

## **Using social capital to secure employment – Wasta in the Jordanian banking sector**

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### **Summary**

This paper set out to address the gap in our knowledge on how social capital impacts the employee selection process in banks operating in Jordan. Bonding and bridging social capital are used to explore the prevalent practice of ‘wasta’ in Jordan. the preliminary analysis of 17 in-depth interviews highlights two uses of wasta in employee selection. Namely, the use of wasta as a guide for employers in the decision to hire and the use of wasta as a pressure mechanism by candidates to attain employment in specific organisations. Previous research often associates wasta with the negative outcomes of not adhering to merit-based selection such as reduced workforce diversity, lack of employee engagement, and the lost opportunity cost from hiring unqualified candidates based their social connections. However, the interviewees signpost some positive uses of wasta such as its ability to confirm information about the candidate and his/ her fit with organisation’s culture prior to employment.

**Track: Human Resource Management**

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## **Introduction**

During the last 50 years researchers in the different fields of social sciences have utilised social capital in explaining how an individual's social network impacts his/her access to different resources and ability to achieve goals and aspirations (Granovetter, 1973; 1995; Coleman, 1988; Portes, 1998; Burt, 2005; 2015).

The primary assumption of social capital theory is that, similar to financial and human capital, an individual's social networks 'have value' that can be acquired by the members of such networks and 'traded' for different forms of capital (Bourdieu, 1985; Putnam, 2000). This is particularly true in the context of Human Resource Management (HRM) where it is argued that an individual's social ties can play a vital role in securing employment (Fernandez et al., 2000; Granovetter, 1995)

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

Research on wasta has been limited, however, academic interest in the subject has increased in recent years and has resulted in a number of theory-informed papers (e.g. Loewe et al 2007; Mohamed and Hamdey, 2008; El-Said and Harrigan 2009; Tlass and Kauser, 2011; Bailey 2012; Barnett et al. 2013; Sidani and Thornberry, 2013). Most of these papers focus on the negative outcomes of wasta neglecting any possible positive outcomes of its use in the business contexts. Hence there is an empirical gap in our understanding of how wasta impacts on and is influenced by the different political, economic, and social Arab environments in which it is practiced.

The findings from this qualitative study will contribute to our understanding of how wasta operates in the Jordanian context, and, more specifically, how it influences the employee selection process in banks operating in Jordan. Viewing wasta through a social capital lens offers a more illuminating picture of both the positive and negative outcomes of using wasta in employee selection. This research is of particular importance as one of the main uses of modern day wasta is as a means of job seekers securing employment (Cunningham and Sarayra, 1993; Brainine and Analoui, 2006; Mohamed and Hamdey, 2008; Mann, 2014).

## **Exploring wasta through the social capital lens**

Gittell and Vidal (1998: 8) developed the concepts of bridging and bonding social capital. Bonding social capital refers to intra-community or 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 (ibid). These groups provide their

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members with material and non-material benefits that allow them to ‘get by’ in life (El-Said and Harrigan, 2009: 1237). The same networks that bind can also exclude, however, and individuals in these networks may lack sufficient information, resources, and wider connections and links which are necessary for development, poverty reduction, and risk pooling (Putnam, 2000).

Bridging social capital, on the other hand, comes about when associations and connections cross social, geographical, and other specific identity lines (Gittell and Vidal, 1998). Bridging social capital is good for ‘getting ahead’ in life because it provides a broader reach to those seeking social and economic gains beyond their immediate communities (El-Said and Harrigan, 2009: 1237). Nevertheless, bridging social capital can be negative when ‘getting ahead’ may be attained by corruption, nepotism and cronyism (Gittell and Vidal, 1998).

In Jordan wasta was historically used to mediate between conflicting parties, namely tribes living in Jordan (this was termed intermediary wasta), but later became more prominently used to attain a specific goal i.e. employment, with the help of a patron (termed intercessory wasta) (Cunningham and Sarayrah, 1993; Brainine and Analoui, 2006; Mohamed and Hamdy, 2008)

Wasta in employee selection is a securing a job through the help of an intermediary, where such help might not be available to other candidates competing for the same job (Whiteoak et al., 2006). The intermediary can be a person who is directly connected to the organisation concerned by being an employee there, or by knowing an employee there. (S)he is typically from the same tribe or family (a bonding tie) but could also be a friend, a business contact or an acquaintance of the candidate or his/her family (a bridging tie) (Cunningham and Sarayrah, 1993; Loewe et al., 2007). This activity may reduce equality by providing advantages to an individual, not necessarily linked to merit (Tlaiss and Kauser, 2011: 478).

The negative consequences from using wasta to bypass formal selection processes include reduced workplace diversity and job engagement (Albdour and Altarawneh, 2012: 99) and damage to an organisation’s brand (Hutchings and Weir, 2006: 149). Further, there are lost opportunity costs from hiring candidates who may have fewer relevant qualifications, experience and skills (Makhoul and Harrison, 2004: 25). Indirect negative outcomes include hardship in attracting and retaining qualified staff (Abdalla et al., 1998: 555) and conflating family problems with business performance (ibid: 556).

Wasta can have a positive impact on employee selection, however, for example; using wasta to provide a personal recommendation of candidates during the recruitment process is likely to result in a smaller and more concise set of suitable potential employees, thus saving both time and money for the organisation (Kropf and Newbury-Smith, 2015). It can be argued that the additional information about a candidate provided through a wasta will enable his/ her qualifications and fit with organisation’s culture to be ascertained prior to employment (Cunningham and Sarayrah, 1993; Karolak, 2015). The findings from this study offer a more balanced view of wasta in employee selection by highlighting both the positive and negative outcomes.

