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ANTECEDENTS AND OUTCOMES OF ‘WASTA’
WITHIN THE CONTEXT OF ARAB INTERNATIONAL
BUSINESS RELATIONSHIPS

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DECLARATION

I hereby declare that this doctoral thesis titled as “Antecedents and Outcomes of Wasta within the Context of Arab International Business Relationships” has been written by myself in accordance with the academic rules and ethical conduct. I also declare that all materials benefited in this thesis consist of the mentioned resources in the reference list. I verify all these with my honour.

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03 / 08 /2022

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ABSTRACT

Doctoral Thesis

Doctor of Philosophy (PhD)

**Antecedents and Outcomes of ‘Wasta’ within the Context of Arab International
Business Relationships**

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Arab markets continue to rely on Wasta as a prominent social-based business model to resolve conflicts and gain access to information and resources due to formal institutional voids in their respective countries. Yet, the conceptualization and examination of Wasta in the international business literature is still at its nascent stage.

This dissertation aims to elaborate on the utilization of Wasta in the international business context in line with the formal and informal institutional differences between the (Arab) host and foreign countries. The study further examines the potential outcomes of Wasta dimensions on the relational capital and consequently on the relationship performance. Data were collected from 209 Arab importers across 16 Arab countries using self-administered questionnaires, structured equation modeling was used to examine the proposed research model.

Findings reveal that the presence of more favorable political stability and regulatory quality in the importer’s (host) country relative to the exporter’s country has a negative impact on the utilization of Wasta through its dimensions (Mojamala and Hamola, and Somah respectively). Meanwhile, the presence of higher levels of uncertainty avoidance and individualism in the host country strengthens the utilization of Wasta through Somah only. Moreover, findings showed that relational capital is significantly improved through Mojamala and Hamola, which subsequently improves the relationship performance.

This study presents researchers with deeper insights into the antecedents and outcomes of Wasta on a dimensional level, filling notable voids in the literature while also helping foreign businesses to better comprehend the utilization of Wasta under varying institutional differences.

Keywords: Wasta, Culture-Specific Relationships, Institutions, Relational Capital, International Business Performance.



ÖZET

Doktora Tezi

Aracılığın Arap Uluslararası İş İlişkileri Bağlamında Öncülleri ve Sonuçları **Mohammad ORRA**

Dokuz Eylül Üniversitesi

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İngilizce İşletme Yönetimi Programı

Arap piyasaları, ülkelerindeki resmi kurumsal boşluklar nedeniyle çatışmaları çözmek ve bilgi ve kaynaklara erişim sağlamak için sosyal temelli önemli bir iş modeli olarak aracılığa güvenmeye devam etmektedir. Bununla birlikte, aracılığın uluslararası işletme literatüründe kavramsallaştırılması ve incelenmesi henüz başlangıç aşamasındadır.

Bu tez, aracılığın uluslararası iş bağlamında kullanımını (Arap) ev sahibi ve yabancı ülkeler arasındaki resmi ve gayri resmi kurumsal farklılıklar doğrultusunda detaylandırmayı amaçlamaktadır. Çalışma ayrıca Wasta boyutlarının ilişkisel sermaye ve dolayısıyla ilişki performansı üzerindeki potansiyel sonuçlarını incelemektedir. Veriler, 16 Arap ülkesindeki 209 Arap ithalatçıdan anketler kullanılarak toplanmış, önerilen araştırma modelini test etmek için yapısal eşitlik modellemesi kullanılmıştır.

Bulgular, ihracatçının ülkesine kıyasla ithalatçının (ev sahibi) ülkesinde daha olumlu siyasi istikrar ve düzenleyici kalitenin varlığının, sırasıyla Nezaket, Kabile, ve İtibar boyutuyla aracılığın kullanımı üzerinde olumsuz bir etkisi olduğunu ortaya koymaktadır. Öte yandan, ev sahibi ülkede daha yüksek düzeyde belirsizlikten kaçınma ve bireyciliğin varlığı, aracılığın sadece itibar aracılığıyla kullanımını güçlendirmektedir. Ayrıca, bulgular ilişkisel sermayenin Nezaket ve Kabile yönetimiyle önemli ölçüde geliştirildiğini ve bunun da ilişki performansını artırdığını göstermiştir.

Bu çalışma, araştırmacılara aracılığın öncülleri ve sonuçları hakkında boyutsal düzeyde daha derin bilgiler sunmakta, literatürdeki önemli boşlukları

doldurmakta ve aynı zamanda yabancı işletmelerin değışen kurumsal farklılıklar altında aracılık kullanımını daha iyi anlamalarına yardımcı olmaktadır.

