An investigation of the role of Wasta social capital in enhancing employee loyalty and innovation in organizations

Arwa Al-Twal[1*] , Mohammad Alawamleh[2] and Doaa M. F. Jarrar[1]

*Correspondence:
a.altwal@aum.edu.jo

[1] Human Resources
Management Department,
American University of Madaba,
Amman, Jordan
[2] Business Administration
Department, American University
of Madaba, Amman, Jordan

Abstract

Considering the pressures of fluctuating external environments, organizations are constantly seeking ways to be responsive and able to improve their performance with lower costs. Employer–employee relationships have changed rapidly in recent years, and there is growing interest in considering human resources as a form of capital, and a strategic factor for business excellence. A focal point for HR professionals is employee loyalty, recognized as pivotal in realizing long-term organizational goals. This paper delves into the concept of Wasta social capital and its pivotal role in fostering employee loyalty and innovation within the unique cultural context of the Arab world. It is argued here that Wasta social capital is the fundamental dynamic that stimulates employee loyalty in the workplace. This conceptual paper provides new insights through understanding the significant role Wasta social capital plays in affecting employee loyalty in a collectivist culture, differing from the conventional business-context factors of loyalty. Obtaining a deeper understanding of employee loyalty and how it is developed in Arab-world business contexts can promote innovation.

Keywords: Employee loyalty, Wasta social capital, Innovation, Culture, Middle East

Introduction

Organizations are profoundly influenced by the prevailing cultures in which they operate. In the Middle East and North Africa (MENA), culture significantly shapes the functioning of organizations and plays a crucial role in shaping Human Resources Management (HRM) practices (Budhwar & Mellahi, 2016). In recent years, Wasta social capital has gained increasing academic interest due to its profound impact on organizations. Wasta refers to the practice of receiving preferential treatment from someone with whom you have a direct or indirect relationship (Loewe et al., 2007). It embodies the person acting as a mediator or the act of mediation itself (Cunningham & Sarayrah, 1993). Wasta can be viewed as a social mechanism and a personal exchange system that assists individuals in obtaining their desires, thereby influencing various aspects of people's lives (Alwerthan et al., 2018). Traditionally, it has been considered a form of nepotism, where individuals unfairly benefit at the expense of others (Khakhar & Rammal, 2013).

Wasta has negative connotations, but paradoxically it is widely practiced, and its use is commonplace (Megheirkouni & Weir, 2019). It is present in many sectors such as government, academia, and health services (Al-Twal & Cook, 2021; Cunningham & Sarayrah, 1993). In contexts that suffer from corruption, long procedures, and lack of accountability, individuals tend to utilize their connections to obtain what they desire, achieve their goals, and probably protect their conceivable rights (Al-Ramahi, 2008; Alsarhan & Al-Twal, 2023; Al-Twal & Aladwan, 2021; Horak et al., 2020). This is the basis for some contradictions when it comes to judging people who use it, and the popular view in MENA that Wasta is fundamentally a wrong social-professional practice (Aldossari & Robertson, 2016; Alwerthan et al., 2018). From a Human Resources Management perspective, individuals benefit from Wasta (i.e., people with power) to get a job, good evaluation results, and promotions (Alsarhan & Valax, 2020).

Overall, Wasta has dark and bright sides. The dark side of Wasta shows that it affects organizations in terms of various decisions made such as hiring, promotion, and retention (Tlaiss & Kauser, 2011), which raises issues of fairness (Bartnett et al., 2013). It can also affect organizational culture and reshape the psychological contract between employers and employees (Aldossari & Robertson, 2016). Metcalfe (2006) argued that the use of Wasta affects the degree of formality needed in the workplace, which ultimately influences organizations' ability to reach their desired goals. The bright side of Wasta, however, is that it facilitates decision-making as it can cut the transactional costs of long procedures when bureaucratic procedures exist (Barnett et al., 2013). It can help with the exchange of information between different organizational members, which increases efficiency at work (Al-Twal & Cook, 2021; Loewe et al., 2008). Wasta can also help provide professional support, promote career planning, and build constructive interpersonal relationships at work (Tlaiss & Kauser, 2011). Considering this, Wasta has a significant impact on individuals and organizations alike (Alsarhan, 2021).

Wasta has received increasing research interest. However, studies on it remain disjointed (Ali & Weir, 2020) with a lack of theoretical rigor to understand the complexity of this phenomenon and its multifaceted effect on individuals and organizations (Al-Twal, 2021, 2022). While the adverse effects of utilizing Wasta are well-documented, the potential benefits that may be derived from it remain less explored.

In a turbulent environment where cutting costs and innovation are needed, investing in employee loyalty is paramount. Therefore, the research question of this paper is: how does Wasta social capital contribute to enhancing employee loyalty and innovation in the workplace?

The contribution of this research is threefold (i) this is the first study that focuses on explaining the influence of Wasta social capital on employee loyalty. (ii) The outcomes of this study show that Wasta has a bright side, which has been paid less attention in research. (iii) As put by Budhwar and Mellahi (2016), connections between people (the core of Wasta) in organizations and societal norms influence working relationships. Therefore, studying it is of vital interest in the field of HRM on theoretical and practical levels.