### **Research approach**

This research was approached from an interpretivist perspective. A qualitative methodology has been adopted in order to develop a rich picture of this complex social construct (wasta) by utilising a relatively small sample of participants (Creswell, 2009: 13). Seventeen semi-

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structured interviews were conducted with managers from 14 banks operating in Jordan. This enabled questions to be asked in a sensitive manner, but also allowed for additional information and clarification to be obtained. Thematic analysis was adopted to interpret data as it allows for easy linkage and comparability between the main themes and the subordinate themes (Namey et al., 2008).

### Preliminary analysis and discussion

Two positive uses of wasta emerged from the analysis of the interviews, namely; wasta as a guide for employers in selecting employees and wasta as a pressure mechanism from candidates seeking employment in an organisation.

#### Wasta as a guide in decision-making

In several interviews wasta was identified as a reason, but not the sole reason, for the decision to hire a candidate. Having wasta can supplement the lack of qualifications of a candidate and prioritise this candidate in selection over others, as interviewee N stated:

*“If you have three different candidates that are highly qualified and a candidate that is less qualified, that somebody know and brought it to you which influence and you accepted to hire him, and you ignored the other three qualified candidates, this is wasta”.*

A number of interviewees explained that in such instances although wasta allows for less qualified people to gain employment, qualifications are still regarded to some extent in the selection process. As such wasta is used as an additional criterion, but not the only one in the decision to select as candidate.

In addition to credentials and qualifications, criteria such as the candidate’s social network, social background, religious or tribal affiliation, place of birth and residence play an important role in the selection of employees at the bank. interviewee C explains:

*“I was told by one of my colleagues who is Jordanian Christian and who was hired by one bank and was told to hire his own team. However, he was also told that the priority in hiring was first for a Jordanian Christian...then to a Jordanian Muslim...then a Palestinian Christian...then to a Palestinian Muslim”.*

This arguably results in several negative HR outcomes, such as a lack of diversity in the employee pool which may impact on creativity, and, in turn, stifles the organisation’s growth and ability to solve problems (Albdour and Altarawneh, 2012, 2014). These negative outcomes contrast sharply with the benefits of having a diverse group of employees. This use of bonding social capital between members of the same group (tribe, religion) to secure employment and the negative outcomes of this use confirms the findings of earlier research on wasta (e.g. Cunningham and Sarayrah, 1993; Brainine and Analoui, 2006; Mohamed and Hamdy, 2008; Loewe et al., 2007; Mann, 2014).

On the other hand, the interviewees highlighted some positive implication of using wasta as a guide for candidate selection. Interviewee A explained this:

*“If I want to hire a branch manager. Basically, branch managers are known in Jordan [as] Jordan is a very small market and I don’t need to look for more than four or five banks in the main branches or the area branches, I want to hire in order to attract some people you know”.*

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The interviewee outlined that this use of wasta as a guide for candidate selection could prove to be a successful policy for the organisation. It aids in identifying and assessing a candidate's qualifications and fit with the job and the organisation's culture. In addition, it enables the organisation to benefit from this candidates' social network to bring and attract customers and skilled employees who are members of the candidates' in-group. This is perceived by the interviewees to be particularly useful in the small Jordanian banking sector dominated by family owned banks and organisations.

### Wasta as pressure

This use of wasta entails the candidate using his/ her social ties to attain an intermediate capable of exerting pressure on the decision maker to get hired. This was identified as the most prevalent use of wasta in this study.

In the case of bonding social capital, the intermediary could be someone from the same origin, tribe, family or geographical area of the candidate. In such cases, the pressure exerted on the decision maker will come from a manager within the organisation who acts as an intermediary for a candidate who shares the same origin. Manager C explains:

*“Look, my manager is from one of the tribes in Jordan and I am from one of the tribes in Palestine but I as an HR keep distance from my family [in hiring] and I even notice that my manager does the same. Now sometimes there is a certain pressure. What I mean is that sometimes he comes to me and tells me... [Manager C's name] we want that person. But not always”.*

On the other hand, a candidate can seek an intermediate who is not a member of the same social group (bridging social capital), however these ties are usually weak and can include relations based on business affiliation and friendships to secure the mediation of somebody in an important position. Interviewee A explains:

*“We get a lot of referrals from wastas and people in the house of commons, and MPs, and ministers, and all of those people. First of all, we don't say no. We can't say no of course. We actually receive them and as much as possible we say, ‘Okay fine, we will make an interview’ and everything..[ ]”*

The use of wasta as a pressure mechanism remains a major concern for managers who have to deal with several negative impacts of having unqualified employees as Interviewee A explained:

*“First of all, bad performance. Bad performance that you are not able to admit. Because his manager knows that this person came through wasta, so he will be forced to...[ ] evaluate him as ‘minimum very good’ so that the employee is not upset...This leads to frustration of the other staff... Eventually this will affect the whole performance of the department because conflicts will arise”.*

This highlights how negative outcomes of hiring unqualified candidates through the candidate's use of wasta are not limited to the performance of the employee, but extend to the morale of other employees who are unfairly deprived of training and promotion opportunities. This can lead to conflict and other dysfunctional consequences.

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### **Concluding comments**

Whilst the data highlights some unique findings, namely some of the positive outcomes of using wasta in employee selection for both the candidate and the employer, it also reveals the negative impacts of wasta and how these might be mitigated.

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