

## **The Influence of Organizational Culture on Employee Retention: The Mediating Role of Job Satisfaction**

**(A Study of Service Sector Organization in Surkhet District)**

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### **Abstract**

*This study aims to analyze how organizational culture affects employee retention in service sector organizations in Surkhet District, with a special emphasis on how job satisfaction acts as a mediator in this relationship. The research adopted a causal-comparative research design. Data collection technique involved a convenience sampling, yielding a sample of 350 employees from diverse service sector organizations situated in Surkhet. Structural equation modeling, facilitated by Smart PLS (Partial Least Squares), served as the principal analytical instrument. The findings revealed that organizational culture significantly influences employee retention. Additionally, job satisfaction was identified as a critical mediator, strengthening the relationship between organizational culture and employee retention. A positive organizational culture not only directly enhances retention but also indirectly contributes to it by fostering higher levels of job satisfaction among employees. The study's results are limited by its use of convenience sampling in a single district, which may not represent all employees or service sectors elsewhere leaving the room for further research. The findings hold significant implications for managers and policymakers, suggesting that prioritizing supportive organizational practices and aligning strategies with employee well-being can help service sector organizations in Surkhet achieve sustainable retention outcomes and maintain a competitive advantage in the market.*

**Key Words:** Organizational Culture, Job Satisfaction, Employee Retention, Employee Performance, Employee Behaviour

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### **Introduction**

Recently, organizational culture has come a crucial factor in keeping talented employees across a range of industries and company types which is characterized as the common values, beliefs, and practices that guide an organization's operations (Sylejmani & Mesko, 2024). Therefore, companies have developed unique cultures that influence employee behavior, feelings, and thoughts. High competition has altered the corporate environment and impacted worker viewpoints. Employees are willing to change if dissatisfied with any part of their work (Venkatesan et al., 2023). Employees' level of comfort at work, their level of interest in the company's performance, and their drive to become market leaders are all influenced by the organizational culture that each corporate structure develops and maintains (Abbas et al., 2020). An

organization's culture is the collective view of its members as a set of organizational values that shape their behavior and work within the organization, setting it apart from others (Trisnayanthi et al., 2024). Organizational culture is a reflection of the norms and values that form the organization's vision and purpose in accomplishing its objectives. It is a set of norms and values that govern interactions, goals, and performance standards, influencing employee attitudes and ensuring a harmonious work environment (Shaikh & Soomro, 2023). Organizational culture encompasses beliefs, customs, and standards within policies and regulations, which are difficult to change and can be gauged through various methods (Marchalina et al., 2021).

Effective organizational culture implementation will boost employee performance by improving job satisfaction and motivation (Sitorus et al., 2020). Organizational culture, which is known as common beliefs and practices among employees helps the company to accomplish its objectives (Putriana et al., 2015). Metwally et al. (2014) suggest that employee satisfaction with a firm is influenced by various factors related to managers' performance management and personal perceptions of the organizational culture. Organizational culture is crucial for a company's competitive advantages and long-term success, influencing its personnel's attitudes and actions, impacting its operation and well-being (Kankanamge & Sirisena, 2020). Enhancing the organizational climate and culture can improve job satisfaction and achieve organizational goals, even though they are challenging to change (Sempene et al., 2002). Organizational culture significantly influences work happiness by shaping employee choices, behaviors, and interactions within the company, thereby establishing the conditions for fulfilling duties and acquiring valuable items (Janicijevic et al., 2018). The relationship between employee retention and job satisfaction is a significant management concern, impacting an organization's efficiency, productivity, and sustainability (Biason, 2020). Organizational culture is crucial for attracting and retaining top talent, fostering professional growth, inspiring employees, and promoting shared objectives. Job satisfaction in a company is influenced by good values, beliefs, and practices, which are influenced by organizational factors like size, structure, leadership, compensation, and working conditions (Girma, 2019). A healthy organizational culture significantly impacts employee performance and retention, which encompasses a company's operating procedures, customs, and ideals, influencing employee motivation, engagement, and productivity (Suherman et al., 2024).

Thus, organizational culture is crucial for attracting and retaining top talent, fostering professional growth, inspiring employees, and promoting shared objectives. It has a significant impact on employee attitudes and institutional effectiveness. It establishes what constitutes appropriate conduct inside a company and has an impact on employee retention and job satisfaction.