Background literature

Understanding of social capital

Social capital is a well-known concept that essentially refers to the value of interpersonal human relationships within organizations or systems (Singh et al., 2021; Zhang et al., 2017). Beyond this general overview, scholars have different understandings of the complex concept (Wu, 2008), and a plethora of definitions in the literature have led to the loss of its core meaning and uses (Field, 2003; Halpern, 2005). Nonetheless, researchers agree that there is something in common among people working alongside each other, whereby "people are connected through intermediate social structures" (Halpern, 2005). Social capital is the base on which informal networks flourish (Horak & Paik, 2022). The primary assumption of most social capital research is that social networks have a "value" that can be obtained by the members of the network (Putnam, 2000). Investing in social capital is anticipated to yield returns (Lin, 2008). In the Arab world, characterized by a collectivist culture emphasizing personal relationships and obligations (Acquaah, 2007), it is common for individuals to invest in social networks (Namazie & Venegas, 2016). Through these networks, individuals not only establish their identity, but also navigate towards achieving specific goals aligned with their interests (El-said & Harrigan, 2009; Hutchings & Weir, 2006).

The process of social capital includes, at its heart, people who share common values. People connect through networks and intermediate social structures (Halpern, 2005). These are considered intangible assets, resources, and capital in this concept (Field, 2003; Wu, 2008). The ways in which people interact (how, and with whom) are influenced by the social fabrics of which they are part (Halpern, 2005). Through connections, obligations, and commitments, people are encouraged to help one another on the personal (non-economic) plane (Dinda, 2008).

However, conceptualizing social capital as an 'economic exchange' introduces characteristics such as a lack of transparency and high uncertainty, where obligations are unspecified, and time frames are unclear (Portes, 1998). A consensus in social capital literature exists, defining the concept as the ability of actors to secure benefits through membership in social networks or other social structures (Portes, 1998). In essence, scholars maintain that acting members are pivotal in sustaining and reproducing social assets (Lin, 1999), and trust emerges as a critical element. In an organizational context, trust forms the foundation for successful collaboration among employees in the workplace (Choia & Chobc, 2019), facilitating the 'economic exchange' and mutual benefits. A study by Matzler and Renzl (2006) underscores the profound impact of interpersonal trust on job satisfaction, extending beyond peers to include management and fostering employee loyalty.

Lin's (1999) comprehensive review of studies highlights several positive outcomes of social capital within organizations. These include the facilitation of: (1) the flow of information, providing individuals with increased exposure to new opportunities; (2) decision-making for various agents such as recruiters or organizational supervisors; and (3) enhanced access to resources for both individuals and organizations. El-Said and Harrigan (2009) elaborate that through networks and connections, individuals gain access to valuable information and resources, effectively reducing transaction costs (e.g., information related to jobs, suppliers, prices, contracts, etc.). Ultimately, social capital

plays a crucial role in reinforcing recognition, emotional support, identity, and mental well-being, thereby contributing to an improved workplace environment and organizational atmosphere. Moreover, it has a less tangible yet significant impact on enhancing employee commitment and productivity (Lin, 1999).

Social capital influences the way organizations function and can positively influence organizational effectiveness (Andrews, 2010; Jiang & Liu, 2015). It creates opportunities for knowledge and expertise transfer between organizational members (Zhang et al., 2017), improves trust levels, flexibility, and collaboration, and builds upon the shared understanding of the mission. Acquaah (2007) points out that social capital in organizations facilitates securing access to financial and strategic resources as well as high-quality information that is of concern (e.g., information about suppliers, products, and technological opportunities, etc.), which supports the business success. From a different perspective, when long procedures exist, social capital helps in relying less on monitoring procedures and reduces transaction costs (Andrews, 2010).

Field (2003) explains that sometimes individuals through their informal networks circumvent formality (systemic rules and procedures) to get things done more easily and quickly, and potentially with less risk. This efficiency can be achieved via personal knowledge, contacts, and trust among parties involved in task execution within an organization (or across organizations). Social capital may extend to those whom you do not know directly, and provide a mechanism for exchange (Dobie et al., 2002). Through connections, a chance for cohesion, cooperation, and exchange between group members and non-group members can be created (Dobie et al., 2002; Field, 2003).

Social capital fosters trust, shared norms, and solidarity among individuals (Ayios et al., 2014; Portes, 1998). Thus, social capital supports organizational innovation (Singh et al., 2021), which is the engine that drives organizations (Dani & Gandhi, 2021). Innovation is much more likely to arise in cohesive groups with high synergy and social bonds (Minhas & Sindakis, 2022). Innovation is significant for business success and the condition for maintaining the market position and the business desired competitiveness (Olexova & Gogolova, 2021). Therefore, studying social capital within an organizational context is paramount.

In the Arab world, 'Wasta' is a form of social capital. It has been identified as the principal form of informal networks in the Arab world (Minbaeva et al., 2022) and has been the object of many studies focusing on managerial and business practices (Ali & Weir, 2020; Alsarhan, 2021, 2022; Al-Twal, 2021, 2022; Horak & Paik, 2022). This practice refers to the intervention on behalf of others to attain something they could not achieve alone, and it assists in achieving and attaining what is assumed to be otherwise unattainable by individuals in all aspects of personal and professional life (Cunningham & Sarayrah, 1993).

Wasta is rooted in the cultural norms, values, family, and kinship ties, as well as the collectivistic nature of Arab societies (Afiouni et al., 2020; Aldossari & Robertson, 2016; Hutchings & Weir, 2006; Namazie & Venegas, 2016). It is embedded in the social fabric of Arabs (Barnett et al., 2013; Weir, 2003). Through connections, obligations, and commitment people are brought to help each other (Dinda, 2008). Certain values and attitudes can be fostered by social capital and create interactions between people that are based on mutual trust and obligation that lead to expectations and could lead to an increased

volume and value of interactions among people: individuals and groups (El-Said & Harrigan, 2009). Such is the situation with Wasta, which depends on the reciprocity of mutual benefits (Sidani & Thornberry, 2013; Smith et al., 2012). Understanding these cultural norms and that form of informal network style enables managers, practitioners, as well as international executives to perform more effectively in their organizations (Hutchings & Weir, 2006). Therefore, this paper attempts to present a novel argument regarding the potential contribution of Wasta social capital, the informal Arabic network, to fostering innovation in Arab organizations through the cultivation of employee loyalty.

