

## Chapter 67

# Wasta, the Impact of Preferment on Organizational Culture and Human Resource Management

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### ABSTRACT

*Organizations must continuously monitor their processes. They should make significant changes to retain talent and improve productivity. One way to recognize the need to achieve change is through improving their organizational culture. This article details the investigation of a phenomenon of organizational culture in the Middle East. Wasta is a Middle Eastern system of preferment operating in many institutions in the region affecting employee engagement, advancement, and influence within an organization. Interviews, observations and social network analysis were employed to investigate the degree to which this phenomenon occurs in four universities in Lebanon and its negative effects on employee relationships. The data was input into NVivo to obtain statistical information to support the hypothesis of wasta's negative role. The research process culminated in the development of the wasta organizational culture model (WOC), highlights the impact of wasta on employee relationships supporting further research and collaborative initiatives to improve HR practices in the Middle East.*

### INTRODUCTION

Academic scholars, business people and organizations appreciate that organizational culture plays a fundamental and central role in effective performance and productivity. It forms the critical underpinning of an employee's engagement with their work as organizational culture and the concomitant working environment impact performance. In the Middle East, there is currently limited research in the field of Human Resource Management (HRM), particularly in the area of interpersonal influences on organizational culture; the region is known in this regard as the 'sleeping giant'. It is a prosperous and dynamic area due to its shifting political and religious history, as well as the rich oil reserves for which the area is known. However, deep within the organizational culture operating in Middle Eastern businesses and

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institutions there exists the cultural phenomenon known as *wasta*, a form of preferment defined as the “intervention of a patron in favor of a client in an attempt to obtain privileges or resources through a third party” (Mohamed & Mohamed, 2011).

The focus of this article is on current Human Resources (HR) practices and HRM within Lebanon’s higher education institutions, namely universities; in particular, it explores the extent to which *wasta* influences organizational culture within this sector in the areas of training, recruitment and career development. An understanding of *wasta*’s influence will allow management to move towards a style of operational culture that more clearly reflects international standards. The methods used were based on mixed methods of qualitative interviews, observations taken and social network analysis. The interviews were conducted with 21 individuals being 20 employees and a consultant in the Lebanese Ministry of Higher education. The Social networks that were illustrated were based on four universities, as well as observations were taken during the interview and noted in the research. The first section of the article gives a background to the study, providing the inherent understanding of *wasta* and HR practices. The Methods and data section provide details of the approaches that were taken to illustrate *wasta* and its effects on individuals. The *wasta* organizational culture model is introduced as a result of the findings.

## **Background**

An organization’s HR practices refer to those activities that relate to the recruitment, development and management of its employees. Over the past decade, a link has been established between a specific set of high-performance work practices and organizational performance (Wall & Wood, 2005). HR may be linked to organizational performance because effective practices may develop employee commitment to their jobs and elicit increased employee effort. Kahn (1990, as cited in Taneja et al., 2015) states that employees who are personally engaged are more satisfied and productive. Thus, an underlying management approach that invests in developing employees’ skills and abilities, eliciting high levels of commitment and providing opportunities for involvement at work, provides employees with the opportunity for involvement, greater job satisfaction, and the development of mutual trust between employees and managers (Appelbaum et al., 2005; Taneja et al., 2015).

Notwithstanding this evidence of causal links between HR and organizational performance, the impact of these practices on employee attitudes is not yet well understood. Additionally, there is very limited research on organizational culture in the context of universities in the Middle East, specifically in Lebanon (Budhwar & Mellhai, 2006; Iles et al., 2012; Afiouni et al., 2014). Having a strong culture within an organization has many advantages in that it creates strong associations between people; there is a respect for people, innovation and stability (Dessler, 2003; Mohamed & Singh, 2010; Dutch, 2013). It is also instrumental in developing organizational commitment and job satisfaction and assists the organization to share information, improve communication and ultimately to obtain a competitive advantage.

Organizational culture has been variously defined as “a pattern of shared basic assumptions that a group has learned as it solves problems of external pressure and internal cooperation” (Schein, as cited in Davenport, 2015, p. 38); people’s attitudes, values and ways of making decisions within an organization (Dutch, 2013); and, symbols, rituals, social patterns and shared understanding of the behavior within the organization (Chow & Liu, 2009). It is important to understand that organizational culture, business strategy and HR strategy all have a significant impact on the organization’s performance and efficiency. Chow and Liu (2009) state that HR systems help shape the behavior of individuals, and thus become the pathway by which cultures are created and sustained, and Dutch (2013) posits a ‘symbiotic’

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