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Navigating wasta in business practices in Lebanon

Rima Y. Helal[1] | Sa'ad Ali[2] | Sophie Strecker[3] | David Weir[4]

[1]Ecole Supérieure des Affaires, ESA Business School, Beirut, Lebanon

[2]Derby Business School, University of Derby, Derby, UK

[3]Nottingham Law School, Nottingham Trent University, Nottingham, UK

[4]York Business School, York St John University, York, UK

Correspondence
Sa'ad Ali, Derby Business School, University of Derby, Kedleston Road, Derby DE22 1GH, UK.
Email: saadhussein87@hotmail.com

Abstract

Faced with severe social, political, and economic challenges, Lebanon is described as a weak state. Argued to be a key factor weakening the formal institutions there, is the prevalent practice of wasta. This article seeks to answer two questions: (1) Why is wasta prevalent in a business environment characterised by weak formal institutions, such as Lebanon? (2) How can managers navigate the use of wasta in the Lebanese business context where it prevails, avoiding its negative outcomes while utilizing its positive outcomes? Fourteen semi-structured interviews were conducted of managers from the Lebanese industrial sector. The findings highlight that wasta is used due to the networked nature of Lebanese society, economic hardship, widespread corruption and to maintain power. It was found that wasta could be beneficial in securing jobs, removing red tape, and gaining employment for humanitarian reasons. Finally, the negative outcomes of using wasta were found to include the employment of unqualified individuals, a reduction of organizations' productivity and a further weakening of formal institutions.

KEYWORDS
informal institutions, informal networks, institutional theory, wasta, weak states

1 | INTRODUCTION

In the wake of the 2020 Beirut port explosion and the COVID-19 pandemic, coupled with the dire economic crisis in the business and social environment in Lebanon, researchers, politicians, and practitioners have been focusing their efforts on solving the complex socioeconomic problems of what is now described as the weak state of Lebanon (Betz, 2021).

Faced with political inaction, the unresolved crises have created long-lasting scars on the Lebanese economy and society: basic public services are regularly failing, and unemployment and corruption are on the rise (Transparency International, 2022). One of the issues often argued to be a contributing factor in reaching this situation is the prevalent practice of wasta, or informal networks based on tribal, familial and friendship connections, in the Lebanese and Arab societies (Egan & Tabar, 2016; Makhoul & Harrison, 2004). Historically used by tribal, sect and community leaders to distribute resources (Cunningham & Sarayrah, 1993), the modern practice of wasta in the Lebanese community is often used by jobseekers, managers and business people to achieve their objectives informally (Stefanidis et al., 2023). For example, people frequently rely on their connections to secure a job (Sfeir, 2022), where it has been highlighted that only 4.3% of Lebanese rely on national (state) hiring offices, whereas 71.5% call upon relatives and friends for help in finding work. Among well-qualified Lebanese, this recourse to personal connections remains highly pronounced: 68.1% of all salaried first-time employees admitted in a 2009 survey to obtaining their positions as a result of family or personal contacts (Egan & Tabar, 2016). This leads to a cycle of overreliance on wasta in business conduct (Egan & Tabar, 2016; Makhoul & Harrison, 2004).

This article seeks to answer two questions: first, why wasta is prevalent in a business environment characterized by weak formal

institutions, such as Lebanon, and, second, how managers can navigate the use of wasta in the Lebanese business context where it prevails, avoiding its negative outcomes while utilizing its positive outcomes.

Institutional theory and informal networks theory are used as the theoretical lens to explore these questions because they help us explore complex informal networks, such as wasta, empirically (Minbaeva et al., 2022). This research does so in a phenomenon-focused way and in a specific context (Lebanon) from a new perspective, that of managers operating there, through 14 semi-structured interviews. As such, it responds to the call for understanding of the complexity of informal networks and their roles in channeling continuity and change in informal institutions. This is crucial for organizations operating in foreign environments and consciously or unconsciously dealing with informal institutions on a daily basis (Minbaeva et al., 2022). In doing so it aids us in providing recommendations as to how international managers and Multinational Cooperations (MNCs) can circumvent the negative uses of wasta whilst utilizing its positive uses when operating in Lebanon.