Conceptualization of workplace employee loyalty

Employee loyalty has emerged as a pivotal aspect in the success of every business. The influence of loyal employees extends beyond individual contributions to shaping an organization's brand name and desired reputation (Priyadharshini & Sudhahar, 2019). Human resources, far from merely contributing to competitive advantage, can themselves constitute a direct source of it (Davis, 2017). This includes a reservoir of human capital, comprising unique talents that prove challenging for rival firms to replicate (Sani & Ekowati, 2019). The skills, knowledge, and qualifications possessed by employees collectively form a substantial and weighty factor influencing the survival of organizations on both large and small scales (Adiputra et al., 2019). Obtaining employee loyalty is, therefore, synonymous with supporting the business mission and aligning with its strategic goals, all in harmony with the goals and orientations of the employees themselves (Karami et al., 2004).

Employee loyalty is a broad concept with many descriptions. According to Guillon and Cezanne (2014), loyalty is a multidimensional construct that includes a panel of indicators as an attitudinal inclination toward identification, attachment, commitment, or trust vis-à-vis the organization, which finds expression in different behaviors, "forms", or "indicators". DeMott (2006) described loyalty as the willing, realistic, and thoroughgoing devotion to a cause or an individual. Murali et al. (2017) pointed out that loyalty signifies a person's devotion or sentiment of attachment to a particular object, which may be another person or group of persons, an ideal, a duty, or a cause. Priyadharshini and Sudhahar (2019) described loyalty as an employee's emotional commitment to remain with a company. Similarly, Al-Rousan and Al-Amoush (2013) described it as the state of unification of the worker with the organization in which he works with its objectives and his desire to maintain their membership in it. From a different perspective, Iqbal et al. (2015) pointed out that loyal employees are those who are committed to the success of the organization, and who believe that working for that organization is their best option. Based on these randomly chosen descriptions, loyal employees are those who are attached to a business in one way or another, and who wish to retain their membership in it. The question is, how do businesses foster and increase employee loyalty?

The literature identifies numerous business-context factors that significantly impact employee loyalty. Among these, job satisfaction stands out as a conspicuous indicator, closely linked to the overall success of the organization (Anderson et al., 1994; Matzler & Renzl, 2006). Having satisfied employees could be classified as a minimum requirement to see employees develop a sense of attachment to the business to make them not think of leaving on any day. Ghazaly (2016) pointed out that organizational justice, fairness

of procedures, fairness of distribution, good administrative support, training, and good interpersonal relations among colleagues in a business are vital factors to stimulate employee loyalty. All these factors, among many others, affect employees' satisfaction and ultimately their loyalty. To have loyal employees, organizations need to ensure that all employees' needs are met and that they are satisfied and motivated (Albahussain, 2014). They also need to pay attention to their feeling of job security to feel loyal to the institution (Rajarathinam, 2018).

Managers should look out for employees' interests, pay attention to their career paths and aspirations, and give them opportunities to improve their performance (Radwan, 2016). Al-Shawabkah and Al-Ta'ani (2013) pointed out that organizational commitment is the main and important key to examining the extent to which the members of the organization get along with each other. Through that, they start to develop a feeling of loyalty to the place because they enjoy being there. Hong et al. (2019) identified a list of factors that influence employee loyalty to the organization, including harmony between individuals and organizations, salary, bonus, and estimation, coaching, and work development, and the opportunity to confront, and leadership behavior, in additional to workplace relationships, firm culture and structure, and working environment.

Human resource management plays a significant role in shaping the employee experience in a business and their loyalty, but the application of its various practices differs across countries because of prevailing cultural differences, which in itself affects the understanding of employee loyalty and what it takes to have it in a business context. Research on human resource management and best practices is limited in the Middle East and the Arab world (Aladwan et al., 2014; Al-Twal et al., 2019), which ultimately makes the conceptualization and understanding of employee loyalty challenging in this context. Literature has paid the least attention to the cultural influence on employee loyalty in a place, although it might be the main trigger in specific cultures, largely because it is relatively difficult to study. Bridging the gap is significant to build on the literature of employees' loyalty and assist organizations to better understand the concept from both organizational and cultural perspectives, and enjoy its benefits.

The advantages of employee loyalty are manifold. Goodarzi (2012) notes that loyal employees demonstrate increased efficiency and are less likely to leave the organization, leading to a reduction in turnover rates and associated direct and indirect costs. Aityan and Gupta (2012) emphasize the correlation between employee loyalty and lower expenses related to recruiting new staff. Radwan (2016) underscores that having loyal employees contributes to the establishment of a positive organizational reputation by meeting the needs of various stakeholders, particularly customers. Additionally, loyal employees often exhibit pride in their organization, participating in positive word-of-mouth communications even when they may not personally endorse the company's services and products (Haghighikhah et al., 2016).

Al-Baroudi (2015) added that loyal employees are more accepting and supportive of change whenever it needs to be implemented, and develop their creative behavior within the organization, which supports the success and innovation of the business. Loyalty contributes to raising the morale of the employees, which increases their interdependence with the organization and motivates them to work in a cooperative spirit through building a network of human relations between workers (Radwan, 2016). Loyal

employees do not harm their organization, or share its secrets (Robertson et al., 2015). Employee loyalty increases employee value, as workers in the organization broaden their interests, with rich personalities and strong incentives to perform their work, which assists the organization in achieving its desired goals (Elegido, 2013). Rao (2017) pointed out that loyal employees are more likely to waive their self-interest, and they go above and beyond the call of duty to give priority to the needs and interests of the organization.

