The effect of Wasta on business conduct and HRM in Jordan

International Business Track

Abstract

Despite rapid globalisation, boom in multinational business and increasing interest in international human resource management (IHRM) generally, research on developing countries in the Middle-East is limited. A three year PhD research project seeks to begin to fill this gap by studying the effect of Jordanian culture on the transfer of western recruitment and selection (R&S) frameworks into Jordan. This paper opens up an investigation into a cultural concept at the heart of management and human resource management (HRM) in Jordan: ‘wasta’. Wasta is a concept that springs from tribalism; favouritism based on family and tribal relations. For multinational organisations this presents a challenge in balancing the western idea of fairness, equal opportunities and diversity and the local system based on favouritism. We argue that the perceived benefits of wasta cannot match the moral case for a merit based model.
Research Background

In the past three decades globalisation, which refers to the shift toward a more integrated and interdependent world economy, has significantly altered the international economic positioning of many developing nations (Hill, 2012; Hutchings and Weir, 2006). Due to the decline in trade and investment barriers and rapid technological advances the effects of globalisation have become a reality. Because developing countries are often rich in resources and labour is relatively cheap, globalisation has resulted in the rise of these countries as a main target of the operational environment for multinational corporations (MNC’S) (Hill, 2012). However, globalisation has led to several challenges for cross-cultural management of these subsidiary operations (Hutchings and Weir, 2006). These challenges sparked interest from several academics and practitioners from the fields of organisational culture studies (Alvesson, 2002), comparative management (Child, 2000) cross cultural management (Kirkman et al., 2006) international management and cross cultural phycology of organisational behaviour (Gelfand et al., 2007) resulting in substantial research on the topic of international management in general and international human resource management (IHRM) in particular. However, it could be argued that this interest has been focused in developed countries so far (in particular the USA and western Europe) and has not been cultivated in developing countries yet (Budhwar and Debrah, 2001: 4), especially the Arab Middle East (Budhwar and Mellahi, 2007: 3). This has resulted in a gap between the IHRM literature available on developed and developing countries and our knowledge of how these concepts may apply in the Middle East is hence limited.

This paper reports on a PhD research (currently in the second year) which aims to participate in filling this gap. The paper builds on and further examines the effect of culture in Jordan on implementing western recruitment and selection (R&S) frameworks in organisations operating in the banking sector of Jordan (Author1 et al, forthcoming). We present an in-depth critical literature review of “wasta”, a core concept in Jordanian culture, which can be described as favouritism based on tribal and family relations (Hutchings and Weir, 2006; Branine and Analoui, 2006).

The first section of this paper will introduce the country of Jordan and discuss the tribal system which is predominant in the country. This is followed by the presentation of a critical argument on wasta’s effect on business and HR conduct in Jordan. An outline of the research aims, objectives and data collection follows before the concluding remarks.

Jordan and its culture

The Hashemite Kingdom of Jordan (hereafter referred to as Jordan) is a lower middle income country with a population of 6.5 million and an estimated gross domestic production (GDP) per capita of 6000$ (CIA World Factbook, 2013). 80% of the population live in urban areas and this population is one of the youngest among lower-middle income countries, as 38% are under the age of 14 (World Bank, 2010).

Jordan's economy is among the smallest in the Middle East, with insufficient supplies of water, oil, and other natural resources underlying the government's heavy reliance on foreign assistance.
Other economic challenges for the government include chronically high rates of poverty, unemployment, inflation, and a large budget deficit (CIA World Factbook, 2013). Jordan, despite lacking natural resources, has been able to sustain its budget through the large amount of foreign aid and workers’ remittances, especially from those Jordanians who have gone to work in the oil-rich Gulf countries (Rowland, 2009: 15).

In the year 2000 Jordan joined the World Trade Organization (WTO) and worked on strengthening its trade links with countries such as the USA, Japan and the UK as well as other Arab countries. Foreign direct investments were encouraged and many foreign companies were attracted to invest in Jordan despite its limited natural resources (Branine and Analoui, 2006). This led to a rapid increase in the number of multinational organisations operating in Jordan, which has prompted several researchers to study the effect of Jordanian culture on implementing western business and HRM practices in the country (Branine and Analoui, 2006; Al-Hasan and James, 2009; Al-Tarawneh, 2011).