Employee retention is a critical challenge for service sector organizations in Surkhet District, where organizational culture plays a pivotal role in shaping employee behavior and satisfaction. However, the mechanisms linking culture to retention, particularly through job satisfaction, remain underexplored. This study investigates how organizational culture influences employee retention and the mediating role of job satisfaction. By addressing this gap, the research aims to analyze the influence of organizational culture on employee retention with the mediating role of job satisfaction providing the actionable insights for fostering a positive culture, enhancing satisfaction, and improving retention in the service sector organization in Surkhet.

## **Literature Review and Hypothesis**

Social Exchange Theory, an important thought in social psychology, suggests that people's actions are mainly motivated by the exchange of benefits between them. Social exchange theory, introduced by George Homans in 1958, emphasizes that social interactions between individuals are driven by the balance of costs and benefits. Homans asserts that these exchanges form the foundation of relationships within society (Redmond, 2015 cited in Alnajim, 2021). Social exchange theory advocates that individuals' decisions in relationships are influenced by their level of satisfaction (Zafirovski, 2005). Social exchange theory suggests that people's perceptions of interactions with others are influenced by their own presumptions, leading to trade relationships based on potential rewards (Putri et al., 2021). This study highlights that a positive organizational culture enhances employee retention by fostering a stronger sense of belonging and identity, as explained by Social Identity Theory, which in turn increases job satisfaction and commitment.

### ***Organizational Culture and Job Satisfaction***

Putriana et al. (2015) revealed that job satisfaction and organizational commitment are positively correlated with organizational culture, impacting commitment and work satisfaction, and significantly influencing job performance. Al-Abdullat & Dababneh (2018) indicated that Job satisfaction significantly influences organizational culture and knowledge management practices in the banking sector, especially in Jordan. When job satisfaction is the only significant variable, it fully explains the relationship between organizational culture and other factors. Imam et al. (2022) revealed that organizational culture significantly effects job satisfaction, with a t-value of 34.896 and a beta coefficient of 1.160, and directly impacts individual performance, with job satisfaction directly influenced by corporate culture. Belias and Koustelios (2014) found that employee job satisfaction is statistically impacted by organizational culture, according to the research. The way that workers feel about their workplace, their interactions with coworkers, and the general goals and tactics of the organization all have a significant impact on how satisfied they are. Tran et al. (2023) identified a strong positive correlation between organizational culture and job satisfaction. Employees who are happy at their company are more likely to stick around and consider it a second home. In contrast, poor job satisfaction may result in increased employee turnover as workers look for other possibilities. Al-Shammari and Al-Am (2018) reveals moderate job satisfaction among workers, with supervision being the most rated aspect. Market culture is the most common organizational culture, with job happiness positively correlated with clan culture. Job satisfaction leads to increased productivity, dedication, health, loyalty, and lower turnover rates. Ahamed and Mahmood (2015) revealed that organizational culture significantly impacts employees' job satisfaction. Despite a positive current culture, the company should focus on values, fair compensation, and justice to prevent workplace discontent. The research highlights the link between work satisfaction and corporate culture. Agarwal (2023) revealed that organizational culture significantly influences employee job satisfaction, with a positive culture resulting in increased satisfaction, which is crucial for workplace morale and productivity. Harwani (2019) organizational culture significantly impacts decisions, actions, and employee satisfaction. A positive, relevant, and flexible culture is crucial for optimal performance. A study found that Pakistani university faculty members' work satisfaction was negatively impacted by organizational culture. A healthy organizational culture is essential for long-term success and employee satisfaction. Shah (2007) emphasized the significance of company culture in employee retention and happiness, highlighting that factors beyond pay, such as the organization's general culture, significantly impact satisfaction and retention. A culture that values trust, commitment, creativity, risk-taking, and personal growth leads to increased organizational

citizenship, reduced absenteeism, and decreased turnover. The foregoing literatures demonstrate that there is a strong relationship between organizational culture and the job satisfaction. Consequently, the hypothesis is offered that:

*H<sub>A1</sub>: Organizational culture significantly influences the job satisfaction*