Discussion

Integrating Wasta social capital, employee loyalty, and innovation in Arab collectivist culture

As discussed earlier, the literature characterizes loyal employees as individuals committed to and attached to a business, expressing a desire to maintain their membership and actively contributing to the organization's success. Employee loyalty is fostered by a myriad of factors, including satisfaction, interpersonal harmony, a supportive culture, a positive working environment, justice, fair procedures, growth opportunities, and job security. To achieve these conditions and cultivate loyal employees, businesses must recognize the significance of social capital, especially in collectivist cultures like the Arab world. Here, culture significantly influences employee behavior and organizational culture (Al-Faleh, 1987; Hammoud, 2011).

Collectivism represents the degree of interdependence a society maintains among its members (Hofstede, 2001). The culture in the Middle East (particularly the Arab World) is collectivist (Feghali, 1997), whereby people attach a great deal of importance to personal relationships rather than professional ones (Budhwar & Mellahi, 2016). Individuals in Arab societies attribute great meaning and value to relationships through which they identify themselves (Berger et al., 2019; Khakhar & Rammal, 2013). Collateral/collective societies stress less importance on the "self" and "individual" and conversely prioritize the promotion of more continuous and longer-lasting human ties between individuals, including within organizations, and across multiple organizations in industrial contexts (Sparrow & Wu, 1998). Such collectivist cultures tend to prioritize the goals of the larger collective or group over the individual. In this cultural setting which attributes great importance to relationships, Wasta as a form of social capital becomes a crucial tool, as relationships are the core element of the dynamics of Wasta (Ali & Weir, 2020; Alsarhan, 2021). Indeed, this relational nature of the institution of Wasta entails several implications related to individuals' behaviors, attitudes, and obligations towards their Wasta accomplices.

Element one: reciprocity and mutual benefit

Given the significance of relationships in Arab collectivist cultures (Field, 2003), investing in networks becomes pivotal for individuals to achieve their goals (Namazie & Venegas, 2016). This investment signifies loyalty—helping and serving each other for mutual benefits. When an employee becomes a beneficiary of Wasta social capital, they inherently become obliged to reciprocate, often through the position they were able to access due to its influence (Al-Twal, 2022; Alwerthan et al., 2018; Hutchings & Weir, 2006; Loewe et al., 2007, 2008). Social capital, similar to Wasta, contains norms and networks that result in trust, reciprocity, and understanding, through which

mutual benefits and economic prosperity from collective action and cooperation can be created (Dinda, 2008). The ties formed among employees via social capital facilitate coordination and cooperation, grounded in mutual trust, towards the achievement of both individual and organizational goals (Coleman, 1988).

As Triandis et al. (1988) pointed out, individuals in collectivist cultures may forego personal goals in favor of some collective goals such as the team or division. People in this type of culture value group harmony (Hofstede, 2001) and shared interests, conformity to group norms, and seeing themselves as interdependent parts of their group (Chiaburu et al., 2015). Wasta for Arabs is considered to be a product of mutual and strong reciprocity norms (El-Said & Harrigan, 2009; Loewe et al., 2007; Smith et al., 2012). Therefore, the value of Wasta social capital is based on an individual's investment in relationships to get the return (i.e., strong reciprocity norms) (Loewe et al., 2007), which explains the reciprocity element based on loyalty to serve each other.

H1: Establishing relationships grounded in trust significantly enhances individuals' loyalty, fostering a mutual commitment to serve each other for mutual benefit.

Element two: obligation and commitment

In collectivist cultures, individuals are inclined to assist one another, leading to a web of commitments and obligations aimed at maintaining relationships for anticipated returns (Dinda, 2008; Lin, 2008). Notably, one positive aspect of Wasta is the demonstration of loyalty and trustworthiness by the intermediary (Abosag & Ghauri, 2022). In situations where connections are built on trust, individuals often feel compelled to uphold their end of the bargain, striving to be deserving of the trust placed in them. Simply put, when relationships are forged through Wasta, individuals make concerted efforts and are committed to avoid causing any loss of face or reputation, both for themselves and the broader group sharing Wasta connections, steering clear of negative behaviors (Alsarhan, 2021).

In Arab collectivist cultures, employee loyalty is nurtured through relationships and the willingness of employees to cooperate and create value for each other. The strength of interpersonal connections directly correlates with organizational commitment, a critical factor for cultivating loyal employees (Al-Shawabkah & Al-Ta'ani, 2013). Committed employees, fueled by intrinsic motivation, strive for excellence in their roles, taking pride in their work and actively seeking opportunities for self-improvement and growth. This internal drive not only encourages the exploration of new ideas but also challenges the status quo, fostering innovative solutions to problems. Passionate about their work, these committed employees are more inclined to invest time and energy in generating fresh ideas and pushing boundaries. Simultaneously, robust social relationships in the workplace contribute to employees' overall job satisfaction, creating an environment conducive to innovation (Al-Twal & Cook, 2021).

H2: The investment in relationships grounded in trust is positively associated with increased organizational commitment.

H3: The investment in relationships built on trust positively correlates with heightened employee satisfaction.

