

# Wasta Effects on Supply Chain Relationships in the Middle East Region

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## INTRODUCTION

Globalization and new rules of competition have forced many firms to revisit their relationship-building strategies for achieving a competitive position over their rivals in the global marketplace (Cannon, Doney, Mullen, & Petersen, 2010; Rita & Krapfel, 2015; Wiengarten, Fynes, Pagell, & de Búrca, 2011). The globalization of markets requires individual firms to build mutual trust and long-lasting business relationships with firms from different countries, each with its own unique and distinguishable culture (Hofstede, 1980). The accelerating expansion of supply chains beyond national boundaries coupled with the rise in product recalls in the global supply chain have encouraged management scholars to examine the effects of culture on trustworthy supply chain relationships (Carter et al., 2015; Choi & Wacker, 2011; Halldórsson et al., 2015; Hunt & Davis, 2012; Miles & Snow, 2007; Steven et al., 2014). Overall, prior supply chain relationships research has theorized cultural effects on supply chain relationships and trust as having a mediating or moderating effect on the long-term stability of a supply chain relationship (see Chandra & Kumar, 2001; Peters & Hogensen, 1999).

Although the extant research has made substantial contributions to knowledge, the research on cultural effects on long-term supply chain relationships is still patchy. A common concern relates to existing conceptualization and empirical scrutiny of cultural effects on supply chain that has largely relied on Western-driven cultural frameworks (e.g., Hofstede's cross-cultural paradigm) with a focus on highly advanced Anglo-American (e.g. USA, UK, Germany) and several other developed and emerging economies (e.g. Japan, South Korea, China, Singapore). Whereas the homogeneity of cultural frameworks in the context of developed Western economies is assumed to function as fundamental universal assumptions concerning national culture and supply chains, recent research has viewed such generalizations as unhelpful in explaining cultural orientations in the context of (non-Western) developing economies such as the Arab Middle East region (see Cannon et al., 2010; Graca, Barry & Doney, 2015; Soni & Kodali, 2011; Soltani et al., 2018). In this respect, Meyer (2006) has argued that "Asian management research should be able to make major contributions, for instance by explaining context-specific variables and effects, and by drawing on traditional Asian thought in developing new theories" (p. 119).

The research presented in this chapter is a quantitative study of the impact of Arab Middle East cultural values on long-term supply chain relationships in Jordan. The aim is to examine the impact of *Wasta* (الواسطة network) on the long-term supply chain relationship as well as the moderating effect of

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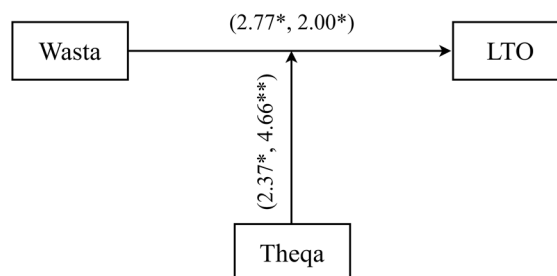
*theqa*(trustثقافة)in this relationship in the Jordanian manufacturing sector. Jordan is an ideal locus for such research because, not only does it share almost the same cultural norms and attitudes with other countries in the region, but it has also been recognized as the most globalized country in the region (Abu Tahun, 2012). Focusing on privatization, it has adopted an open economy strategy to attract foreign investment. Globalization, low purchasing power in the Jordanian manufacturing sector coupled with limited natural resources have made Jordan an interesting research site for studying the effects of culture on supply chain relationships (see Noor, 2014).

The chapter starts with a review of the literature pertinent to national culture and supply chain relationships. It will then discuss the proposed research framework and development of research hypotheses. Next, it will describe the adopted research methodology followed by a presentation of the research findings. The chapter concludes with a discussion of research implications.

## CONCEPTUAL FRAMEWORK AND HYPOTHESES DEVELOPMENT

As Figure 1 shows, the proposed research framework suggests that national cultural norms (i.e. *wasta*) have effects on the long-term supply chain relationships and that trust moderates the effects of national culture on supply chain relationships. In addition, trust could also have a direct effect on long-term supply chain relationships.

*Figure 1. Conceptual framework*



## NATIONAL CULTURE AND SUPPLY CHAIN RELATIONSHIPS

A great deal of research has been undertaken to determine just what culture is and how various national cultures differ. Space does not permit a full review of this literature here. It must suffice to say that culture is best reflected in Hofstede and Hofstede's (2005) definition: "the collective programming of the mind that distinguishes the members of one group or category of people from others" (p. 4). In addition, while "cultural dimensions" have no limited list, the extant literature has identified a number of dimensions (Hall & Hall, 1990; Hofstede, 1980; Morden, 1999; Trompennars & Hampden-Turner, 1997; Schwartz, 1999).

Although the role of national culture has been investigated in various human behaviours such as consumer behavior, marketing, and human resources, operations and supply chain management has relatively little research on culture. For example, Hope and Mühlemann (2001) stated that production and operations management (POM) researchers have been relatively slow in examining the inter-relationships between POM practices and culture. Pagell, Katz, and Sheu, (2005) examined the influence of national culture

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