#### ***Job Satisfaction and Employee Retention***

Kalairasi and Priyadharshni (2024) investigated that employee satisfaction and retention are significantly influenced by the positive organizational culture, indicating that fostering a supportive environment enhances employee engagement and loyalty. Cronley and Kim (2017) found that turnover intentions are significantly influenced by organizational culture, with job satisfaction playing a crucial role. Male respondents report higher turnover intentions, while location moderates the relationship, highlighting the importance of organizational culture. Htun (2022) revealed a strong correlation between job satisfaction and employee retention, highlighting the importance of factors like compensation, job content, promotion opportunities, and supervisor support in enhancing job satisfaction, thereby reducing turnover rates and recruitment and training costs. Biason (2020) indicates a positive correlation between employee retention and job satisfaction, suggesting that job satisfaction increases the likelihood of employees staying with a company. Therefore, organizations should focus on enhancing job happiness to boost employee retention, focusing on pay, job satisfaction, and work connections. Irabor and Okolie (2019) in their study confirm that employee retention is a critical aspect of an organization's success, requiring a positive work environment, good HR practices, and a focus on employee satisfaction to retain skilled workers, boost morale, and attract new talent. Khan and Aleem (2014) found a correlation between higher staff turnover rates and poor job satisfaction levels. Job satisfaction mediates this relationship, suggesting that raising satisfaction may help lower turnover rates. Therefore, addressing these factors can significantly improve job satisfaction and overall satisfaction. Antony et al. (2023) found a strong correlation between Job satisfaction and employee retention, with higher satisfaction levels resulting in better retention rates. Factors influencing retention include pay scale, compensation, communication, and employee training, while promotions and career development do not influence. Aman-Ullah et al. (2022) stated that job satisfaction significantly impacts employee retention, as job security enhances satisfaction, thereby fostering employee retention. This direct relationship highlights the significance of job security in job satisfaction. Muda et al. (2022) revealed that job satisfaction significantly influences employee retention, as dissatisfaction with work directly affects their likelihood to leave the company. Therefore, maintaining high levels of satisfaction is crucial to reduce turnover rates. Ngounhort et al. (2024) employee retention was considerably enhanced by remuneration plans, perceived organizational support, work participation, and job satisfaction, according to the findings of both regression analysis and the SEM. The forementioned literatures establish the substantial association between the job satisfaction and the employee retention. Therefore, the hypothesis is proposed that:

*H<sub>A2</sub>: Job satisfaction significantly influences the employee retention.*

#### ***Organizational Culture, Job satisfaction, and Employee Retention***

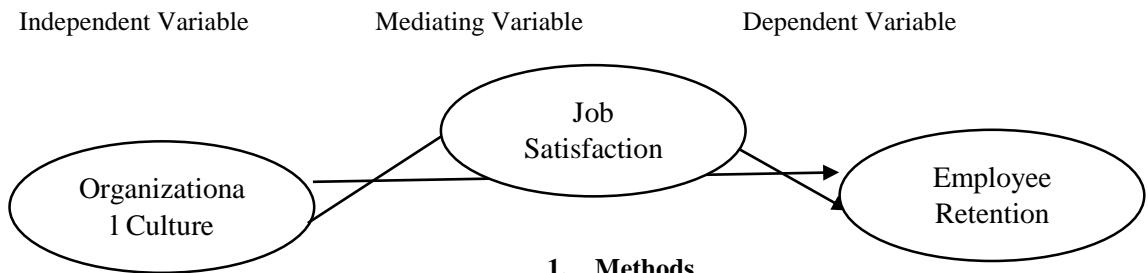
Chandrika and Srikala (2023) found that employee retention and organizational culture were significantly positively correlated. The study suggests that fostering a strong and supportive organizational culture might increase employee loyalty and reduce the desire of turnover. Suherman et al. (2024) identified that an organizational culture that promotes creativity, teamwork, and personal growth significantly positive impact on employee job satisfaction and loyalty, leading to higher retention rates, especially among young