Element three: communication

In the organizational context, interpersonal relationships grounded in interaction, solidarity, and reciprocity contribute to increased communication between individuals, fostering a supportive culture characterized by exchange, cohesion, and cooperation (El-Said & Harrigan, 2009). This dynamic environment facilitates smoother and faster task completion, as communication built on mutual benefit promotes knowledge sharing and effective decision-making. The culture of a business is shaped by its people, their values, and norms, with employee loyalty representing a vital subset of this organizational culture. Consequently, loyalty to the organization would be one of the values shared and accepted by employees. The more people stay in the business, the stronger ties are created between them, which will lead to intimacy and effective communication that supports loyalty and the desire to work at high levels of productivity. Enhanced communication, especially facilitated by robust Wasta social capital, plays a pivotal role in knowledge sharing. Through this, employees develop their skills, knowledge, and abilities, creating a fertile ground for innovation within the organization (Aklamanu et al., 2016; Dani & Gandhi, 2021). As noted by Schneider (1988), Arab Eastern cultures prioritize social concerns over task concerns, underscoring the notion that productivity is closely linked to the relationships people cultivate in the workplace. Loyal employees, inherently committed to the organization's goals and vision, are more inclined to collaborate and share their knowledge with colleagues. This commitment drives knowledge-sharing behaviors, creating an environment where insights, experiences, and information flow across teams and departments. This interconnected knowledge pool becomes a fertile ground for innovation to thrive (Zhang et al., 2017). In cohesive groups with high synergy and strong social bonds, innovation is more likely to flourish (Minhas & Sindakis, 2022). Therefore, investing in Wasta social capital emerges as a potential driver for enhancing innovation in organizations.

H4: The investment in relationships grounded in trust positively correlates with increased communication between individuals within an organizational context.

H5: The investment in relationships built on trust is positively associated with enhanced innovation.

Figure 1 illustrates the integral role Wasta social capital plays in augmenting both employee loyalty and innovation within organizational settings.
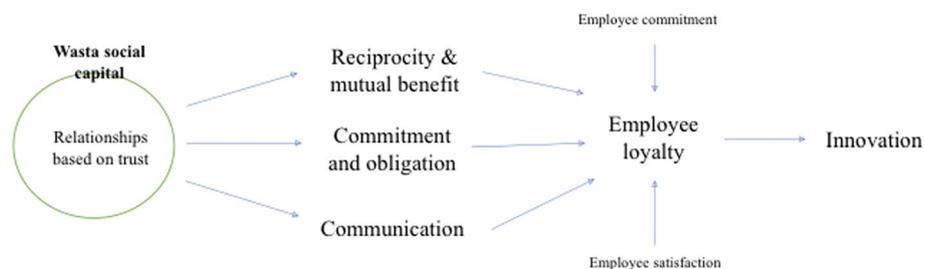

Fig. 1 Conceptual model

Concluding remarks and research implications

In this conceptual paper, we endeavored to illuminate the positive aspects of informal networks, specifically employing the Arab form known as Wasta social capital. While employee loyalty is frequently acknowledged as a significant organizational objective, little is known about the impacts of societal cultures on it, particularly within non-Western cultural contexts where studies on prevailing cultural impacts are relatively sparse. Our exploration of Wasta social capital in the context of the Arab World's collectivist culture posits that the essence of organizational success lies in its people. Looking at employee loyalty through the lens of Wasta social capital theory provides a deeper understanding of this concept.

For organizations to cultivate employee loyalty, there is a need to foster organizational cultures that prioritize the development of social capital. Recognizing the inherent value of social capital, members within the organization can actively contribute to its acquisition. Supportive organizational cultures play a pivotal role in establishing connections between employees, facilitating coordination and cooperation grounded in trust. This collaboration is directed toward mutual benefit in achieving individual and collective organizational goals. By enhancing employees' experiences and contributing to long-term organizational success and survival, such investment in social capital becomes crucial for sustained growth. On the flip side, a deficiency in employee loyalty can lead to reduced productivity, impose costs on the organization, and hinder innovation. In today's globalized markets, characterized by intense competition and evolving consumer preferences, organizations must wield innovation as a valuable tool to stay competitive and ensure their long-term survival.

It's important to note that this study is conceptual rather than empirical, emphasizing the need for further empirical research to deepen the theoretical conceptualization of Wasta social capital and loyalty in the Arab world context. As Wasta social capital appears to be deeply ingrained in the social and professional fabric of this region, with its resilience noted by Alsarhan (2022), practitioners, global business leaders, and managers in multinational corporations (MNCs) operating in the Arab region must learn to harness the benefits it offers, particularly in fostering innovation. There is a call for increased effort to fully capitalize on Wasta social capital, seizing all the opportunities it presents for both individual employees and organizations.

References

Abosag, I., & Ghauri, P. (2022). Et-Moone (مانعة) versus Wasta (واسطة) Understanding the concept of Et-Moone-based Wasta. *Industrial Marketing Management, 100*, 88–95. https://doi.org/10.1016/J.INDMARMAN.2021.10.013

Acqaah, M. (2007). Managerial social capital, strategic orientation, and organizational performance in an emerging economy. *Strategic Management Journal, 28*(12), 1235–1255. https://doi.org/10.1002/smj.632

Adiputra, P., Martini, M., & Agung, A. (2019). Leadership, work spirituality, competence and loyalty to employee performance. *Journal of Research in Management, 2*(4), 21–30.

Afiouni, F., Karam, C. M., & Makarem, Y. (2020). Contextual embeddedness of careers: Female "nonsurvivors" and their gendered relational context. *Human Resource Management Journal, 30*(3), 343–364.

Aityan, S., & Gupta, T. (2012). Challenges of employee loyalty in corporate America. *Business and Economics Journal, 2012*, BEJ-551.