Jordan, created by colonial powers after World War I, initially consisted of desert or semi-desert territory east of the Jordan River, inhabited largely by people of Bedouin tribal background (Sharp, 2012: 3). The establishment of the state of Israel brought large numbers of Palestinian refugees to Jordan, which subsequently annexed a small Palestinian enclave west of the Jordan River known as the West Bank. The original “East Bank” Jordanians, though probably no longer a majority in Jordan, remain predominant in the country’s political and military establishments. Jordanians of Palestinian origin, on the other hand, comprise an estimated 55-70% of the population and generally tend to gravitate towards the private sector due to their exclusion from certain public sector and military positions (Sharp, 2012: 3). This is evident from the fact that the Jordanian financial and real estate sectors are dominated by families of Palestinian origin who have an economic stake in the current order (Sharp, 2012: 1).

One of the most distinctive features of Jordanian culture is the tribalistic nature of the country (Branine and Analoui, 2006; Rowland, 2009). Several researchers have studied the tribal system of Jordan and the effects of having such system on the political, economic and social environments of the country (Antoun, 2000; Rowland, 2009; Sharp, 2012).

A tribe is described as:

“a form of society that arises when groups of men and women who recognize each other as being related by birth or by marriage come together to act in concert to control a territory and appropriate its resources, which they exploit – together or separately – and which they are ready to defend by armed force” (Godelier, 2009 cited in Rowland, 2009: 12).

The term ‘territory’ here does not necessarily mean the traditional grazing and arable land needed for the tribes’ survival, as tribes are not confined to a specific area of land that they own, but territory may refer to a city, town, trade routes, or other areas (Rowland, 2009: 11).

Moreover, when we refer to tribalism in urban modern cities in Jordan in this research, we are not imagining the antiquated, anthropological idea that refers to tribes as rigid social compartments. It is rather viewed as an intangible emotion that entails a varying degree of loyalty to a tribe, as well as the social sense of belonging to a certain people, which may, but does not necessarily, play a part in a person’s everyday life (Rowland, 2009).
The extent to which tribalism affects everyday life varies from individual to individual and from group to group and depends on the background, origin, geographical area of residence and status of the individual or group in the community. The difference in the effects of tribalism on everyday life in Jordan is reflected in the division of ethnic (national) background mentioned earlier. While tribesmen and East Bank Jordanian are seen as more ‘tribe oriented’, Palestinian-Jordanians are considered to be less tribal. Furthermore, this effect varies according to the geographical area: it is highly noticeable in rural areas while it is less prominent in urban areas (Ronsin, 2010; Sharp, 2012).

Bearing in mind the difference in the extent to which tribalism affects different individuals and groups in society this concept has a general influence on the political, economic and social environment in Jordan.

The political implications of the tribal mentality of Jordanian society is evidenced in the fact that the electoral system currently in place in Jordan lends itself to tribal, family-based politics as opposed to politics based on national, cross-cutting issues. As candidates’ campaigns are overrun with personal and family strategies, often kept within the confines of the kinship ties they have with their tribes. (Rowland, 2009: 22). Evidence supporting this view could be found in the 2007 parliamentary elections, where exit polls covering six of Jordan’s 45 districts showed that “Family, Tribal and Town Affiliations” were the most important factors in voters’ minds, coming just before “Good Service Provider.” Only in the two main city districts of Amman and Zarqa did “Religiosity and Party Affiliation” rate as the most important factor for around 10% of the people surveyed (Jordan Center for Social Research, 2008).

The argument above extends to the economic situation in Jordan. In particular there are several negative implications on business conduct. This is exemplified by politicians who have obtained official positions based on tribal affiliation and have utilized their positions to do business (Loewe et al, 2007: 28).

Finally, the substantial effect of tribalism on social life in Jordan can be illustrated by the following statement:

“The social system in Jordan is still largely based on tribalism and kinship relations, particularly in rural areas. This social structure is less prominent in urban areas, as the Palestinian-Jordanians that are concentrated there are considered to be less tribal. This system is traditionally patriarchal, though remarkably egalitarian when it comes to economic status, and inspires a fierce loyalty to the tribe from all members. In Jordan more so than some other countries in the region where ethnic and religious conflicts have dominated politics, tribalism plays an extremely significant role in the political process” (Rowland, 2009: 6).

These arguments demonstrate the vast effect tribalism has on political, economic and social life in Jordan, leading us to understand the importance of the influence of this aspect of Jordanian culture on everyday activities in the country including business and management conduct.

A concept that is arguably one of the direct results of the tribal system in Jordan, and which bears a very significant impact on business and HRM practice in Jordan, is termed *wasta*. 
Wasta

Wasta involves social networks of interpersonal connections rooted in family and kinship ties and implicating the exercise of power, influence, and information sharing through social and politico-business networks. It is intrinsic to the operation of many valuable social processes, central to the transmission of knowledge and the creation of opportunity (Hutchings and Weir, 2006: 143).