The article will first address the theoretical foundation of wasta, informal networks, and the institutional perspective, highlighting the need to view wasta in a balanced way. This is followed by an explanation of the research sample and data collection as well as the analysis methods. Next, the data analysis is presented, followed by the discussion, the practical implications, the limitations and future research suggestions and, finally, the conclusion.

2 | THEORETICAL FOUNDATION OF WASTA, INFORMAL NETWORKS AND THE INSTITUTIONAL PERSPECTIVE

Wasta is a popular Arabic word referring to a social custom that is widely practiced, involving an intermediary who either reconciles conflict (intermediary wasta) or secures a goal (intercessory wasta), with the latter being the dominant one in modern society (Cunningham & Sarayrah, 1993; Hutchings & Weir, 2006a). As such, it can be viewed as an informal network.

Using informal networks to achieve goals is not limited to the societies of Arab countries (Ali & Weir, 2020; Alsarhan, 2022; Alsarhan et al., 2021) and, as such, wasta is comparable to other forms of informal social networks such as Guanxi in China (Chen et al., 2013; Qi, 2013); Blat in former Soviet countries; Compadrazgo in Latin-American countries (Velez-Calle et al., 2015); Yongo, Yonjul and Inmaek in South Korea (Horak & Taube, 2016); "pulling strings" in the United Kingdom (Smith et al., 2012) and Yruzki in Bulgaria (Williams & Yang, 2017). Such informal networks are argued to have a substantial impact on social and business practices where they prevail (Horak et al., 2020). As such, it is crucial to understand how informal social networks shape these "networked" societies (Hutchings & Weir, 2006b).

There is now a considerable amount of research exploring how informal networks impact business practice. Much of this research focuses on studying networks and theorizing from these studies to generalize the findings. However, many researchers of informal networks such as wasta highlight that each has its own internal rules and structures (Chamekh, 2019). As a result, there has been a call to theorize informal networks and try to generalize the uniqueness of each construct/ network such as wasta (Minbaeva et al., 2022).

Institutional theory has become a dominant theory and an influential lens for expanding knowledge on actions assumed by individuals and groups as well as for exploring economics and management at the macro level (Greenwood et al., 2008). Mainly, institutional theory describes that relevant events help in shaping the cultural ideas which become validated within the society and its institutions (Eisenhardt, 1988). Further research by (Kostova, Roth, & Dacin, 2008) highlights that national culture is a driving force in shaping institutional arrangements, maintaining certain practices such as wasta in Lebanon and other Arab countries (El-Said & Harrigan, 2009; Sidani & Thornberry, 2013).

A major branch of research on wasta has used the institutionalist perspective to explore this practice (Barnett et al., 2013; Cunningham & Sarayrah, 1993; Loewe et al., 2008; Sidani & Thornberry, 2013). Researchers advocating the study of wasta through the lens of institutional theory propose that wasta is a byproduct of the social context of institutions which, in turn, shapes the institutions' and individuals' actions (Ali & Weir, 2020; Sidani & Thornberry, 2013).

North (1990) classified institutions into formal and informal institutions. Formal institutions are defined as the written (or codified) rules or constraints which include laws, policies, regulations, constitutions, contracts, property rights, and formal agreements (North, 1990). This "type" of institution has received the majority of attention from researchers. Informal institutions, on the other hand, are defined as the typically unwritten but socially shared rules and constraints that generate social behavior expectations including shared norms, customs, traditions, sanctions, and reward structures (Dau et al., 2022). These are mobilized through social networks such as wasta which are culturally ingrained in the social, political and economic practices in Arab countries (ALHussan et al., 2014; Berger et al., 2015; Budhwar & Sparrow, 2002). Many institutional researchers in international business research argue that, when institutions are underdeveloped, which often is the case in emerging markets, the absence of formal intermediary mechanisms to effectively connect buyers and sellers and support market formation, leads to institutional voids, high transaction costs and market inefficiency (Liedong et al., 2020). This, in turn, leads to the need of mechanisms that help to support the transfer of information, reduce transaction costs, and bolster efficiency (Doh et al., 2017). Indeed, informal networks researchers often argue that such informal networks prevail when formal institutions are weak or non-existent, thereby acting as pipes and prisms which informal institutions operate in (Owen-Smith & Powell, 2008).