professionals. Bassey et al. (2024) revealed a significant correlation between organizational norms, beliefs, and values, as well as organizational values, in fostering employee retention. Sharma et al. (2017) observed that organizational culture plays a crucial role in shaping job satisfaction by significantly impacting employees' intentions to stay or leave a company. Its influence underscores the importance of fostering a positive work environment to enhance employee retention and well-being. Habib et al. (2014) explored the impact of organizational culture on job satisfaction, employee commitment, and retention, revealing that organizational nature significantly influences job satisfaction, intention to leave, and job satisfaction. Sheridan (1992) The research reveals that organizational cultural values significantly influence staff retention rates, with cultural norms and interpersonal connections being the primary explanation. This suggests that cultural influences outweigh external factors like demographics and labor market conditions. Franca (2020) revealed a strong correlation between employee turnover and various organizational culture elements, corporate commitment, and the type of supervision and working environment in selected schools, highlighting the importance of addressing these factors to reduce employee turnover. Almerri (2023) study found a positive relationship between organizational culture and employee retention. A positive culture increases engagement, leading to improved retention and longer-term company commitment. SPSS was used to analyze the data. Mengjiao (2023) explored the relationship between employee turnover intention and organizational culture, highlighting the influence of job satisfaction as a mediator. It reveals that a positive organizational culture reduces employee turnover and enhances job satisfaction. Ushakov and Shatila (2021) employee satisfaction and commitment are significantly influenced by organizational culture, leading to higher retention rates. Aligning culture with business strategy and aligning with employees' values is crucial. Investing in a positive culture yields significant returns, promoting flexible schedules and work-from-home options. The above discussion highlighted the significant relationship between organizational culture and employee retention. Based on that the following hypothesis is proposed:

*H<sub>A3</sub>: Organizational culture significantly influences the employee retention.*

*H<sub>A4</sub>: Organizational culture significantly influences the employee retention with the mediating influence of job satisfaction.*

### **Conceptual Framework of the Study**



### **1. Methods**

This study utilized a causal-comparative and descriptive research design to evaluate the effect of organizational culture on employee retention with the mediating role of job satisfaction within the service sector organizations in Surkhet district. The study model includes organizational culture as the independent variable, employee retention as the dependent variable, and job satisfaction as the mediating variable. To assure the reliability and validity of the data, standardized questionnaires were constructed based on expert opinion and a study of relevant literature. The surveys had two sorts of questions: multiple-choice, close-ended questions to obtain demographic information, and a five-point Likert scale to record answers linked to the study's primary topics.

A convenience sampling method was employed to gather responses from the study area. Respondents were requested to manage the time to complete the questionnaires, which were then distributed. A total of 375 questionnaires were issued to employees within various service sector organizations in the study area. Of these, 350 completed responses were obtained, yielding a response rate of 93.33 percent, exceeding the threshold recommended by Hair et al. (2017). The data were analyzed using Smart PLS (Partial Least Squares v.4.1.0.9) as the principal tool for structural equation modeling. This analysis was done to evaluate both the direct effects of organizational culture on employee retention and the indirect effects mediated by job satisfaction.

## Results

### **Demographic Profile of the Respondents**

**Table 1**

*Profile of the Respondents*

Demographics	Categories	Respondents	Percentage
Gender Status	Male	220	62.9
	Female	130	37.1
Age Status	18-25 years	40	11.4
	26-33 years	227	64.9
Marital Status	34-41 years	71	20.3
	42-Above years	12	3.4
Educational Status	Married	269	76.9
	Unmarried	81	23.1
Experience	Up to +2	34	9.7
	Bachelor	127	36.3
	Master	179	51.1
	Master above	10	2.9
	Up to 5 years	173	49.4
	6 -10 years	139	39.7
	11 - 15 years	32	9.1
	16 above years	6	1.7