According to Branine and Analoui (2006: 150) the literal meaning of wasta is “to go in between”, but the practical meaning is “favouritism based on family and tribal relations” (Branine and Analoui, 2006: 150). Another academic definition is:

“favouritism which is based on preferential treatment of relatives, friends, and neighbours or other acquaintances which is a widespread pattern of social interaction in many parts of the world” (Loewe et al, 2007: 3).

Finally, Smith et al. (2011: 3) defines wasta as a process whereby one may achieve goals through links with key persons. It is implied that these links are personal, and most often derive from family relationships or close friendships (Cunningham and Sarayah, 1993).

All of these definitions indicate that wasta is a term used to indicate favouring people in several ways mainly based on tribal and kinship relations. Wasta in the Arab world is very similar to the practices of blat in Russia and guanxi in China (Loewe et al., 2007: 3) which are comparable cultural concepts that utilize kinship and connections in pursuit of business and social benefits. However, unlike blat and guanxi, wasta has evaded the attention of most serious business academics. This lack of attention has continued despite of the success of the Gulf economies and the impact of the Arab World on the global economy in recent years, as little is known about this way of managing (Weir, 2000 in Hitchings and Weir, 2006: 144).

Historically, wasta was used as a means for managing relations between families and tribes in the Arab world through the use of an intermediary usually referred to as the ‘shaykh’ (the head of the tribe) who would be called on to be the intercession or the wasta between the conflicting parties (Cunningham and Sarayah, 1993). Thus, wasta refers to both the act and the person who intercedes (Cunningham and Sarayah, 1993) and mainly stems from the Arabic social texture that emphasises family connections and the power of the social fabric (Weir, 2003). However, this term has evolved to refer to a more modern practice which involves the intervention of a central character or protagonist in favour of a certain individual (Hutchings and Weir, 2006). The aim is to gain an advantage for that individual, such as obtaining a job, gaining admission to a university, securing promotion or receiving favourable treatment under the law (Cunningham and Sarayah, 1993). It could even extend to practices on the fringes of legality such as avoiding fines and changing a university grade (Ronsin, 2010: 1).

Wasta, Business and HR in Jordan

The previous section explains the link between tribalism and wasta, arguing that wasta is a direct result of tribalism, while further evidencing that this concept is deeply engrained in Jordanian society as a whole and in all aspects of an individual’s life. This section will discuss the effect of
wasta on business conduct in Jordan and in particular, the effect of wasta on HRM while analysing both the negative and positive aspects of this concept on business and HRM practice in Jordan.

As discussed above although there has been scarce research on the effect of wasta on business conduct in the Arab world (Tlaiss and Kauser, 2011, Mohamed and Mohamed, 2011), only a handful of these studies have been conducted on Jordan in particular (Loewe et al, 2007; Branine and Analoui, 2006; Al-Hasan and James, 2009). Most of these studies focus on the negative effects of wasta on business conduct in the Arab world and Jordan in particular.

Loewe et al. (2008) found out that making use of personal relations is common among all groups of Jordanian society. Eighty six percent of the interviewed businesspeople stated that wasta can be very helpful in all kinds of interactions with the bureaucracy, and 56% of them admitted to using it regularly (Loewe et al., 2008: 264). Other studies have reinforced this point, for example a majority of the public sample interviewed by the Jordanian Center for Strategic Studies (2006) believed that corruption (including wasta related activities) exists in the public sector (nearly 65%) and in the private sector 52%. These percentages rise to respectively 75% and 64% when a sample of opinion leaders is interviewed (Jordanian Center for Strategic Studies, 2006). A more recent survey (Jordan Transparency Forum 2009, revealed by the Jordan Times) states that around 81.3% of the sample agreed that wasta is highly prevalent in Jordan (Ronsin 2010: 3). Finally, a study conducted by Kilani and Sakijha (2002) indicates that the use of wasta is highly likely to still be strongly prevalent in Jordan in the future, as it showed that 90% of the respondents believed that they would use wasta in the future.

Wasta can help to gain admission to universities, to earn good marks at school, and to get a bank loan or financial support from the government, as well as to be granted tax exemptions or an acquittal at court (Loewe et al., 2008: 246). It has also been argued that wasta can be of help in speeding up administrative procedures, an option taken advantage of by business people utilising wasta for this purpose on a regular basis (Loewe, 2007: 71).

In sum “Everything, no matter how simple it is, requires a Wasta in Jordan” (El-Said and Becker, 2001).

