

Informal networks in employee selection- A case of the Jordanian banking sector

Presentation for the EURAM conference Glasgow,
21-24 June 2017

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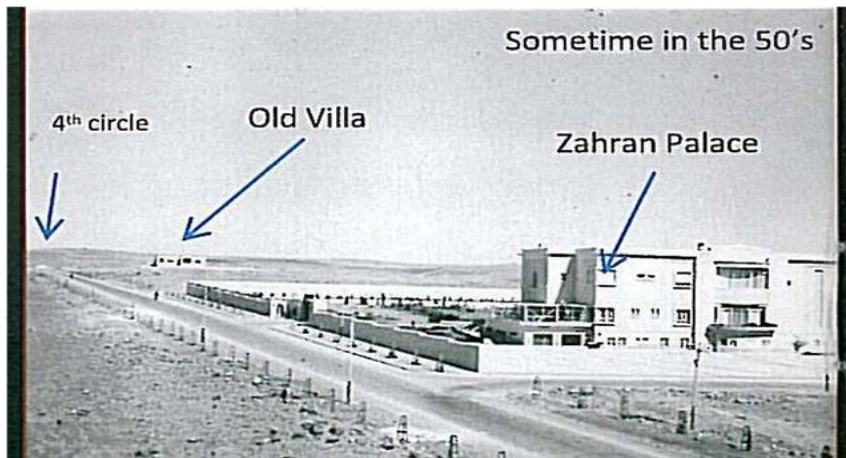
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Context

- In 1973, the publication of Mark Granovetter's seminal work, 'The strength of weak ties', helped shed light on the different economic and social utilities of social networks.
- Building on this, researchers have explored the dynamics and structures of social networks and how social capital "flows" within and between these networks, bringing benefits but possible disadvantages to its members.
- The basic premise of social capital is that social networks have 'value' that can be acquired by the members of such networks (Putnam, 2000: 18-19).
- Most research in developed and emerging economies; little known about how social capital impacts on business in the Arab Middle East

Jordan

- Tribal based society (East Bank Jordanians and Palestinian-Jordanians).
- Many family owner or controlled organisations.



Wasta

- In the countries of the Arab Middle East the practice of utilising social networks to attain goals is locally known as wasta.
- Wasta: roughly defined as favouritism based on tribal and family affiliation (Cunningham and Sarayrah, 1993: 1).
- A widespread practice that has a substantial impact on all types interactions in the Arab Middle East, particularly Jordan (Loewe et al., 2007; Berger et al., 2014)

- Intermediation and intercession (Cunningham and Sarayrah, 1993).
- Limited research.
- Focus on negative outcomes, limited empirical data, generalise to the whole Arab Middle East.
- Particularly important in the context of employee selection (Cunningham and Sarayrah, 1993; Loewe et al., 2007; 2008).
- Social Capital Theory helps attain a 'balanced view'.

Wasta, Business and HR in Jordan

- 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 conducted on Jordan in particular (Loewe et al, 2007; Branine and Analoui, 2006; Al-Hasan and James, 2009). Particularly relevant due to the tribal nature of society in Jordan and its widespread practice.
- 86% of the interviewed business people 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).

- 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 (Kilani and Sakijha 2002) .
- Several negative effects on the Jordanian economy that results from the frequent use of wasta :
 - The creation of a parallel system to the governmental administrative procedures (Loewe, 2007: 71).
 - Creates an unfair advantage for those who have wasta compared to those who do not.

Bonding and Bringing SC

- Bonding SC (linked to strong ties): intra-group networks that occur most frequently in families, kinship, specific ethnic or other relatively similar groups, bound together by shared identities, interests, or places of residence (Good to get by).
 - More likely to share information about jobs but information shared in group more likely to be redundant
- Bridging SC (linked to weak ties): associations and connections cross social, geographical, and other specific identity lines (Gittel and Vidal, 1998: 8) (Good to get ahead).
 - Less likely to share information about vacancies but information more likely to be valuable.

- Burt (1992) highlighting the role of information brokers; individuals who are members of one social network but who also have ties with another network and as such link both networks together.
- This entails that these brokers have access to information in both networks and are able to bridge this information between these networks.
- As such weak ties (bridging social capital) were hypothesised to have more value than strong ties (bonding social capital) in getting information about a ‘good job’ (Granovetter, 2005).

- Social capital can also be helpful for recruiters to identify qualified individuals who 'fit' the job and the organisation. Saves time and money (Fernandez, 2000)
- Lin (2001) argues that the use of social capital by job seekers is limited to lower-level positions.