Aklamanu, A., Degbey, W. Y., & Tarba, S. Y. (2016). The role of HRM and social capital configuration for knowledge sharing in post-M&A integration: A framework for future empirical investigation. *International Journal of Human Resource Management, 27*(22), 2790–2822. https://doi.org/10.1080/09585192.2015.1075575

Aladwan, K., Bhanugopan, R., & Fish, A. (2014). Managing human resources in Jordanian organizations: Challenges and prospects. *International Journal of Islamic and Middle Eastern Finance and Management, 7*(1), 126–138. https://doi.org/10.1108/IMEFM-09-2013-0104

Albahussain, S. (2014). The impact of human resources management activities on employees loyalty in private organizations in Saudi Arabia. *Journal of Economics, Business and Management, 2*(1), 31–37. https://doi.org/10.7763/JOEBM.2014.V2.94

Al-Baroudi, M. (2015). *Job satisfaction and the art of dealing with superiors and subordinates*. The Arab Group for Training and Publishing.

Aldossari, M., & Robertson, M. (2016). The role of wasta in repatriates' perceptions of a breach to the psychological contract: A Saudi Arabian case study. *The International Journal of Human Resource Management, 27*(16), 1854–1873.

Al-Faleh, M. (1987). Cultural influences on Arab management development: A case study of Jordan. *Journal of Management Development, 6*(3), 19–33. https://doi.org/10.1108/eb051643

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

Al-Ramahi, A. (2008). Wasta in Jordan: A distinct feature of (and benefit for) middle eastern society. *Arab Law Quarterly, 22*(1), 35–62.

Al-Rousan, M., & Al-Amoush, M. (2013). The role of the human resource information system in loyalty Regulatory field study in the Jordanian hotel sector. *Journal of Baghdad College of Economic Sciences University, 37*, 221–242.

Alsarhan, F. (2021). Grasping the concept of Wasta and its place in human resource Management in the Middle East. In P. Sinha, P. Patel, & P. Verma (Eds.), *International HRM and development in emerging market multinationals* (1st ed., pp. 192–211). New York: Routledge. https://doi.org/10.4324/9781003057130-10

Alsarhan, F. (2022). A change management roadmap for wasta-free managerial practices in Arab organizations. *Thunderbird International Business Review.* https://doi.org/10.1002/tie.22301

Alsarhan, F., & Al-Twal, A. (2023). Towards understanding the relationships between economics, tribalism and the use of the wasta informal network in the workplace. *Employee Relations: THe International Journal, 45*(4), 925–943.

Alsarhan, F., & Valax, M. (2020). Conceptualization of wasta and its main consequences on human resource management. *International Journal of Islamic and Middle Eastern Finance and Management, 14*(1), 114–127.

Al-Shawabkah, Y., & Al-Ta'ani, H. (2013). Job satisfaction and its relation to organizational commitment of librarians in the Jordanian public university libraries. *Journal of Educational Sciences Studies, 40*(1), 181–200.

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

Al-Twal, A. (2022). The psychology of offering wasta: Inferences from narratives. *Sociology Compass.* https://doi.org/10.1111/soc4.13006v

Al-Twal, A., & Aladwan, K. (2021). Graduating students' standpoints on Wasta as a 'gateway' to employment: Motives and influences. *International Journal of Organizational Analysis, 29*(3), 755–768. https://doi.org/10.1108/IJOA-04-2020-2139

Al-Twal, A., & Cook, C. (2021). Explaining the power of informal networks in academia: A Jordanian perspective. *Journal of Further and Higher Education.* https://doi.org/10.1080/0309877X.2021.2008331

Al-Twal, A., Rowlands, H., & Cook, C. (2019). The role of human resource management in the context of Jordanian higher education: A study of the literature. *Journal of Organizational Psychology, 19*(6), 10–22.

Alwerthan, T.A., Swanson, D.P., & Rogge, R.D. (2018). It's better to give than to receive: Psychological need satisfaction mediating links between wasta (favouritism) and individuals' psychological distress. *International Journal of Psychology, 53*, 11–20.

Anderson, E., Fornell, C., & Lehmann, D. (1994). Customer satisfaction, market share, and profitability: Findings from Sweden. *Journal of Marketing, 58*(3), 53–66. https://doi.org/10.2307/1252310

Andrews, R. (2010). Organizational social capital, structure and performance. *Human Relations, 63*(5), 583–608. https://doi.org/10.1177/0018726709342931

Ayios, A., Jeurissen, R., Manning, P., & Spence, L. J. (2014). Social capital: A review from an ethics perspective. *Business Ethics, 23*(1), 108–124. https://doi.org/10.1111/beer.12040

Barnett, A., Bruce, Y., & George, N. (2013). Regulation, trust, and cronyism in middle eastern societies: The simple economics of "Wasta." *The Journal of Socio-Economics, 44*, 41–46.

Berger, R., Herstein, R., McCarthy, D., & Puffer, S. (2019). Doing favors in the Arab world. *International Journal of Emerging Markets, 14*(5), 916–943.

Budhwar, P., & Mellahi, K. (2016). *Handbook of human resource management in the Middle East.* Edward Elgar.

Chiaburu, D. S., Chakrabarty, S., Wang, J., & Li, N. (2015). Organizational support and citizenship behaviors: A comparative cross-cultural meta-analysis. *Management International Review, 55*, 707–736. https://doi.org/10.1007/s11575-015-0253-8

Choia, O., & Chobc, E. (2019). The mechanism of trust affecting collaboration in virtual teams and the moderating roles of the culture of autonomy and task complexity. *Computers in Human Behavior, 91*, 305–315. https://doi.org/10.1016/j.chb.2018.09.032;%200747-5632

Coleman, J. S. (1988). Social capital in the creation of human capital. *American Journal of Sociology, 94*, S95–S120.

