Management and Organization Review

CAMBRIDGE UNIVERSITY PRESS

Questioning the Appropriateness of Examining Guanxi in a Wasta Environment: Why Context Should be Front and Center in Informal Network Research

A Commentary on "De-Linking From Western Epistemologies: Using Guanxi-Type Relationships to Attract and Retain Hotel Guests in the Middle East"

Abstract:	In this commentary we reflect on Shaalan, Eid, and Tourky's (2022) article in which they investigated the Chinese concept and practice of guanxi in the Middle East1, a region in which wasta represents the common way of informal networking2. While we encourage and welcome research into informal networks, we have serious concerns about the conceptual and methodological approaches taken by Shaalan et al. (2022) in investigating informal networks in the Middle East and we explain herein why we do not believe guanxi should have been used in place of wasta. In this commentary, we commence by introducing wasta, the dominant concept in the Middle East, which Shaalan et al. (2022) disregarded. Then we reflect on the conceptual approach of researching an indigenous network construct in a foreign environment of a different culture which already has its own informal networks. In the commentary we also point out areas of concern in relation to research design and methodology. Finally, we provide suggestions for future research on informal networks, and we explicitly encourage further debate which draws on our commentary.

SCHOLARONE™ Manuscripts

Questioning the Appropriateness of Examining *Guanxi*

in a *Wasta* Environment:

Why Context Should be Front and Center in Informal Network Research

A Commentary on "De-Linking From Western Epistemologies: Using Guanxi-Type Relationships to Attract and Retain Hotel Guests in the Middle East"

INTRODUCTION

In this commentary we reflect on Shaalan, Eid, and Tourky's (2022) article in which they investigated the Chinese concept and practice of *guanxi* in the Middle East[1], a region in which *wasta* represents the common way of informal networking[2]. While we encourage and welcome research into informal networks, we have serious concerns about the conceptual and methodological approaches taken by Shaalan et al. (2022) in investigating informal networks in the Middle East and we explain herein why we do not believe *guanxi* should have been used in place of *wasta*.

In this commentary, we commence by introducing *wasta*, the dominant concept in the Middle East, which Shaalan et al. (2022) disregarded. Then we reflect on the conceptual approach of researching an indigenous network construct in a foreign environment of a different culture which already has its own informal networks. In the commentary we also point out areas of concern in relation to research design and methodology. Finally, we provide suggestions for future research on informal networks, and we explicitly encourage further debate which draws on our commentary.

INFORMAL NETWORKS RESEARCH AND CONTEXT

Applying Chinese *guanxi* in the Arab Middle East where *wasta* is pervasive, is an approach that demands some reflection. Shaalan et al. (2022: 859) suggest that *guanxi* "has not been fully investigated or understood in other contexts, especially the Middle East"; the aim of Shaalan et al. (2022: 862) is to "advance understanding of *guanxi* as a holistic and global construct". In our opinion, this endeavor comes as a surprise, since there are abundant studies showing that *guanxi* is a cultural concept rooted and unique to the Confucian context of the Chinese culture (see, Kiong & Kee, 1998; Barbalet, 2021). Although in their article Shaalan et al. (2022: 874) stated that "the use of *guanxi*-type relationships is increasingly recognized by both practitioners and academics as an important source of stability in changing external circumstances", the term "*guanxi*-type relationships" has not been utilized in previous research studies nor have the authors cited any study using this specific term.

Like *guanxi*, *wasta* is a complex relational construct (Al-Twal, 2021; Ali & Weir, 2022). Both forms of networks are embedded in, and shaped by, the respective cultural and institutional context in which they operate. In a nutshell, *wasta* describes informal ties and networks in the Arab World. *Wasta* is deeply engrained in the Arab (collective) culture, supported by Islamic ethics and values (Hutchings & Weir, 2006), and defined by family, kin, clan, and sect membership, among others. It is fair to claim that in China, generally, Confucian behavioral ethics including acquiescence to authority and institutional constraints and uncertainty influences how and with whom relationships are developed and maintained. *Wasta* in the Arab world and *guanxi* in China are seen as a vital part of the respective business systems in societies in which they operate. In the international management literature, it is widely accepted that a "business system is an amalgamation of culture and institutions" (Hutchings & Weir, 2006: 145).