Researchers adopting the institutionalist perspective to study wasta have explored its origins: how this practice was historically used as a mechanism to access and distribute resources through informal institutions such as tribal structures and rules, and the reasoning for this practice's continuous existence in the Arab Middle East, where institutional voids exist and formal institutions have been historically

weak (Cunningham & Sarayrah, 1993; Loewe et al., 2008; Sidani & Thornberry, 2013).

The need for wasta is present in many aspects of people's lives in these collectivist cultures and its use is vital in a range of situations, from obtaining access to privileged and classified information to arranging marriages and resolving family and communal conflicts (Ali & Weir, 2020; Cunningham & Sarayrah, 1993), from bypassing the long red tape of governmental procedures to securing business deals, jobs, and promotions (Abosag & Ghauri, 2022; Ali & Weir, 2019; Al-Twal, 2021; Al-Twal, 2022). Using one's wasta eludes to a sense of pride while pity is shown towards people who lack this privilege (Cunningham & Sarayrah, 1993). For instance, the more connected a manager is to people of high influence and authority in the country, the better their standing is because the use of wasta is often seen as a sign of someone's influence and power (Hutchings & Weir, 2006a).

In Lebanon and other countries of the Arab Middle East intercessory wasta remains a powerful method for attaining resources because people perceive the formal institutions as weak and focused on self-benefit. Furthermore, rulers, governments, and the political elites often use formal institutions to their own benefit with little consideration to the benefit of the societies they rule (Paniagua & Vogler, 2022). This furthers the role of wasta for its participants who often use it to maintain and retain their rights and achieve their goals in an unequal system (Barnett et al., 2013; Sidani & Thornberry, 2013). Thus, in an attempt to explain how wasta became institutionalized and maintained within societies, El-Said and Harrigan (2009) highlighted the concept of pragmatic legitimacy, arguing that a business firm that avoids practicing wasta is not fulfilling an important aspect of achieving group coherence and benefiting the members of the group (Barnett et al., 2013; El-Said & Harrigan, 2009). In addition to the above, institutionalists studying wasta suggest that societies need large amounts of generalized trust to prosper, and maintaining trust is another important concept, as highlighted by Fukuyama (1995). Hence, when formal governmental actors become incapable of providing trust to their societies, then other informal actors, such as families, friends and connections, assume this prominence (Fukuyama, 1995; Herreros & Criado, 2008), forcing people to lean back on the latter (Xin & Pearce, 2017). This happens extensively in countries whose governments lack accountability or transparency and where the established legal systems provide little protection for the people (Barnett et al., 2013; El-Said & Harrigan, 2009). Consequently, such environments allow for further reliance on wasta (Loewe et al., 2008). Thus, it can be argued that wasta is a symptom of state institutions that did not, historically, develop well. From this point of view, such practices are necessary as a competitive weapon for individuals as wasta creates a gateway to better competitiveness in an environment where everybody else is trying to do the same (Barnett et al., 2013; El-Said & Harrigan, 2009).

Until recently researchers of wasta have connotated it mostly with negative practices such as nepotism and corruption (Alsarhan et al., 2021; Alsarhan & Valax, 2021) and it is argued that the modern day practice of wasta has many negative impacts on society and business practices (Ali & Weir, 2019). One of the negative effects resulting from the frequent use of wasta is the creation of a system parallel to governmental administrative procedures (Loewe et al., 2007). This system is based on nepotism, favoritism and tribal connections and results in the loss of tax income for the government through tax evasion when a wasta is used to evade procedures (Loewe et al., 2007; Mohamed & Mohamad, 2011). 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 (Alsarhan & Al-Twal, 2023; Loewe et al., 2007). Finally, the use of intermediary wasta to hire unqualified employees results in lower productivity and service provision, lack of equality and workforce diversity and feelings of injustice for people who do not possess wasta (Ali, 2016).