The fact that many business people in Jordan use wasta to circumvent existing procedures has a negative impact on the Jordanian business climate and economy. One of the negative effects resulting from the frequent use of wasta is the creation of a parallel system to the governmental administrative procedures (Loewe, 2007: 71). This system is based on nepotism, favouritism and tribal connections and results in the loss of tax income for the government through tax evasion when a wasta is used to evade the procedures (Mohamed and Mohamed, 2011; Loewe, 2007; Loewe et al., 2008). Another negative consequence of the existence of wasta in the business climate is that it creates an unfair advantage for those who have wasta compared to those who do not. Entrepreneurs and companies who have this access can save a lot of time and money by skipping procedures and gaining access to governmental biddings and projects which their counterparts cannot access (Loewe, 2007: 73).
In the words of Ronsin (2010: 4):

“wasta has an acknowledged perverse effect: most people know its negative impact on the economy at an aggregate level but very few are ready to give it up. The harm that wasta can cause to the economy is hardly deniable: if having a wasta (which often depends on the hierarchical level of one's family or tribe) makes life easier, those who do not have one (or have a weaker one) will have more difficulties in their daily life. Therefore, individuals will find economically more rational to work on their social network rather than on their skills and competence”.

These negative effects can be reflected on internal corporate social responsibility (CSR) practice of Jordanian organisations and workplace diversity practices in these organisations. CSR refers to making business decisions associated with ethical values, compliance with legal requirements, and respect for people, communities and environment (Albdour and Altarawneh, 2012: 93). A study by the aforementioned researchers on the banking industry in Jordan indicated that workplace diversity has a significant relationship with job engagement. The finding suggests that greater workplace diversity could make the employees more engaged in the jobs (Albdour and Altarawneh, 2012: 99), use of wasta hinders workplace diversity since individuals hired though relative and tribal connections are likely to represent homogeneous groups. Furthermore, companies that avoid the use of wasta and which are perceived to operate ethically by its employees and the community will also benefit from better employee engagement, in addition, these organisations will be perceived more positively by stakeholders in the wider community (Jensen and Sandström, 2011). This is supported by Hutchings and Weir (2006: 149) who state that in the Arab world (including Jordan) people speak about wasta as a negative thing implying the negative perception of wasta from the Jordanian society.

In Jordan, as in most Arab countries, the practice of wasta is the only way for many people to get employed (Brainine and Analoui, 2006: 150). Vacancies are normally filled through connections and jobs are commonly offered to family members, relatives and friends with very little consideration of competence and achievements (Brainine and Analoui, 2006; 150). This is supported by Metcalfe (2006) who indicates that throughout the Arab region (including Jordan), social networks built on family networks are a significant force in all aspects of decision-making and thus play a very important role in the career advancement of individuals. This argument is further confirmed by Tlaiss and Kauser (2011) who state that

“It appears that wasta in the workplace is one of the most important factors affecting the recruitment and career success of individuals” (Tlaiss and Kauser, 2011: 474).

Wasta plays a critical role in hiring and promotion decisions in many Arab organisations. Before applying to a position, applicants may seek out a wasta from their family, tribe or friends to improve their chances of being hired. It is important to point out that while in the west networking can help an individual reach the interview stage it rarely helps him or her to attain the job by influencing the decision making process. This is not the case with wasta; utilising a wasta connection extends to the employing organisation’s decision on whom to employ (Tlaiss and Kauser, 2011: 478).

In order to gain a deeper understanding of how HRM processes and practice are affected by Jordanian culture we have to understand how wasta works in this process. According to
Whiteoak et al. (2006), wasta affects the process of HRM by the means of using help, which might not be available to other candidates competing for the same job or promotion, to move forward and to attain these objectives. The use of wasta fosters the progress of an individual or a group of people who have reached their positions through befriending influential people – a hindrance for those who struggle to get things done by the rules (Cunningham and Sarayah, 1994). This diminishes any form of equality by providing advantages to a group of individuals who may not necessarily merit them (Tlaiss and Kauser, 2011: 478).

This is problematic because the practice of wasta contradicts with the concepts of justice and equality of opportunity, which are valued by western HRM frameworks (Branine and Analoui, 2006: 149). Use of wasta may result in unfairness to those groups who do not have access to wasta. Cunningham and Sarayah; (1993) report that individuals who gain career benefits from wasta tend to be socio-economically advantaged and well connected. Clearly, this highlights the injustice that results from using wasta to influence the R&S process as an individual willing his career to thrive without wasta (and without exercising his wasta for his group) would therefore be alienated both by his group, other groups and the state (Ronsin, 2010: 5). This is supported by the survey conducted by Abdalla et al. (1996: 555) which found out that organisations in Jordan and Egypt which practice nepotism will face hardship in attracting and retaining qualified employees who have no family connections within the organisation. It is also expected that such firms will mix family problems with those of business, and will find it difficult to fire or demote inadequate or unqualified relatives employed in these companies (Abdalla et al, 1996: 556).