2

Contextual differences shape informal practices and that therefore impedes generalizations. There is ample evidence, for example, about *wasta* usage between men and women (Alsarhan et al., 2021), whereas *guanxi* usage seems to be gender neutral. This certainly has practical and theoretical implications in a management context.

RESEARCH DESIGN

Our major concerns in relation to the chosen research design are summarized as follows. In our opinion, it is disconcerting that a long-held concept and practices from one culture (*guanxi*) would be imposed upon another cultural context that also has its own long-standing concept and practices (*wasta*). Again, while we believe that networking ideals and practices around the world share some similarities, it is hard to understand why solely the concept of *guanxi* would be used in contexts in which *wasta* already exists. Though the authors note, with reference to emerging markets, that "context-specific research becomes even more important" (Shaalan et al., 2022: 860), they essentially do not recognize the *wasta*-context prevalent in the Arab World. Although many well-known sources on *wasta* and comparative *wasta* research (e.g., *wasta-guanxi* comparisons) are cited, the term *wasta* and its context is not actually used at all in the article. Instead, when describing the relational context of countries in the Middle East that they researched (all of which are Arab countries excepting Iran and Turkey), the authors refer to "Arab people" (Shaalan et al., 2022: 869) even when the two aforementioned countries are predominantly Muslim but not Arab populations, and they use the term *guanxi*.

How relevant can this conceptualization be to the advancement of the extant stream of research on *guanxi* and the development dynamics of the construct driven by cultural and institutional constraints? It is obvious that the chosen approach will not help to understand the

3

similarities and differences between *guanxi* and *wasta* better when *wasta* is not even explored, nor will it advance understanding about the context of emerging markets, specifically, the Arab Middle East. Moreover, there is a danger that other researchers may be encouraged to follow their lead and apply *guanxi* without sufficient consideration to other contexts that already have their own well-established informal network concepts and practices.

Despite the international nature of Shaalan et al.'s (2022) study, there are also concerns in relation to methodological considerations that are common in international management and marketing research (e.g., Sekaran, 1983; Van de Vijver & Leung, 1997; Usunier, 1998; Craig & Douglas, 2000). First, the sample is made up of three different cultures (Arab, Turkish, and Iranian) with no conceptual or face validation of how the constructs are defined and operationalized within these cultures, especially the six constructs (bonding, empathy, reciprocity, personal trust, face, and affection) used as second-order to measure the '*guanxi*-type relationship'. Moreover, the authors did not examine the other cultures within the countries that are predominantly Arab. We note that in their study comparing Chinese and Arab informal networks, Abosag and Naude (2014) did not include 'face' because it is a very Chinese construct. Second, the borrowing/adoption of measurement scales appear to be done in a "as-is" style, meaning items "are not informative about the latent constructs in the other countries" (Katsikeas & Madan, 2023: 2). Third, for empirical research in international management scholars have argued not to disregard local cultural manifestations of the underlying constructs (e.g., Bhalla & Lin,1987; Malhotra, Agarwal & Peterson, 1996). Therefore, we believe that the conceptualization and operationalization of constructs with respect to the three cultures the authors included in their study required more attention.

4

SUGGESTIONS FOR FUTURE RESEARCH ON INFORMAL NETWORKS

By utilizing the *guanxi* construct to explore relationships in the Arab Middle East, a chance is missed to contribute to ongoing research on respective constructs and context (e.g., Zhang, et al., 2021) including the changing nature of *wasta* within the Arab world, and to critically evaluate generalizations on informal networks. We believe these two general directions of research are branches with the highest potential to add to theoretical knowledge and practice.

Path 1: Deepening Construct and Contextual Knowledge

The research design suggested by Shaalan et al. (2022) may wrongly legitimize others undertaking future informal network research to investigate, for instance, *blat/svyazi* in Brazil (and disregarding *jeitinho*), *yongo* in India (and disregarding *jaan-pehchaan*) or *wasta* in Korea (and disregarding *yongo* and *inmaek*). This approach would (1) detach construct from context; (2) deploy a construct from one context to another, from which there can hardly be implications drawn that help understanding of the construct itself and the context better, and (3) ignore the methodological techniques and processes developed by international management scholars over the past five decades or so to validly compare constructs across different contexts/cultures. Also, with such an approach the dynamics between the context and construct can hardly be captured. Informal network research pressing questions include, for example, will informal networks disappear or persist once formal institutions become more effective?, how can informal networks be made more inclusive and fairer?, how can the dark sides of informal networks be minimized?, how may support be provided for the bright sides of informal networks? Finally, we can ask what institutional transformations are needed in the context of these questions. An answer to this

5

leads to theoretical and practical progress that can only be found when research designs align and integrate construct and context.