A few researchers have highlighted some positive outcomes of using wasta. On the micro level these include obtaining access to privileged and classified information (Ali & Weir, 2020; Cunningham & Sarayrah, 1993), reducing transactional costs and increasing access to services (Alhussan & AL-Husan., 2022), and gaining employment and promotions (Ali & Weir, 2019; Al-Twal, 2021; Al-Twal, 2022). On the miso and macro levels wasta's benefits to organizations range from bypassing the long red tape of governmental procedures to securing business deals (Alhussan & AL-Husan., 2022; Ali & Weir, 2019). However, most research tends to focus on wasta's negative outcomes, often neglecting its possible benefits.

It could be argued that this negative connotation is unbalanced as many have treated wasta as an inefficient practice that needs to be replaced by formal, more efficient institutions (Ali & Weir, 2020; Loewe et al., 2007). Minbaeva et al. (2022) explore how informal institutions, mobilized by informal networks, can be seen as complementary to formal institutions. Moreover, Horak et al. (2020) and Ali and Weir (2020) highlight the need to identify acceptable or even positive uses of informal networks such as wasta. This research builds on this argument by viewing wasta in a balanced way, considering both its negative and positive uses to provide recommendations for managers in Lebanon and similar contexts on how to navigate this practice.

3 | RESEARCH METHODOLOGY

The researchers followed a qualitative research methodology and sought to interpret the findings to provide a multi-faceted understanding of the issues investigated (Patton., 1990; Sekaran & Bougie, 2016).

3.1 | Sample

The sampling strategy was purposive sampling, which was deemed appropriate to acquire the data needed to understand the complex practice of wasta in a networked society (Ali & Weir, 2019; Alsarhan et al., 2021). The participants approached for the interview came from

TABLE 1 Demographics of sample.

		Number	Percentage
Gender	Male	11	79%
	Female	3	21%
Role Grade	Top management CEO/shareholders, owners	5	33%
	Middle management	5	33%
	Team members	4	29%
Educational level	Bachelor's in business	6	43%
	Master's	8	57%
Industry location	Mount Lebanon	5	36%
	North Lebanon		
	Beirut	4	28%

the Lebanese industrial sectors as the aim was to interview highly qualified, well-educated participants who, through their positions, were likely to have consistent dealings with wasta and were deemed to be able to reflect on the complexity of the research topic (Alsarhan et al., 2021).

Fourteen participants were interviewed, which is where the point of data saturation was deemed to be achieved with no new patterns emerging (Aldossari & Robertson, 2016; Creswell et al., 2003).

Most of the interviewees were men as just three out of the 14 interviewees were female, meaning 21% female and 79% male. This gender disparity reflected the study context population (Tlaiss & Kauser, 2011) as women represented 28.9% of those employed in senior and middle management in 2019 (World Bank, 2022). Table 1 showcases the interviewees demographics.

3.2 | Interviews

Interviews were designed as semi-structured with open-ended questions to allow for a deeper discussion, paving the way for participants to voice their opinions. Interviews generally lasted 30 min to 1 h and were conducted via Zoom due to COVID-19 restrictions. The interviews were recorded and transcribed manually line-by-line, to capture all insights and to avoid missing out on any details expressed by the interviewees (Smith, 2011).

3.3 | Data analysis

When interpreting the data, we looked for how the interviewees experienced wasta, and whether they believed it to be positive or negative within the business context. We relied on three steps of data reduction, data display, and data conclusion and avoided using predetermined themes to ensure that these themes emerged from the data. We conducted numerous coding comparisons, using Charmaz's (2006) coding approach, which includes focused coding and which allows for a more grounded analytic grasp. We drafted initial analytic notes for our codes and comparisons and throughout studying the data, we

defined ideas that best matched and interpreted the data as tentative analytic categories.

As evident in Figure 1 below, the analysis revealed several main concepts (Miles & Huberman, 1994). To further the accuracy of our inductive research, we adopted the Gioia methodology which encourages extracting first-order concepts and second-order themes from the available data for more in-depth analysis (Gioia et al., 2013). The first-order concepts relied on the respondents' feedback without extracting categories and when we developed the second-order categories, we established the similarities and differences among the first-order categories, so the second-order categories emerged as an analysis of the first-order categories. The first author discussed the concepts with the second author to establish the themes and we further verified them by presenting the concepts to the third author and this was then reviewed by the fourth author. Available literature confirms this technique as maintained by Guba and Lincoln (1989) who consider checks done by peers as "the single most critical technique for establishing credibility" (Shenton, 2004).