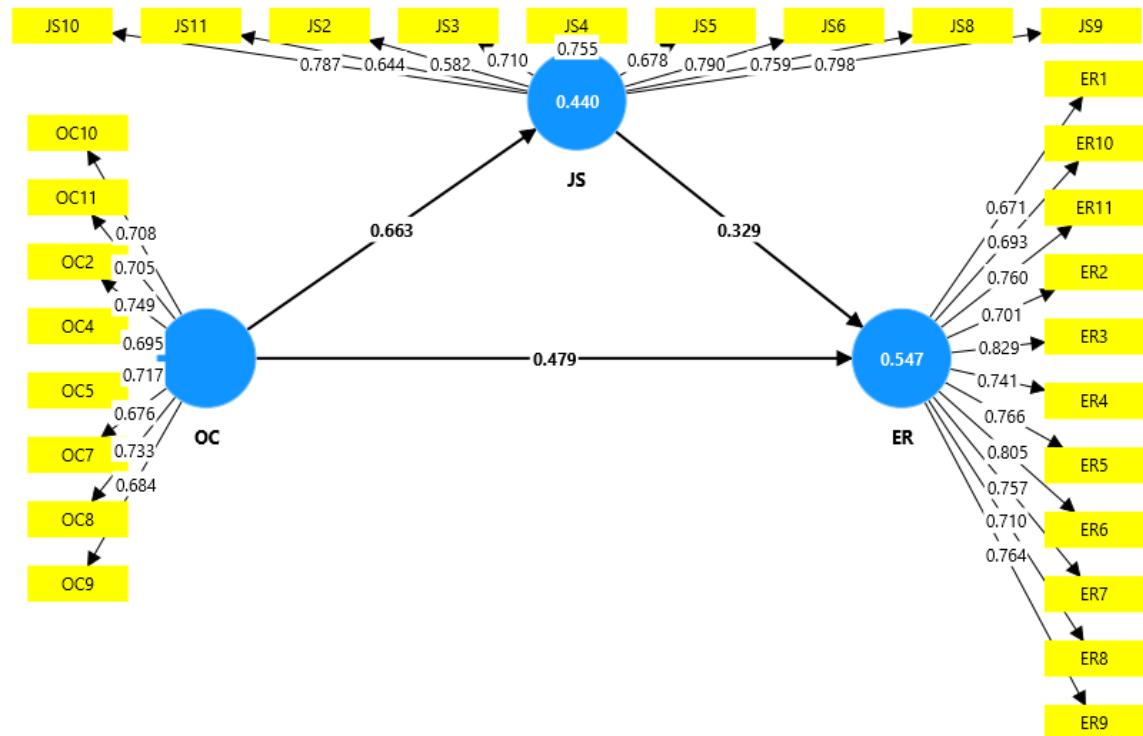
*Source: Survey Data, 2025*

Table 1 presents a detailed overview of the demographic information collected during the field survey held on 2025, April to Jun month. The gender distribution obtained included 62.9 percent male and 37.1 percent female respondents. In terms of age status, respondents ranged from 18 to over 42 years old, with 11.4 percent, age of 18 to 25, 64.9 percent, age of 26 to 33, 20.3 percent, age of 34 to 41, and 3.4 percent age of 42 and above. Likewise, 76.9 percent of respondents were married, while 23.1 percent were unmarried. Regarding education, 9.7 percent of respondents were of up to the +2 level, 36.3 percent bachelor's degrees, 51.1 percent were having master's degrees, and 2.9 percent respondents' qualifications was beyond the

master's level. In terms of job experience, 49.4 percent had five years or less, 39.7 percent had six to ten years, 9.1 percent had eleven to fifteen years, and 1.7 percent had over sixteen years of experience. These demographics provide a complete foundation for further analysis

### **Measurement Model (Outer Model)**

In SMART PLS, the measurement model (outer model) has adopted to observe if the indicators accurately measure the corresponding constructs. It assesses important factors such indicator reliability, internal consistency, convergent validity, and discriminant validity (using the Fornell-Larcker criterion or HTMT) to make sure the constructs are legitimate and different from one another.



**Table 2**

*Factor Loadings, Cronbach's Alpha, Composite Reliabilities and Average Variance Extracted*

ems	Factor Loading	VIF	Cronbach' Alpha	Composite Reliability (rho_a)	Average Variance Extracted (AVE)
OC2	0.747	1.73			
OC4	0.695	1.72			
OC5	0.717	1.75	0.859	0.862	0.502
OC7	0.676	1.59			
OC8	0.733	1.72			

OC9	0.684	1.69			
OC10	0.708	1.78			
OC11	0.705	1.62			
JS2	0.582	1.37			
JS3	0.71	1.82			
JS4	0.755	2.11			
JS5	0.678	1.84			
JS6	0.79	2.18	0.886	0.893	0.527
JS8	0.759	1.92			
JS9	0.798	2.63			
JS10	0.787	0.783			
JS11	0.644	1.53			
ER1	0.671	1.73			
ER2	0.701	1.94			
ER3	0.829	3.02			
ER4	0.741	2.02			
ER5	0.766	2.33			
ER6	0.805	2.61	0.920	0.921	0.557
ER7	0.757	2.13			
ER8	0.71	2.04			
ER9	0.764	2.94			
ER10	0.693	1.69			
ER11	0.76	2.71			

Table 2 reveals the main metrics used to evaluate the validity and reliability of items in a measurement model. These metrics indicate strong or acceptable factor loadings, which quantify the relationship between an item and the latent construct it is meant to measure. Factor loadings between 0.6 and 0.7 might be acceptable, particularly in exploratory research, according to Hair et al. (2017). Moreover, VIF values are well within the permissible range, ranging from 1.37 (JS2) to 3.02 (ER3). VIFs below 5 are generally seen as acceptable, with values below 3 being preferred (Hair et al., 2017). Each item contributes distinct information to the model, indicating that there are no serious multicollinearity problems.