Wasta's impact on Employee selection

- A means of utilising help, provided by an intermediate, which might not be available to other candidates competing for the same job or promotion (Whiteoak et al., 2006).
- Outcomes:
 - Negative: reduced workplace diversity damaging the organisation's image, inability to perform the job by candidates hired through wasta (Makhoul and Harrison, 2004: 25),
 - Positive: help for job seekers, mediators and organisations

- It is argued that in Jordanian organisations, employee recruitment and selection process is largely ad hoc and informal, and in need of rigorous research attention if it is to enhance and support the competitive advantage of the business it represents (Al Fayyad, 2005; Aladwan, 2014).
- This is due to the fact that in Jordan, as in most Arab countries, the practice of wasta is the only way for many people to get employment (Brainine and Analoui, 2006).
- Gap in understanding how wasta 'plays out' in the employee selection process.

Research Methods

- Qualitative approach
- Semi- structured interviews:
 - Pilot study (4 interviews in 4 banks)
 - Main data (13 interviews in 10 banks)
- Use of wasta to research wasta.
- Use of thematic analysis for identifying, analysing, linking and reporting patterns (themes) within the collected data.

Discussion and analysis

- **Wasta as an enabler**
- Wasta as social ties/ solidarity
- Wasta as a method to transfer/ attain information
- Wasta as a guide in decision-making
- **Wasta as an exchange**
- **Wasta as pressure**

Wasta as an enabler to get jobs

- Interviewees perceived the main use of wasta to be an enabler to attain a job by candidates seeking employment.
- Understood as an individual's social capital (wasta) operating as the **sole factor** in the employee attaining the job, rather than any other factor such as skills and qualifications.
- Interviewee C

“The negative is when someone comes and you say ‘No, this person is not good or competent’, and tell the general manager ‘Sorry, this person does not fit with us’, and he says ‘No, hire him’”.
- Limited to ‘generic’ jobs. Negative impact (morale, performance, product/ service)

Wasta as social ties

- The focus of this theme was on the discussions which explored the close inward looking social groups that aid the candidate in attaining employment.
- Interviewee A attributes the prevalence of this utility of wasta in the banking section in Jordan to the fact that some banks in Jordan are known to be family businesses where such practices are more accepted and common.
- Excludes 'outsiders' and information in the organisation remains redundant.

- Tribal and group based hiring was perceived to be occurring in many banks that draw their identity from the origin of their owners (East Bank Jordanians or Palestinian Jordanians), particularly local banks.
- This even extends to the religion of the owners (Christian or Muslim).

Wasta as a method to transfer information

- Use of wasta as a method to transfer information about the candidate to the organisation and about a vacancy in the organisation to the candidate.
- Viewed positively as a referral
- Candidate goes through the selection process like everybody else
- Link with 'Brokage'

Wasta as a guide

- In this case, wasta was identified as a reason, **but not the sole reason**, for the decision to hire a candidate.
- Due to lack of regulations.
- *“Wasta how far it goes also depends on how the executive management wants it”.*

Interviewee Q

Wasta as an exchange

- A candidate could use his/her social capital by attaining an intermediate to help the candidate to be hired by an organisation as part of an exchange process.
- In return for hiring a candidate, the candidate's intermediate (wasta) is expected to provide the individual who makes the decision or the organisation itself with something in return.

- Interviewee H, a recruitment manager at a local bank, exemplifies this:

“There is something called social courtesy. For example, if I have a person of high status who has 50 million in deposits in the bank and this person comes to me and tells me I want to hire my nephew or niece, I will hire them in order to keep this 50 million deposited in my bank”.

Wasta as pressure

- Candidate utilises his/ her social ties, whether bonding or bridging, to attain an intermediate capable of exerting pressure on the decision maker to get hired.
- Bridging:
“For example when someone has an account or a big deposit and you as a bank have to hire me”.

Interviewee C

- Bonding:

Interviewee B, who states:

“If, for example, you work at company ‘x’ which is a Christian organisation (organisation owned by a Christian family or individual) you will find that most of the employees are likely to be Christian. While if you work at an organisation that is owned by a Palestinian (from Palestinian origin) family or individual then again, most likely the majority of the employees of that organisation will be Palestinian (from Palestinian origin). This is what is evident in Jordan and whoever tries to do something opposite to this will find that the board (of directors) decisions and organisation and country culture to be strongly against him”.

Summary and conclusion

- Gap in knowledge about social capital & employee selection practices in developing countries, specifically the Middle East.
- Wasta and its effect on Business, HR and employee selection practices in Jordan.
- Six themes
- Understanding the different wasta processes. Wasta can be positive.
- Understanding of social capital: bridging social capital can have negative outcomes, the conditions of which social capital is used are the determinant of its results rather than the type used.

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