4 | FINDINGS AND DISCUSSION

4.1 | Main findings

In answering the research questions, the analysis found 11 first-order concepts of which the analysis established three key thematic areas, presented in Figure 1 below.

4.1.1 | Why is wasta prevalent in weak states?

During the interview discussions, respondents highlighted numerous factors that endorse the usage of wasta, suggesting that wasta is deeply engrained in all societal and business transactions.

Indeed, given the networked nature of Lebanese society where familial and friendship connections are much interlaced with business, an example mentioned was how referrals through wasta were a reason for hiring. Interviewee K, being a CFO, reminisced a case:
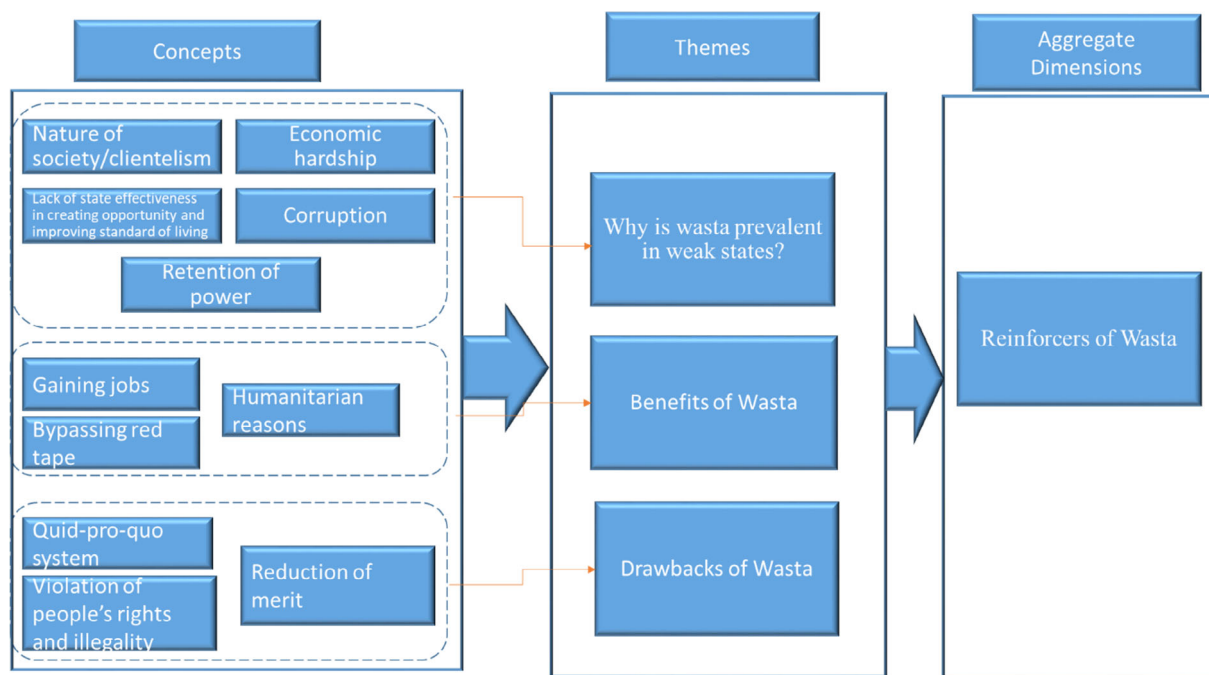
FIGURE 1   Interview analysis structure (Author's elaboration based on Gioia et al., 2013). [Color figure can be viewed at wileyonlinelibrary.com]

"I recruited a senior accountant in the company I work for because he was referred to by some acquaintance and that candidate proved himself during his seven-year tenure. It was only a push towards finding a job and the person was qualified."

Another reason was discussed by interviewee B who explained how favoritism was a reason for using wasta:

"People would not use wasta unless they are obliged to, they have no other choice. In Lebanon, people graduate from universities, they are qualified, and they apply to jobs in both the public sector and private sector but do not get recruited… Once they emigrate, they get recruited immediately. Thus, they are obliged to refer to people in power to get a job. Corruption, favoritism, and clientelism, are the main factors driving people towards using wasta."