Furthermore, every Cronbach's Alpha score is greater than 0.8, suggesting that the constructs have strong internal consistency and dependability. Nunnally (1978) states that a dependability rating of 0.7 or above is deemed satisfactory, while values greater than 0.8 are deemed excellent. With values over 0.8 and close to or higher than 0.9, all constructions exhibit good composite dependability. This indicates that the items measure their constructions well when taken as a whole. The construct's overall dependability is assessed by Composite dependability (CR), which must be higher than 0.7 for adequate reliability (Bagozzi & Yi, 1988). Every AVE number is more than 0.5, indicating that each construct accounts for a sufficient amount of the variation in its pieces. According to Fornell and Larcker (1981), a score of 0.5 or above indicates that

the construct explains at least half of the variation of its elements. The elements in this table are legitimate and dependable measurements of their respective constructs based on these thresholds and metrics.

**Table 3**

*Discriminant Validity based on Fornell-Larcker Criterion*

	ER	JS	OC
ER	0.747		
JS	0.647	0.726	
OC	0.698	0.663	0.709

*Note: ER (Employee Retention), JS (Job Satisfaction), OC (Organizational Culture)*

Table 3 displays the discriminant validity using the Fornell-Larcker Criterion, of three constructs: Organizational Culture (OC), Job Satisfaction (JS), and Employee Retention (ER). By comparing the square root of each construct's Average Variance Extracted (AVE) with its correlations to other constructs, this method assesses how distinctive each construct is. The diagonal numbers in the table reflect the square root of the AVE for each construct, whereas the off-diagonal values show correlations between the constructs. The square root of the AVE for ER is 0.747, which is higher than its correlations with OC (0.698) and JS (0.647), suggesting that ER is different from both. Similarly, JS's discriminant validity is confirmed by the square root of the AVE, which is 0.726, greater than its correlations with ER (0.647) and OC (0.663). The square root of the AVE for OC is 0.709, which is higher than its correlations with JS (0.663) and ER (0.698), proving discriminant validity for OC as well. In conclusion, the square root of the AVE for each of ER, JS, and OC surpasses the corresponding inter-construct correlations, confirming that they are empirically separate constructs according to the Fornell-Larcker Criterion.

