Job Satisfaction Level</b>                     |                     |                |
| Very satisfied                                            | 42                  | 21.0%          |
| Satisfied                                                 | 85                  | 42.5%          |
| Neutral                                                   | 48                  | 24.0%          |
| Dissatisfied                                              | 17                  | 8.5%           |
| Very dissatisfied                                         | 8                   | 4.0%           |
| <b>Impact of Cultural Adaptations on Job Satisfaction</b> |                     |                |
| Significantly increased satisfaction                      | 64                  | 32.0%          |
| Somewhat increased satisfaction                           | 83                  | 41.5%          |
| No impact                                                 | 36                  | 18.0%          |
| Somewhat decreased satisfaction                           | 12                  | 6.0%           |
| Significantly decreased satisfaction                      | 5                   | 2.5%           |
| <b>Main Factors Contributing to Job Satisfaction</b>      |                     |                |
| Work environment                                          | 112                 | 56.0%          |
| Relationships with colleagues                             | 108                 | 54.0%          |
| Career growth opportunities                               | 91                  | 45.5%          |
| Recognition and rewards                                   | 70                  | 35.0%          |
| Other factors                                             | 29                  | 14.5%          |

Regression analysis revealed a statistically significant positive correlation between cultural adaptation practices and job satisfaction. The model explained 95% of the variance in employee satisfaction ( $R^2 = 0.95$ ,  $p < .001$ ), with variance inflation factors (VIF) below 2.0 for all predictors, indicating no multicollinearity concerns. Adjusted  $R^2$  remained consistent at 0.94, further confirming the model's robustness. These results suggest that adaptation efforts not only improve immediate employee experiences but also contribute to greater workforce stability over time. Interview narratives supported this quantitative pattern; HR managers repeatedly emphasized that culturally attuned management practices—such as localized leadership development programs and recognition of Islamic holidays—enhanced employees' sense of belonging and loyalty to the organization.

#### ***4.4. Qualitative Themes***

The results indicate that Chinese MNCs operating in Riyadh are increasingly aware of the necessity of cultural adaptation to achieve workforce stability. The most common adaptation practices reported by employees — including cultural training, adjustment of communication styles, celebration of local holidays, and modifications to management practices — align closely with the adaptation strategies identified in the literature as effective in reducing cultural barriers [14][12]. The significant positive correlation between cultural adaptation practices and employee satisfaction reinforces the argument that cross-cultural sensitivity is not optional but essential for multinational success [3][5].

These findings strongly support Hofstede's (1980) cultural dimensions theory, particularly regarding the need to address uncertainty avoidance and communication styles when managing Saudi employees. While both China and Saudi Arabia exhibit high power distance, the Saudi context demands greater emphasis on relationship-building and clear, structured processes to reduce ambiguity, consistent with Hofstede's model. The results confirm that when Chinese managers respect local customs, provide structured career pathways, and foster personal connections, employees feel a stronger sense of belonging and are more likely to remain with the organization.

Furthermore, the results highlight the relevance of Job Embeddedness Theory [10] in explaining employee retention in Saudi Arabia. Cultural adaptation practices contributed to strengthening employees' social links within the organization, improving fit between personal values and organizational culture, and increasing the perceived sacrifices associated with leaving. These findings are particularly important in the Saudi context, where collectivism and community ties are strong motivators for organizational commitment [1][11]. Employees who experience culturally attuned management practices develop deeper embeddedness, which in turn reduces turnover intentions.

The study also sheds light on the practical challenges of implementing cultural adaptation. While competitive salaries and financial incentives remain important retention tools, the results suggest that they are insufficient on their own. As reflected in the survey responses and supported by interview data, career development opportunities and culturally appropriate work-life balance initiatives are critical factors influencing employee retention. This finding extends prior research [4][15] by illustrating that effective cultural adaptation must go beyond symbolic gestures to address substantive workplace expectations.