Furthermore, the need to use wasta was found to be clearly correlated with elevated poverty which has been invading Lebanon. It was highlighted that the state was unable to act effectively in creating opportunity and improving the standard of living, making people more reliable on wasta and influential informal connections. Interviewee F maintained:

"The way the Lebanese are living fosters this concept and above all, there is a dire need to use it. Poverty is increasing and the state does not protect the people,

so citizens have to follow someone that would provide them with benefits and living standards such as employing their children, providing for basic needs."

Mentioned by Interviewee H as a main reason for the need to use wasta in business transactions, was widespread corruption:

"Wasta is evident, especially in governmental agencies and offices, where nothing can be processed without having wasta. Corruption of employees in the public sector is causing people to use wasta."

It was highlighted also that wasta is particularly needed when doing governmental transactions. Interviewee G explained that the Lebanese regime maintains this need for wasta due to benefiting from it:

"In Lebanon, it is known that you cannot get recruited in big and successful companies unless you are acquainted with an influential person, a good connection. So, one would be obliged to secure such a connection. I believe that wasta is supported by the political regime in the country that benefits from its presence."

5 | BENEFITS OF WASTA USE

Interviewees maintained several beneficial outcomes for using wasta, and notably its use for jobseekers in obtaining jobs in a difficult job

market where the government has failed to stimulate the economy and create a fair and competitive economic environment. As such, Interviewee B highlighted that they had to use their connections to secure their first job, stating that:

> "I used my personal connections with the organization's owners that I work in now and that is how I got this job."

Other respondents referred to their connections with the industry owners to secure their current jobs but stressed the fact that they had the right qualifications for the post. These respondents emphasized that, if they had not used their connections, somebody else would have been hired for the job while they would still be unemployed. Interviewee L explained:

> "Honestly, yes, when I first joined my company, I depended on my connections with close friends who are acquaintances to the owners and that's how I got the job because they recommended me to the job. But definitely, my profile and qualifications helped me secure the job."

Employers, on the other hand, highlighted how wasta helps them in bypassing the long red tape in a weakened formal institution context. Interviewee H maintained:

> "In Lebanon, if one wishes to open a company, you would be obliged to recruit people, get the license, and prepare the official papers. All these require the use of wasta."

Finally, respondents mentioned that it is beneficial to use wasta for humanitarian reasons, for example to help people who are in dire financial need where there is little to no support provided to them by the state. Interviewee I mentioned that they receive numerous calls from the owner of the industry they work in, stating:

> "I respond to wasta calls once I know that there is a need behind it and that it is being done for a good cause."

Another example of humanitarian reasons was mentioned by Interviewee J, a manager, who recalled receiving a call from their CEO requesting to meet a candidate with excellent qualifications and credentials but who had special needs, and they mentioned:

> "Once I met a candidate who was very qualified with excellent credentials, but he was with special needs. So, I accepted it and I feel it was a good decision that I responded to this call of wasta as I contributed to helping marginalized people."

6 | DRAWBACKS OF WASTA

Our analysis of the interviews clearly revealed negative uses of wasta as well, for example where Interviewee G highlighted how wasta's extensive use leads to a quid pro quo system:

> "Lebanon is suffering from corruption and wasta is used in our country given the sectarian nature and weak institutions. Wasta is used to secure one's success because this country is built on political clientelism where people have to follow their leaders to guarantee their survival."

Interviewee H expressed their negative feelings towards the extensive use of wasta in Lebanon, referring to its interference with people's genuine rights and the illegality of some of its uses:

> "In principle, wasta is not acceptable under any circumstance, because when somebody uses wasta, he is taking the rights of another person. When wasta is used, I believe that it is bad and a violation of laws."

Additionally, Interviewee N confirmed the extensive use of wasta, linking it to people using it as a way to avoid hard work and exerting efforts. Instead, it was found that these individuals rely on their connections with politicians, maintaining that:

> "I worked hard for the success of my company unlike other people who used their connections with key people in the country, such as members of parliament and army officials, to secure their deals."

Adding to the above, interviewee I reflected how using wasta by unqualified people to secure a job leads to qualified people missing out on these opportunities:

> "Wasta is common in our country. One gets appointed in a job based on the connections he made, his political vote. Sometimes these people are not even qualified for their position where we are witnessing high unemployment rates among the qualified people because they do not have wasta."