Path 2: Working Towards Generalizations

We see potential and indeed we explicitly support research that identifies common characteristics of informal networks which works towards generalizations. Comparative informal network research has consistently pointed out similarities (and differences) of selected informal networks (Hutchings & Weir, 2006; Abosag & Naude, 2014; Horak & Taube, 2016). Since every country has contextually embedded informal networks[3] there is still a long way to go to understand exactly the similarities. Goodwill, for example, seems to be a characteristic shared in most networks; gender-inclusiveness and other areas of diversity-inclusiveness, in contrast, is an important aspect where informal network characteristics differ very much by context. Moreover, whether informal networks are rather affectively or instrumentally driven (or both) is again an important question for future empirical research. Drawing generalizations about informal networks is tricky. Not to mention that informal networks are often a taboo to talk about and at times heavily disliked and, in some contexts, organisations and individuals are reticent to admit engaging in practices that are part of such networks. Paradoxically, while people discourage and condemn their usage, they continue to use them because in network societies it is tacitly expected to engage in informal networking, voluntarily and often involuntarily, and it is a necessity to ensure things are done[4].

When exploring informal networks, research designs should use the respective network term in survey questionnaires and interview questions, by asking, for instance, 'how high would you rate the level of trust in your *yongo* network?' instead of 'how high would you rate the level

6

of trust in your network?'. In network societies, very different dyadic and network ties exist within which individuals are members. In very simplified terms, *blat* is a different tie and network than *svyazi* (in Russia and the post-Soviet Union countries), so is *yongo* and *inmaek* (in South Korea).

Exploring informal networks and understanding the practice of informal networking in business across cultures requires a deep understanding about the nature and characteristics of the respective network constructs. Respecting the context (i.e., culture and institutions), is key to the advancement of knowledge. Research into informal networks in different contexts/cultures should be no different from other comparative studies in international business and management in that adhering to commonly accepted principles of comparative cross-cultural research methodology is indispensable.

7

NOTES

1. The countries that constitute the Middle East have been variously categorised throughout history. We follow Metcalfe and Murfin's (2011) categorisation which includes Bahrain, Cyprus, Egypt, Iran, Iraq, Israel/Palestine, Jordan, Kuwait, Lebanon, Oman, Qatar, Kingdom of Saudi Arabia, Syria, Turkey, United Arab Emirates, and Yemen. All the countries are considered part of the Arab World except Israel, Iran and Turkey although there are Arab people living in all these countries also. All the countries are predominantly Muslim except Israel (Metcalfe & Murfin, 2011). In addition to the abovementioned countries, there are also countries in North Africa and East Africa/Horn of Africa that are members of the Arab League and where Arabic is widely spoken including Algeria, Comoros, Djibouti, Libya, Mauritania, Morocco, Somalia, Sudan, and Tunisia (Nations Online, 2023). We note that Shaalan et al. (2022) included Iran and Turkey in their study of the Middle East. Whilst Iran and Turkey are part of the Middle East as defined above, *wasta* is an Arabic term/practice and is not applicable in either country. Moreover, in Iran, the informal network context that is similar to *guanxi* in China and *wasta* in the Arab world, is known by the term *party bazi*.

2. Following Minbaeva et al. (2022), we use the term 'informal networks', rather than 'social networks'. Informal networks are seen as culturally embedded. They can be described as biographical by-products rather than being intentionally accumulated social capital. Paradoxically they are often but not always genuinely affective but also instrumental. For informal networks we refer to a few examples including *guanxi* (China), *yongo* and *inmaek* (South Korea), *blat* and *svyazi* (Russia and the post-Soviet Union countries), *wasta* (Arabic-speaking countries), *sifarish* (Pakistan) and *jinmyaku* (Japan) (comp. Horak et al., 2020).