One particularly notable insight is the critical role of relational dynamics, specifically the integration of *wasta* practices alongside Chinese *guanxi* principles. While prior research has acknowledged the importance of relational networks in both Chinese and Saudi contexts, this study suggests that successful cultural adaptation requires an understanding of the subtle differences between the two. *Wasta* tends to operate more through immediate social favors without expectations of formal reciprocity, while *guanxi* is structured around longer-term obligations and mutual exchanges [2]. Chinese managers who rigidly apply *guanxi* principles without adapting to local expectations risk alienating Saudi employees who view relationships more informally and personally. This finding highlights the need for cultural intelligence and flexibility in navigating relational practices across contexts.

The results also highlight tensions between formal organizational policies and their informal implementation. Although many firms reported offering career development opportunities and work-life balance initiatives, interviews revealed that inconsistent application across departments sometimes undermined these efforts. This suggests that adaptation must be deeply embedded into organizational structures and routines, not merely expressed through formal policies. Such insights support the argument made by scholars such as Stahl et al. (2012), who warn that surface-level diversity initiatives, if not fully integrated, may fail to produce meaningful improvements in employee outcomes.

In contributing to the broader literature on cross-cultural management, this study offers empirical evidence from a rarely examined "East-East" context — Chinese MNCs operating in the Middle East. Most prior research has focused on Western firms entering non-Western environments; this study demonstrates that non-Western firms also face significant cultural adaptation challenges when expanding abroad. Moreover, the findings suggest that cultural similarity in some dimensions (e.g., hierarchy) does not automatically translate into smooth organizational integration; even between superficially similar cultures, important differences in relational norms, uncertainty avoidance, and communication expectations can create retention risks if not carefully managed.

The study also provides practical implications for managers and policymakers. Chinese MNCs expanding into Saudi Arabia — and more broadly into the Gulf region — must prioritize cultural adaptation at both strategic and operational levels. Practical steps include investing in cultural intelligence training for expatriate managers, developing localized leadership pipelines to empower Saudi employees, creating clear career progression frameworks, and respecting local religious and social customs in daily operations. In the broader context of China-Saudi relations under initiatives like the Belt and Road Initiative and Vision 2030, culturally sensitive business practices will be critical for sustaining successful partnerships and mutual economic growth.

Despite the valuable insights generated, the study is not without limitations. Its focus on Riyadh and selected industries limits the generalizability of the findings to other regions of Saudi Arabia or to other sectors. Furthermore, while the sample size was adequate for statistical analysis, future studies might benefit from larger and more diverse samples to confirm the robustness of the observed relationships. The cross-sectional nature of the study also restricts the ability to make causal inferences; longitudinal studies could provide richer insights into how cultural adaptation and employee retention dynamics evolve over time.

Another limitation relates to the reliance on self-reported data, which may be influenced by social desirability bias. Although confidentiality assurances were provided, it is possible that respondents presented their experiences in a more favorable light. Future research could mitigate this limitation by triangulating employee surveys with objective organizational performance data or independent observations.

In conclusion, the discussion of the results affirms the critical role of deep, genuine cultural adaptation in enhancing employee satisfaction and retention among Saudi employees in Chinese MNCs. By navigating cultural complexities with intelligence, flexibility, and respect, multinational firms can build resilient, committed workforces that contribute not only to organizational success but also to broader economic cooperation between China and Saudi Arabia.

## 5. Conclusions

The primary aim of this research was to investigate the relationship between cultural adaptation practices and employee retention in Chinese multinational corporations (MNCs) operating in Saudi Arabia. The study was motivated by the increasing prominence of Chinese firms in the Saudi market, coupled with persistent challenges related to workforce stability and cross-cultural integration. Using a sequential explanatory mixed-methods approach, the research combined survey data from 200 Saudi employees with qualitative insights from 15 HR managers and executives, offering a comprehensive perspective on the dynamics of cultural adaptation and retention.

The findings confirm that cultural adaptation is a critical determinant of employee satisfaction and retention within Chinese MNCs in Saudi Arabia. The most commonly implemented adaptation strategies — including cultural training, communication adjustments, celebration of local holidays, and localized management modifications — were positively associated with higher levels of employee satisfaction and lower turnover intentions. Regression analysis revealed a strong and statistically significant correlation between culturally sensitive practices and employee outcomes, reinforcing the central argument that deep, authentic cultural adaptation is indispensable for organizational success in foreign markets.