6.1 | Discussion

This article contributes to our comprehension of the use of wasta as an informal network in Lebanon as an example of a networked society, characterized by weakened formal institutions, by expanding our understanding of the reasons wasta is used and the outcomes of its use on the business environment in weak institution states.

Within the first theme of our interviews, the analysis revealed the factors leading to the use of wasta in Lebanon. These were

highlighted as: (1) the networked nature of Lebanese society (2) economic hardship facing individuals which leads to relying on networks to achieve their needs (3) widespread corruption in Lebanon and (4) using wasta as a method to maintain power by granting favors to people in exchange of loyalty. These findings confirm the research of past scholars who explored the use of wasta in similar countries such as Jordan (Ali & Weir, 2019) and Sudan (Mann, 2014) which are also very networked and which also suffer from weakened formal institutions, high levels of unemployment and poverty and widespread corruption (Alsarhan, 2022; Alsarhan et al., 2021; Loewe et al., 2007; Mann, 2014; Ta'Amnha et al., 2016). The findings also build on previous research on wasta in Lebanon (Sfeir, 2022; Stefanidis et al., 2023) confirming its widespread use in the business context and building on this by explaining the reasons for its use and persistence.

It appeared that corruption and the desire to retain power are key factors that lead to weakened formal institutions, which could be viewed as a reason for the widespread use of wasta in the Lebanese business sphere. This is of particular importance because the desire to maintain power by people who have power and, as such, wasta, leads them to maintain and protect their position of being able to provide wasta. This, in turn, leads to the continuous reinforcement of weakened formal institutions.

The second theme highlights the positive aspects or benefits of using wasta for individuals who receive wasta favors. These are (1) providing support to secure jobs in a country that suffers from chronic widespread unemployment (2) helping in removing or reducing governmental red tape for businesses and (3) gaining employment for humanitarian reasons. The first two identified benefits of wasta highlight why it is sometimes viewed as a necessary practice in a context characterized by weakened formal institutions, widespread poverty and economic need and dysfunctional policies and processes. It is needed by jobseekers to secure jobs in a competitive job market where other candidates might also use wasta and have an advantage or it is needed by managers/companies to secure strong applicants and to bypass governmental red tape. Whilst these two benefits confirm what other researchers found about wasta in other contexts (Ali, 2016; Ali & Weir, 2019), the third factor is novel, highlighting how wasta can be viewed as something good, favorable or beneficial when it can help in humanitarian cases where individuals with special needs or in a difficult situation can secure a job through the help of wasta where there are little or no formal mechanisms to support them.

Finally, the third theme highlights how wasta can have several negative impacts on the business environment in Lebanon. On the micro and meso levels, the findings confirm what other researchers have said about the negative aspects of using wasta to secure employment by unqualified individuals where individuals lose out on job opportunities due to others who have wasta but might not be as qualified taking their job opportunities (Alsarhan, 2021; Al-Twal & Cook, 2022) and where organizations' productivity and outputs suffer negatively due to having to hire unqualified individuals (Ali, 2016; Alsarhan, 2021). On the macro level, the findings highlight how the macro business environment suffers due to using wasta by political

and social leaders as a rent seeking mechanism, leading to further weakening of the formal institution. As such, it is argued that wasta as an informal network has a reinforcing effect; the more it is used the more it is needed, leading to the continuous weakening of formal institutions despite some positive or needed aspects to its use.

7 | PRACTICAL IMPLICATIONS

Based on the findings of this research, recommendations can be offered to the following key stakeholders: managers, HR practitioners in MNCs, government executives, policy makers and global business leaders.

Managers in MNCs wanting to work in Lebanon should invest time and effort in developing and maintaining their networks which are instrumental to working in an environment characterized by weak institutions.

Both international and local managers are advised to use wasta with care, focusing on providing positive humanitarian wasta and using it as a method to gain information and insights about qualified candidates and reducing red tape, whilst avoiding negative uses of wasta such as hiring unqualified candidates and rent seeking.