However, it could be argued that the practice of nepotism through wasta can also have positive effects on business and HRM conduct. Hofstede et al. (2010) identified several positive aspects of hiring people from a family known by the workers such as increasing motivation, reducing employee turnover and the ease of correcting undesirable behaviours of a family member in the organisation.

Nevertheless, it could be argued that the negative effects of wasta easily outweigh the potentially positive effects as the economic, social and ethical repercussions discussed earlier can hinder the economic progress of the whole country (Cunnigham and Sarayrah, 1994; Kilani and Sakijha, 2002; Loewe et al., 2008). Middle Eastern organisations competing with MNC’s are realising that in order to survive in today’s highly competitive business environment, they have to recruit the most talented and utilise the skills and abilities of individuals regardless of their social connections (Arab Human Development Report, 2005). Thus in a global competitive market it is imperative for human resource professionals to address structural and cultural practices in order to take account of any discrimination that may take place as a result of wasta (Tlaiss and Kauser, 2011: 468).

Public efforts to combat wasta have focused on legislative reform and improving transparency (Kilani and Sakijha, 2002). Although these strategies may be successful (Mohamed and Mohamed 2011: 421), it is important to understand that wasta is deeply rooted in society and will prove difficult to eliminate. Because of this, it will be necessary that additional and more innovative anti-wasta strategies be adopted (Mohamed and Mohamed, 2011: 421).

Finally, Tlaiss and Kauser (2011: 480) suggest that where managers cannot refuse the intercession of a strong wasta in favour of a certain employee, the potential recruitment or
promotion should not be at the expense of qualifications and experience. Therefore, HR managers can implement policies and practices that reduce the influence of wasata within an organisation, perhaps limiting its potential influence to those who have met the minimum requirements in terms of qualifications, education, and experience. A critical question is whether researchers can provide these managers with sufficient research on how to set up and implement new policies, or adjust existing ones that limit the negative effect of wasata in the near future.

**Conclusion**

We have discussed the significance and impact of wasata on business conduct and HRM in Jordan. It is evident that the practice of wasata is in contrast to western practice of CRS and workplace diversity which are concerned with equal opportunities for all individuals. Arguably, implementing western HRM frameworks, although perhaps in modified form to fit within the Jordanian culture, is an essential development in the Jordanian economy in order to advance and provide a just and fair job market to all individuals working in Jordan. It is this juncture where our main research interest lies: we seek to examine the possibility of transferring western R&S frameworks to an environment culturally bound by historically and socially different value base. A case study design will be used for the empirical research, as this method supports in-depth, contextual analysis (Creswell, 2009: 13).

This paper has reported on phase one of a three-year PhD research project, which is currently in its second year. The project overall is concerned with exploring the effect of Jordanian culture on the transfer of western R&S frameworks into organisations operating in the banking sector. The aim of this paper was to report on our investigation of the concept of wasata and the effect it has on the business and HRM conduct in Jordan, on a conceptual level. Globalisation has induced researchers to study the effect of culture on the transfer of HR and R&S frameworks between countries but few of the resulting studies come from developing countries in general and the Middle East in particular. This prompted the research team to conduct this investigation and participate in filling a gap in research.

We have presented wasata as a cultural concept linked to favouritism based on tribal and kinship affiliation. This concept forms the foundation for majority of the decision making process in business conduct and HRM in Jordan and several other Arab countries. Wasata affects the process of HRM because individuals will use help not available to others in competing for the same job or promotion, thus diminishing any form of equality, with injustice as a result. However, there are positive aspects to wasata too: for example increase in motivation, reduction of employee turnover and the ease of correcting undesirable behaviour of family members in the organisation. It is our view that these are outweighed by the negative effects in a global competitive market. Crucially, beyond the positive and negative effects of wasata on business conduct and HRM in Jordan, such practice is in direct contrast with western values of justice and equality of opportunity. Thus, in order to combat wasata, new and innovative strategies are needed; a goal to which the PhD research aims to contribute.

This paper will soon be followed up with publications on the empirical research of the PhD. Altogether, the research team anticipates that the study will provide a building stone for other researchers and practitioners to develop a better understanding on how to navigate the use of western R&S practices in the Jordanian business environment.
References


Author1, Author 2 and Author 3 (forthcoming) – details to be populated post blind peer review