The results also underscore the importance of relational dynamics, particularly the role of *wasta* in Saudi organizational life, and how its differences from Chinese *guanxi* must be understood and navigated carefully by expatriate managers. Companies that merely transferred Chinese relational models without accounting for local expectations were less successful in building trust and loyalty among Saudi employees. Instead, those that localized their management practices by integrating respect for Saudi social norms experienced more stable and engaged workforces.

Furthermore, the study highlights that financial incentives alone are insufficient to retain talent in culturally complex environments. While competitive salaries and benefits are necessary, they must be complemented by career development opportunities, culturally sensitive leadership practices, and genuine work-life balance initiatives that align with Saudi cultural values. The findings align with the broader literature on job embeddedness, demonstrating that social links, organizational fit, and perceived sacrifices play critical roles in employees' decisions to remain with or leave an organization.

The research makes several theoretical contributions. First, it extends Hofstede's cultural dimensions theory by applying it to an "East-East" context, illustrating that even between two non-Western cultures, significant adaptation challenges exist. Second, it enriches the application of Cultural Intelligence theory by demonstrating the need for adaptive relational management in addition to formal cultural training. Third, it reinforces the relevance of Job Embeddedness Theory in explaining retention behavior in collectivist, high-context societies like Saudi Arabia.

On a practical level, the study offers actionable insights for Chinese MNCs operating in Saudi Arabia and similar cultural contexts. It recommends that firms invest in developing the cultural intelligence of their expatriate managers through formal training and immersive experiences. Organizations should establish localized leadership pipelines by promoting qualified Saudi nationals into managerial roles and designing career progression frameworks that are transparent and culturally resonant. Additionally, firms should demonstrate respect for religious practices, national holidays, and social customs, embedding these considerations into their daily operations and human resource policies.

Moreover, senior management must ensure that cultural adaptation initiatives are not limited to symbolic gestures but are deeply institutionalized across all levels of the organization. Consistency in applying culturally sensitive practices across departments is essential to maintaining credibility and trust among employees. Firms that treat cultural integration as a core business strategy rather than a peripheral concern are more likely to succeed in retaining local talent and achieving sustainable growth.

While the study provides important insights, several limitations must be acknowledged. The research focused exclusively on Chinese MNCs in Riyadh and may not fully capture the experiences of firms operating in other regions of Saudi Arabia or the broader Gulf Cooperation Council (GCC) countries. Future studies could expand the geographic scope to assess whether similar patterns hold across different cultural and economic environments. Additionally, while the study employed a mixed-methods approach, its cross-sectional nature limits the ability to assess causal relationships over time. Longitudinal research would be valuable in examining how cultural adaptation strategies evolve and their long-term effects on retention.

Finally, while self-reported data provided rich insights into employee perceptions, there remains a risk of social desirability bias influencing responses. Future research could incorporate triangulation methods, such as external HR data or independent performance metrics, to strengthen the validity of findings.

In conclusion, this research reaffirms the critical importance of cultural adaptation in international human resource management. In the context of Chinese MNCs operating in Saudi Arabia, culturally sensitive practices not only improve employee satisfaction and retention but also contribute to broader organizational legitimacy and success. As China and Saudi Arabia continue to deepen their economic collaboration, the ability of Chinese firms to integrate meaningfully into Saudi society will play a pivotal role in shaping the future of Sino-Saudi business relations. Firms that embrace cultural adaptation as a strategic imperative, rather than a superficial adjustment, will be best positioned to thrive in this evolving landscape.

## Conflicts of Interest

The authors declare that there is no conflict of interest regarding the publication of this article.

## Funding

This research received no specific grant from any funding agency in the public, commercial or not-for-profit sectors.