HR practitioners in MNCs are advised to create HR policies and procedures which accept and support the introduction of contacts via wasta, whilst still keeping merit-based selection and promotion tools. Furthermore, whilst wasta can be used to avoid or reduce red tape, care should be taken that this is done on a goodwill basis rather than on a quid pro quo basis.

For government executives, it is important to highlight the damaging negative uses of wasta as a mechanism of rent seeking and campaigns should be made to raise awareness on the long-term negative effects this can have on the societal organizational and even the individual level. Policy makers should focus on reducing red tape by utilizing technology and communicating the introduced efficiencies which remove the need for wasta in government transactions.

Finally, the findings can be beneficial to global business leaders who are expanding their businesses in similar contexts characterized by the presence of strong informal networks and weak institutions, taking into consideration the differences between those societies and networks.

8 | LIMITATIONS AND SUGGESTIONS FOR FUTURE RESEARCH

The main limitation of this article is that it draws on a relatively small sample to explore the reasons for using wasta and the positive and negative outcomes of its use. Future research can build on this by drawing on larger quantitative samples to confirm the findings of the research. Moreover, researchers can explore different informal networks in similar weak formal institutional contexts to explore the similarities and differences between them.

9 | CONCLUSION

Wasta is considered one form of informal network which involves using interpersonal connections for influence in all aspects of life and business transactions. There is now a developing body of literature which examines how an informal network such as wasta impacts different aspects of management and organizational practices (Ali & Weir, 2020; Horak et al., 2020).

This article built on this research by exploring wasta through an institutional lens, as an example of an informal network in the state of Lebanon, characterized by weakened formal institutions.

Both negative and positive uses of wasta were highlighted and the reasons why it is widespread were uncovered. The findings highlighted that wasta is a reinforcing practice which leads to continuous weakening of formal institutions but that, despite its many negative outcomes, it has some beneficial uses and a humanitarian side that is necessary in the Lebanese business and social context.

ORCID

Rima Y. Helal https://orcid.org/0000-0001-9270-5136
Sa'ad Ali https://orcid.org/0000-0002-4290-7757
Sophie Strecker https://orcid.org/0000-0003-1763-7385
David Weir https://orcid.org/0000-0002-6750-6722

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AUTHOR BIOGRAPHIES

Dr. Rima Y. Helal is a researcher in the fields of ethical leadership, culture, and interpersonal networks. After completing her DBA degree from the SBS Swiss Business School in this discipline, she worked as a visiting researcher at the CRED Research Center of the ESA Business School in Beirut, as well as being a visiting scholar offering courses in ethical leadership. Rima also maintains her professional career in corporate governance, and she runs

several consulting projects on developing ethical leadership across organizations. She has established an advocacy center dedicated to spreading ethical leadership in Lebanon and the MENA region. With over 18 years of experience in the telecom field, she assumed various roles in internal audit, ISO standards, risk management, and corporate controls. Currently, she maintains her role as Operational Controls and Contract Management Unit Manager at Touch Telecom in Beirut, Lebanon.

Dr. Sa'ad Ali is a Senior Lecturer in Leadership and Management at Derby Business School, the University of Derby, UK. He is interested in researching the impact of informal networks on HRM and Leadership practices with a particular focus on wasta in Arab countries. Sa'ad is also interested in researching the development of intercultural skills of graduates and has co-led an ERASMUS-funded project exploring this topic. Sa'ad has published in prestigious journals such as Thunderbird International Business Review and Management and Organization Review.

Dr. Sophie Strecker is a Principal Lecturer in Law at the Nottingham Trent University. She holds a PhD in Comparative, Public, and EU Private International Law. She researches in the areas of Private International Law, Public International Law, EU Law, Comparative Law, and International Dispute Resolution with a focus on Conflict of Laws as well as informal arbitration in the Arab Middle East (wasta/sulh).

David Weir is Professor of Intercultural Management at the York St John University and has previously held Chairs at several Universities including Glasgow, Bradford, Northumbria, CERAM, Liverpool Hope, Suffolk, and Visiting Chairs at other institutions including Lancaster, ESC Rennes, Lincoln, and Edge Hill. He has published widely on wasta and informal business networks, international joint ventures, island economies, entrepreneurship, solitude and leadership, and business and management in the MENA region.