Cunningham, R. B., & Sarayrah, Y. K. (1993). *Wasta: The hidden force in middle eastern society*. Praeger Publishers.

Dani, M.V. and Gandhi, A.V. (2021). Understanding the drivers of innovation in an organization: a literature review, *International Journal of Innovation Science*. ahead-of-print.

Davis, P. J. (2017). How HR can create competitive advantage for the firm: Applying the principles of resource-based theory. *Human Resource Management International Digest, 25*(2), 4–6. https://doi.org/10.1108/HRMID-09-2016-0122

DeMott, D. A. (2006). Breach of fiduciary duty: On justifiable expectations of loyalty and their consequences. *Arizona Law Review, 48*(4), 925–956.

Dinda, S. (2008). Social capital in the creation of human capital and economic growth: A productive consumption approach. *Journal of Socio-Economics, 37*(5), 2020–2033.

Dobie, K., Grant, J., & Knudstrup, M. (2002). Attitudes and perceptions of the role of wasta in the professional life of Gulf residents. *Journal of Social Affairs, 19*(75), 75–97.

Elegido, J. (2013). Does it make sense to be a loyal employee? *Journal of Business Ethics, 116*, 495–511. https://doi.org/10.1007/s10551-012-1482-4

El-Said, H., & Harrigan, J. (2009). "You reap what you plant": Social networks in the Arab world—The Hashemite Kingdom of Jordan. *World Development, 37*(7), 1235–1249. https://doi.org/10.1016/j.worlddev.2008.12.004

Feghali, E. (1997). Arab cultural communication patterns. *International Journal of Intercultural Relations, 21*(3), 345–378. https://doi.org/10.1016/S0147-1767(97)00005-9

Field, J. (2003). *Social capital: Key ideas*. Routledge.

Ghazaly, A. (2016). The effect of organizational loyalty on the performance of employees applying the application to some Egyptian organizations [Unpublished master's thesis]. Benha University.

Goodarzi, A. (2012). Organizational loyalty management of the strategic approach of human resources. *Journal of Basic and Applied Scientific Research, 2*(9), 8995–8998.

Guillon, O., & Cezanne, C. (2014). Employee loyalty and organizational performance: A critical survey. *Journal of Organizational Change Management, 27*(5), 839–850. https://doi.org/10.1108/JOCM-02-2014-0025

Haghighikhah, M., Khadang, M., & Arabi, M. (2016). Internal marketing: Employee satisfaction and word of mouth in Guilan's Saderat bank. *International Journal of Marketing Studies, 8*(2), 147. https://doi.org/10.5539/ijms.v8n2p147

Halpern, D. (2005). *Social capital*. Polity.

Hammoud, J. (2011). Consultative authority decision-making: On the development and characterization of Arab corporate culture. *International Journal of Business and Social Science, 2*(9), 141–148. https://doi.org/10.13140/RG.2.2.13439.30887

Hofstede, G. (2001). *Culture's consequences: Comparing, values, behaviours, institutions, and organizations across nations* (2nd ed.). Sage Publications Inc.

Hong, H., Thanh, T., & Thanh, P. (2019). Factors affecting employee loyalty: A case of small and medium enterprises in Tra Vinh Province, Viet Nam. *Journal of Asian Finance, Economics and Business, 7*(1), 153–158. https://doi.org/10.13106/jafeb.2020.vol7.no1.153

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., & Paik, Y. (2022). Informal network context: Deepening the knowledge and extending the boundaries of social network research in international human resource management. *International Journal of Human Resource Management, Forthcoming.* https://doi.org/10.1080/09585192.2022.2090268

Hutchings, K., & Weir, D. (2006). Understanding networking in China and the Arab World: Lessons for international managers. *Journal of European Industrial Training, 30*(4), 272–290. https://doi.org/10.1108/03090590610673641

Iqbal, A., Tufail, M., & Lodhi, R. (2015). Employee loyalty and organizational commitment in Pakistani organizations. *Global Journal of Human Resource Management, 3*(1), 1–11.

Jiang, J. Y., & Liu, C. W. (2015). High performance work systems and organizational effectiveness: The mediating role of social capital. *Human Resource Management Review, 25*(1), 126–137. https://doi.org/10.1016/j.hrmr.2014.09.001

Karami, A., Analoui, F., & Cusworth, J. (2004). Strategic human resource management and the resource-based theory approach: The evidence from the British manufacturing industry. *Management Research News, 27*(6), 50–68. https://doi.org/10.1108/01409170410784202

Khakhar, P., & Rammal, H. G. (2013). Culture and business networks: International business negotiations with Arab managers. *International Business Review, 22*(3), 578–590.

Lin, N. (1999). Building a network theory of social capital. *Connections, 22*(1), 28–51.

Lin, N. (2008). A network theory in social capital. In D. Castiglione, J. Deth, & G. Wolleb (Eds.), *Handbook of social capital* (pp. 1–25). Oxford University Press.

Loewe, M., Blume, J., Schönleber, V., Seibert, S., Speer, J., & Voss, C. (2007). The impact of favouritism on the business climate: A study on wasta in Jordan. *German Development Institute (DIE), 30*, 1–211.

Loewe, M., Blume, J., & Speer, J. (2008). How favoritism affects the business climate: Empirical evidence from Jordan. *The Middle East Journal, 62*(2), 259–276.