8

3. For an overview see Ledeneva, A. (Ed.) 2018. *The Global Encyclopaedia of Informality, Volumes 1 and 2.* London: UCL Press.

4. This distinguishes them from social networks and the act of social networking that in the Western business literature it is largely regarded as a very positive and encouraged activity, open to everyone and instrumental to advancing peoples' careers (comp. Minbaeva et al., 2022).

9

REFERENCES

Abosag, I., & Naude, P. 2014. The development of special forms of B2B relationships: Examining the role of interpersonal liking in developing guanxi and Et-Moone relationships. *Industrial Marketing Management,* 43(6): 887-897.

Ali, S. A., & Weir, D. 2020. Wasta: Advancing a holistic model to bridge the micro-macro divide. *Management and Organization Review,* 16(3): 657-685.

Alsarhan, F., Ali, S. A., Weir, D., & Valax, M. 2021. Impact of gender on use of wasta among human resources management practitioners. *Thunderbird International Business Review,* 63(2): 131-143.

Al-Twal, A. 2021. Narrative inquiry: A proposed methodology for wasta research. *Thunderbird International Business Review,* 63(4): 517-521.

Barbalet, J. 2021. Where does *guanxi* come from? *Bao, shu,* and *renqing* in Chinese connections. *Asian Journal of Social Science*, 49(1): 31-37.

Bhalla, G., & Lin, L. 1987. Cross-cultural marketing research a discussion of equivalence issues and measurement strategies. *Psychology & Marketing,* 4(4): 275-285.

Craig, S., & Douglas, S. 2000. *International marketing research.* 2nd edn. West Sussex, UK: John Wiley & Sons Ltd.

10

Horak, S., Afiouni, F., Bian, Y., Ledeneva, A., Muratbekova-Touron, M., & Fey, C. F. 2020. Informal networks: Dark sides, bright sides, and unexplored dimensions. *Management and Organization Review,* 16(3): 511-542.

Horak, S., & Taube, M. 2016. Same but different? Similarities and fundamental differences of informal social networks in China (guanxi) and Korea (yongo). *Asia Pacific Journal of Management,* 33(3): 595-616.

Hutchings, K., & Weir, D. 2006. Guanxi and wasta: A comparison. *Thunderbird International Business Review,* 48(1): 141-156.

Katsikeas, C. S., & Madan, S. 2023. Best practices in scale deployment: Maximizing relevance to cross-cultural and marketing strategy research. *Journal of Consumer Psychology*, in press.

Kiong, T, & Kee, Y. 1998. Guanxi bases, xinyong and Chinese business networks. *British Journal of Sociology*, 49(1): 75-96.

Malhotra, N., Agarwal, J. & Peterson, M. 1996. Methodological issues in cross-cultural marketing research. *International Marketing Review,* 13(5): 7-43.

Metcalfe, B.D., & Murfin, T. 2011. Leadership, social development and political economy in the Middle East: An introduction, In B.D. Metcalfe & F. Mimouni (Eds**.), *Leadership Development in the Middle East:* 1-60. Cheltenham, UK: Edward Elgar.

Minbaeva, D. B., Ledeneva, A., Muratbekova-Touron, M., & Horak, S. Forthcoming. Explaining the persistence of informal institutions: The role of informal networks. *Academy of Management Review.* DOI: 10.5465/amr.2020.0224.

Nations Online. 2023. *Arab League.* [Cited 16 January 2023] Available from URL: https://www.nationsonline.org/oneworld/arab_league.htm

Sekaran, U. 1983. Methodological and theoretical issues and advancements in cross-cultural research. *Journal of International Business Studies,* 14: 61-73.

Shaalan, A., Eid, R., & Tourky, M. 2022. De-linking from western epistemologies: Using guanxi-type relationships to attract and retain hotel guests in the Middle East. *Management and Organization Review,* 18(5): 859-891.

Usunier, J. 1998. *International & cross-cultural management research.* 1st edn. London: Sage Publications.

Van de Vijver, F., & Leung, K. 1997. *Methods and data analysis for cross cultural research.* London: Sage Publications.

Zhang, M., Hartley, J. L., Al-Husan, F. B., & ALHussan, F. B. 2021. Informal interorganizational business relationships and customer loyalty: Comparing guanxi, yongo, and wasta. *International Business Review,* 30(3). 101805.

12