**Table 4**

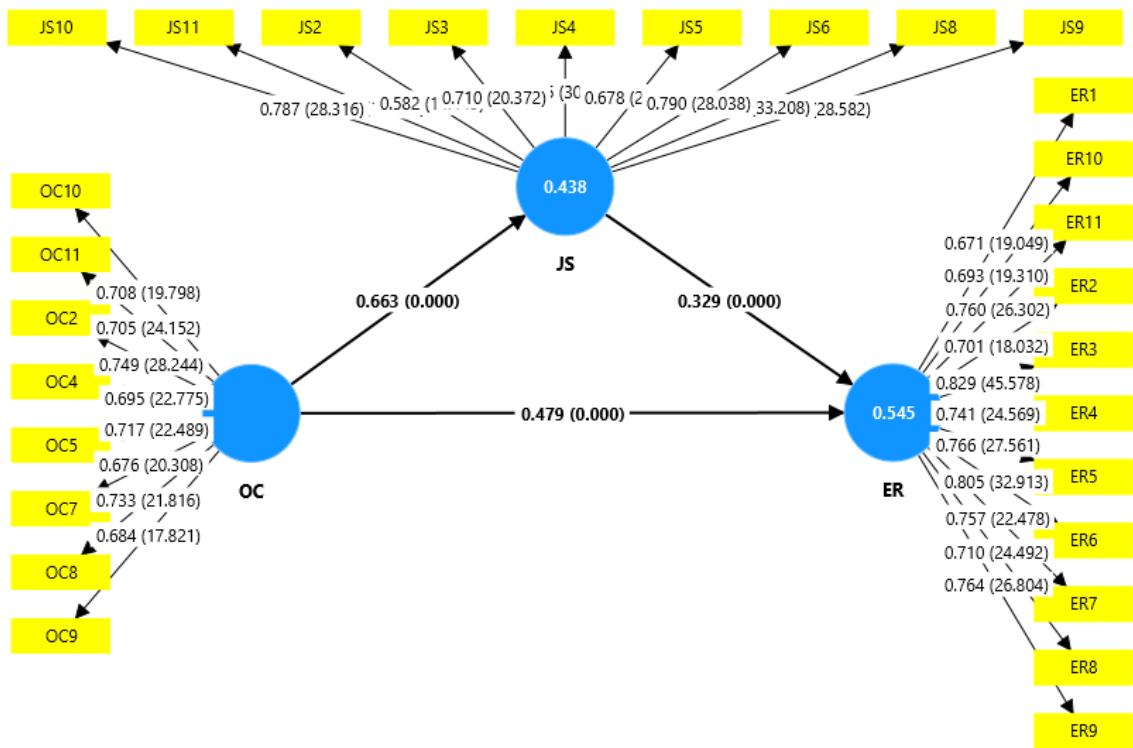
*R-square*

	R-square	R-square adjusted
ER	0.547	0.545
JS	0.440	0.438

Table 4 demonstrates that while organizational culture alone explains 44 percent of the variance in job satisfaction (JS), underscoring JS's important mediating role between OC and ER, organizational culture and job satisfaction together explain 54.7 percent of the variance in employee retention (ER), indicating a strong combined influence. This implies that enhancing company culture improves job satisfaction, which has a favorable effect on employee retention.

#### ***Assessment of Structural Model (Inner Model)***

The validity of the proposed model and the significant predictive accuracy of independent variables are determined by the assessment of structural model in SMART PLS, which evaluates the associations between latent variables.



**Table 5**  
*Path Coefficient (Direct Effect)*

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ( O/STDEV )	P Values	Decision
JS -> ER	0.329	0.33	0.056	5.85	0.000	Accepted
OC -> ER	0.479	0.48	0.052	9.185	0.000	Accepted
OC -> JS	0.663	0.666	0.034	19.42	0.000	Accepted

Table 5 presents the results of path coefficients for the direct effects of Job Satisfaction (JS) and Organizational Culture (OC) on Employee Retention (ER), as well as the effect of OC on JS. The analysis includes several statistical measures: original sample (O), sample mean (M), standard deviation (STDEV), T statistics, and p-values. The significance of the influence is determined by the p-values, with a standard threshold of 0.05 for significance.

For the path JS -> ER, the path coefficient (O) is 0.329, with a T-statistic of 5.85 and a p-value of 0.000, indicating a significant positive effect of job satisfaction on employee retention. This suggests that higher job satisfaction leads to better retention of employees. Similarly, For the path OC -> ER, the path coefficient is 0.479, with a T-statistic of 9.185 and a p-value of 0.000, showing that organizational culture has a strong, significant positive impact on employee retention. Additionally, for the path OC -> JS, the

path coefficient is 0.663, with a T-statistic of 19.42 and a p-value of 0.000, signifying a very strong and significant influence of organizational culture on job satisfaction.

Thus, all direct effects are statistically significant ( $p < 0.05$ ), supporting the hypotheses that job satisfaction and organizational culture positively impact employee retention, while organizational culture also significantly influences job satisfaction.

**Table 6**  
*Specific Indirect Effect*

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ( $ O/STDEV $ )	P values	Decision
OC -> JS -> ER	0.218	0.22	0.04	5.464	0.000	Accepted

The table 6 presents the indirect effect of Organizational Culture (OC) on Employee Retention (ER) through Job Satisfaction (JS) as a mediator. The analysis includes key statistical measures such as the original sample (O), sample mean (M), standard deviation (STDEV), T-statistics, and p-values to assess the significance of the indirect relationship. For the path OC -> JS -> ER, the path coefficient (O) is 0.218, indicating that OC positively influences ER indirectly by enhancing JS. This means that improvements in organizational culture led to increased job satisfaction, which subsequently improves employee retention. The T-statistic is 5.464, exceeding the threshold of 1.96, confirming a strong indirect effect. Additionally, the p-value is 0.000, showing statistical significance ( $p < 0.05$ ).