Matzler, K., & Renzl, B. (2006). The relationship between interpersonal trust, employee satisfaction, and employee loyalty. *Total Quality Management and Business Excellence, 17*(10), 1261–1271. https://doi.org/10.1080/14783360600753653

Megheirkouni, M., & Weir, D. (2019). Insights into informal practices of sport leadership in the middle east: The impact of positive and negative wasta. *International Journal of Sport Policy and Politics, 11*(4), 639–656.

Metcalfe, B. D. (2006). Exploring cultural dimensions of gender and management in the Middle East. *Thunderbird International Business Review, 48*(1), 93–107.

Minbaeva, D., Ledeneva, A., Muratbekova-Touron, M., & Horak, S. (2022). Explaining the persistence of informal institutions: The role of informal networks. *Academy of Management Review*. https://doi.org/10.5465/amr.2020.0224

Minhas, J., & Sindakis, S. (2022). Implications of social cohesion in entrepreneurial collaboration: A systematic literature review. *Journal of the Knowledge Economy, 13*, 2760–2791. https://doi.org/10.1007/s13132-021-00810-0

Murali, S., Poddar, A., & Seema, P. (2017). Employee loyalty, organizational performance and performance evaluation: A critical survey. *Journal of Business and Management, 19*(8), 62–74. https://doi.org/10.9790/487X-1908036274

Namazie, P., & Venegas, B. (2016). Cultural perspectives in human resources management in the Middle East and North Africa. In P. Budhwar & K. Mellahi (Eds.), *Handbook of human resource management in the Middle East* (pp. 15–34). Edward Elgar.

Olexova, V., & Gogolova, M. (2021). Innovation and its importance in the context of a company's marketing strategy. *SHS Web of Conferences, 91*, 01021.

Portes, A. (1998). Social capital: Its origins and applications in modern sociology. *Annual Review of Sociology, 24*(1), 1–24. https://doi.org/10.1146/annurev.soc.24.1.1

Priyadharshini, A., & Sudhahar, C. (2019). Determinants of employee loyalty: A literature review. *International Research Journal of Engineering and Technology, 6*(11), 272–375.

Putnam, R. (2000). *Bowling alone*. Simon and Schuster.

Radwan, A. (2016). The effect degree of the organizational loyalty on the employee's performance: An applied study on some Egyptian organizations (Unpublished master's thesis). Benha University. https://www.researchgate.net/publication/306393206_The_Impact_Of_Organizational_Loyalty_On_The_Employees_Performance_Applied_Study_On_Some_Egyptian_Organizations. Accessed 20 Oct 2023.

Rajarathinam, M. (2018). Enticement of employee loyalty. *International Journal of Scientific Research, 4*(2277), 223–225.

Rao, M. S. (2017). Innovative tools and techniques to ensure effective employee engagement. *Industrial and Commercial Training, 49*(3), 127–131. https://doi.org/10.1108/ICT-06-2016-0037

Robertson, K. M., Hannah, D. R., & Lautsch, B. A. (2015). The secret to protecting trade secrets: How to create positive secrecy climates in organizations. *Business Horizons, 58*(6), 669–677. https://doi.org/10.1016/j.bushor.2015.07.004

Sani, A., & Ekowati, V. (2019). Spirituality at work and organizational commitment as moderating variables in relationship between Islamic spirituality and OCB IP and influence toward employee performance. *Journal of Islamic Marketing, 11*(6), 1777–1799. https://doi.org/10.1108/JIMA-08-2018-0140

Schneider, S. C. (1988). National vs. corporate culture: Implications for human resource management. *Human Resource Management, 27*(2), 231–246. https://doi.org/10.1002/hrm.3930270207

Sidani, Y., & Thornberry, J. (2013). Nepotism in the Arab world: An institutional theory perspective. *Business Ethics Quarterly, 23*(1), 69–96.

Singh, S. K., Mazzucchelli, A., Vessal, S. R., & Solidoro, A. (2021). Knowledge-based HRM practices and innovation performance: Role of social capital and knowledge sharing. *Journal of International Management, 27*(1), 100830. https://doi.org/10.1016/j.intman.2021.100830

Smith, P. B., Torres, C., Leong, C. H., Budhwar, P., Achoui, M., & Lebedeva, N. (2012). Are indigenous approaches to achieving influence in business organizations distinctive? A comparative study of guanxi, wasta, jeitinho, svyazi and pulling strings. *The International Journal of Human Resource Management, 23*(2), 333–348.

Sparrow, P., & Wu, P. C. (1998). Does national culture really matter? Predicting HRM preferences of Taiwanese employees. *Employee Relations, 20*(1), 26–56.

Tlaiss, H., & Kauser, S. (2011). The importance of Wasta in the career success of middle eastern managers. *Journal of European Industrial Training, 35*(5), 467–486.

Triandis, H. C., Bontempo, R., Villareal, M. J., Asai, M., & Lucca, N. (1988). Individualism and collectivism: Cross-cultural perspectives on self-ingroup relationships. *Journal of Personality and Social Psychology, 54*(2), 323–338. https://doi.org/10.1037/0022-3514.54.2.323

Weir, D. T. (2003). Human resource development in the Arab Middle East: A fourth paradigm. In M. Lee (Ed.), *HRD in a complex world* (pp. 69–82). Routledge.

Wu, H. (2008). The effect of human resource management practices on firm social capital. In: *2008 4th International Conference on Wireless Communications, Networking and Mobile Computing, WiCOM'08*. IEEE. https://doi.org/10.1109/WiCom.2008.1702.

Zhang, X., Liu, S., & Chen, X. (2017). Social capital, motivations, and knowledge sharing intention in health Q&A communities. *Management Decision, 55*(7), 1536–1557. https://doi.org/10.1108/MD-10-2016-0739

Publisher's Note