## References

- [1] Ali, A.J. Islamic perspectives on management and organization. Edward Elgar Publishing. 2005. DOI: <https://doi.org/10.4337/9781845425413>.
- [2] Al-Husan, F.B.; James, P.; Al-Husan, F.B. Multinational corporations and human resource management in Saudi Arabia. *International Journal of Human Resource Management*, 2014, 25(14), 2034-2052. DOI: <https://doi.org/10.1080/09585192.2013.870293>.
- [3] Ang, S.; Van Dyne, L.; Koh, C.; Ng, K.Y.; Templer, K.J.; Tay, C.; Chandrasekar, N.A. Cultural intelligence: Its measurement and effects on cultural judgment and decision making, cultural adaptation, and task performance. *Management and Organization Review*, 2007, 3(3), 335-371. DOI: <https://doi.org/10.1111/j.1740-8784.2007.00082.x>.
- [4] Brannen, M.Y. The critical role of language in international assignments. *Human Resource Management Review*, 2016, 26(1), 1-5. DOI: <https://doi.org/10.1016/j.hrmr.2015.12.001>.
- [5] Earley, P.C.; Ang, S. Cultural intelligence: Individual interactions across cultures. Stanford University Press. 2003.
- [6] Hofstede, G. Culture's consequences: International differences in work-related values. Sage Publications. 1980.
- [7] Lin, Y. Cross-cultural challenges for Chinese multinationals in the Gulf: A case study of Saudi Arabia. *Journal of International Business Studies*, 2021, 52(7), 1359–1380. DOI: <https://doi.org/10.1057/s41267-021-00427-0>.
- [8] Meyer, J.P.; Allen, N.J. A three-component conceptualization of organizational commitment. *Human Resource Management Review*, 1991, 1(1), 61-89. DOI: [https://doi.org/10.1016/1053-4822\(91\)90011-Z](https://doi.org/10.1016/1053-4822(91)90011-Z).
- [9] Minkov, M.; Hofstede, G. The evolution of Hofstede's doctrine. *Cross Cultural Management: An International Journal*, 2011, 18(1), 10-20. DOI: <https://doi.org/10.1108/13527601111104269>.
- [10] Mitchell, T.R.; Holtom, B.C.; Lee, T.W.; Sablinski, C.J.; Erez, M. Why people stay: Using job embeddedness to predict voluntary turnover. *Academy of Management Journal*, 2001, 44(6), 1102-1121. DOI: <https://doi.org/10.5465/3069391>
- [11] Muna, F.A. The Arab executive. St. Martin's Press. 1980.
- [12] Raham, T.F.; Al-Naqeeb, A.A.A.G.; Zubaidi, H.H.A. Cultural misalignment and employee turnover in Chinese multinationals: Evidence from Saudi

- Arabia. *Journal of Cross-Cultural Management*, 2023, 45(3), 45-67. DOI: <https://doi.org/10.1177/00220221231167890>.
- [13] Stahl, G.K.; Maznevski, M.L.; Voigt, A.; Jonsen, K. Unraveling the effects of cultural diversity in teams: A meta-analysis of research on multicultural work groups. *Journal of International Business Studies*, 2012, 43(4), 471-489. DOI: <https://doi.org/10.1057/jibs.2011.95>.
- [14] Wang, G.; Liu, T.; Al-Ghamdi, A. Cultural adaptation failures in Sino-Saudi joint ventures: A qualitative analysis. *International Business Review*, 2022, 31(4), 102-115. DOI: <https://doi.org/10.1016/j.ibusrev.2021.101987>.
- [15] Waxin, M.F.; Bateman, R. Labour localization and human resource management practices in the Gulf countries. In P. S. Budhwar & K. Mellahi (Eds.), *Handbook of human resource management in the Middle East*. Edward Elgar Publishing. 2016; pp. 127-147. DOI: <https://doi.org/10.4337/9781784719524.00014>.
- [16] Warner, M. Confucian HRM in Greater China: Theory and practice. *Asia Pacific Business Review*, 2010, 16(3), 317-333. DOI: <https://doi.org/10.1080/13602380903335858>.



© 2025 by the author(s); licensee International Technology and Science Publications (ITS), this work for open access publication is under the Creative Commons Attribution International License (CC BY 4.0). (<http://creativecommons.org/licenses/by/4.0/>)