The findings demonstrate that organizational culture indirectly and significantly affects employee retention through job satisfaction, highlighting the critical role of a positive work culture in fostering both job satisfaction and retention.

## Discussions

To analyze the influence of organizational culture on employee retention in service sector organizations in Surkhet District, with job satisfaction acting as a mediating factor, the research model was structured around three main variables: organizational culture, job satisfaction, and employee retention. The study utilized Smart PLS (v.4.1.0.9) for data analysis, yielding several significant findings. First, the study confirmed a significant linear influence of organizational culture on job satisfaction, thereby validating the first hypothesis (HA1). This result is consistent with prior research by Putriana et al. (2015), who found a positive correlation between organizational culture and job satisfaction, as well as Al-Abdullat and Dababneh (2018), who highlighted the mediating role of job satisfaction in the relationship between organizational culture and other factors. Additionally, Imam et al. (2022) and Belias and Koustelios (2014) also demonstrated that organizational culture significantly impacts job satisfaction, further supporting this finding. Tran et al. (2023) and Al-Shammari and Al-Am (2018) similarly identified a strong positive correlation between organizational culture and job satisfaction, while Agarwal (2023) emphasized that a positive organizational culture leads to increased job satisfaction, which is crucial for workplace morale and productivity.

Second, the study revealed a significant linear effect of job satisfaction on employee retention, confirming the second hypothesis (HA2). This finding aligns with the work of Kalairasi and Priyadharshni (2024), who found that fostering a supportive organizational culture enhances employee engagement and loyalty. Cronley and Kim (2017) also highlighted the role of job satisfaction in reducing turnover intentions, while

Htun (2022) emphasized the importance of factors such as compensation, job content, and supervisor support in enhancing job satisfaction and reducing turnover rates. Biason (2020) and Irabor and Okolie (2019) further supported this relationship, noting that job satisfaction increases the likelihood of employees staying with an organization. Antony et al. (2023) and Khan and Aleem (2014) also found a strong correlation between job satisfaction and employee retention, with higher satisfaction levels leading to better retention rates. Aman-Ullah et al. (2022) and Muda et al. (2022) similarly concluded that job satisfaction significantly impacts employee retention, with dissatisfaction increasing the likelihood of employees leaving the organization.

Third, the findings demonstrated a significant linear effect of organizational culture on employee retention, confirming the third hypothesis (HA3). This result is consistent with the studies of Chandrika and Srikala (2023), who found a positive correlation between organizational culture and employee retention, and Suherman et al. (2024), who highlighted the role of organizational culture in promoting creativity, teamwork, and personal growth, which in turn enhances employee loyalty and retention. Sheridan (1992) and Franca (2020) also emphasized that organizational cultural values significantly influence staff retention rates, with cultural norms and interpersonal connections playing a pivotal role in reducing turnover.

Finally, the results validated the fourth hypothesis (HA4), which posits that organizational culture significantly influences employee retention through the mediating role of job satisfaction. This finding aligns with the research of Mengjiao (2023), who explored the relationship between organizational culture and turnover intention, highlighting the mediating role of job satisfaction. Similarly, Ushakov and Shatila (2021) found that organizational culture significantly impacts employee satisfaction and commitment, leading to higher retention rates. Overall, the study underscores the critical role of organizational culture in fostering job satisfaction and, in turn, enhancing employee retention in the service sector. These findings provide valuable insights for managers and policymakers, emphasizing the importance of cultivating a positive organizational culture to achieve sustainable retention outcomes.

### **Conclusions and Implications**

In conclusion, the study provides strong evidence that organizational culture significantly influences employee retention in service sector organizations in Surkhet District, both directly and indirectly through the mediating role of job satisfaction. This positive relationship between organizational culture, job satisfaction, and employee retention confirm the study's hypotheses and align with prior research. These findings highlight the critical role of managing organizational culture in enhancing employee retention, emphasizing the need for supportive workplace practices to foster satisfaction and reduce turnover.

The study highlights key managerial and policy implications. Managers should cultivate a positive organizational culture by promoting trust, collaboration, and employee well-being to enhance job satisfaction and retention. Addressing factors like fair compensation, career growth, and effective communication is essential. Policymakers should encourage employee-centric practices, such as flexible work arrangements and recognition programs, to support organizational efforts. These strategies can improve retention, boost productivity, and help service sector organizations in Surkhet District maintain a competitive edge.

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