Anahtar Kelimeler: Aracılık, Kültüre Özgü İlişkiler, Kurumlar, İlişki Sermayesi.



**ANTECEDENTS AND OUTCOMES OF ‘WASTA’ WITHIN THE CONTEXT
OF ARAB INTERNATIONAL BUSINESS RELATIONSHIPS**

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ABBREVIATIONS

AVE	Average Variance Extracted
B2B	Business-To-Business
B2C	Business-To-Consumer
CEO	Chief Executive Officer
CR	Composite Reliability
e.g.	Exempli Gratia – For Example
EM	Emerging Market
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GRX	Ganqing, Renqing, And Xinren
HTMT	Heterotrait-Monotrait Ratio
i.e.	Id Est - That Is
IB	International Business
RELCAP	Relational Capital
SEM	Structural Equation Modeling
SME	Small And Medium-Sized Enterprise

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INTRODUCTION

While globalization has greatly stimulated trade agreements and reduced trade barriers between countries, less salient factors related to cross-cultural differences remain a serious challenge to international business (IB) performance. As the competition intensifies and the domestic market matures, IBs tend to seek unfamiliar or untapped markets to grow and expand their business through acquiring new customers or partners. Even in untapped markets, the competition tends to intensify shortly as more local and IBs access such markets. Businesses realize the need to retain their customers and business partners through building and sustaining profitable long-term relationships. Cross-border exchange relationships are more difficult to sustain than domestic relationships since they are prone to potential conflicts due to divergent goals and cross-cultural differences between the business partners. A study by PRA Global (2020:1) reported that roughly 50% of all international joint ventures (IJVs) fail to deliver desired results, one of the main reasons is rooted in national culture, for example (e.g.), differences in national cultures and values. Moreover, earlier research by Ha et al. (2004: 455) concluded that cultural differences among importers and their exporting counterparts (Western vs Eastern businesspeople) have a direct impact on the importers' perception of the relationship.

Culture represents the historical beliefs, values, and expectations that are shared by certain groups of people (Gooderham and Nordhaug, 2003: 31). The literature proposes various definitions of culture. The literature offers a handful of definitions about culture as summarized Kroeber and Kluckhohn (1963: 11). Culture is believed to be selective and learned as it affects the individual and group behavior. Businesses are urged to be mindful to the cultures of their international counterparts in order to maintain effective commercial ties. A systematic assessment of cultural variance aims to offer a way to handle cultural complexity, claims Shenkar (2001: 519). Due to the literature's multiple frameworks for gauging cultural distance, including Hofstede's five dimensions, GLOBE cultural dimensions, and other cultural dimensions, many IB researchers feel that culture is complex (e.g., Moran et al., 2010: 301; Hall, 1976:198; Schwartz, 1992:7). Such frameworks have been widely used to investigate how cultural distance affects IB as an explanatory variable.

The IB literature has a few review studies that demonstrate the growing interest in the impact of cultural characteristics on IB relationships. Calle et al. (2015: 286) attempted to provide a distinct viewpoint on business practices in various emerging markets (EMs) using a cultural lens in previous assessments. The review emphasized the significant impact of local culture on business practices in emerging economies with more collectivist societies. There are significant disparities between different regional cultures covered by IB studies, with the Chinese market receiving the biggest chunk of research corresponding to other EMs, concentrating on business relationships in the context of (Guanxi) due to its sustained fast-growing economic since 1980. This suggests that IB scholars researching this topic concentrate their efforts on emerging economies seeking foreign investments because their domestic markets have not been extensively investigated and practitioners have access to limited managerial implications.

EMs, the majority of which are highly collective societies, are among the profitable unsaturated markets for many foreign enterprises. Because of their potential for significant economic expansion, these markets keep drawing foreign enterprises. According to Muller (2018: 1), EMs are currently the world's leading drivers of global development and wealth creation, accounting for 59 percent of total global gross domestic product (GDP). They cover a disproportionate share of the world's population and natural resources, while also being home to the world's largest reservoir of prospective customers (primarily the BRIC countries) (Woetzel, 2018: 25). Furthermore, an increasing number of enterprises originating in EMs have emerged as major participants in both business-to-business (B2B) and business-to-consumer (B2C) global markets by implementing processes based on behavioral norms and practices (Marinov and Marinova, 2012: 76). In broad sense, businesses around the world invest in networking and relationship management; however, EMs are traditionally characterized by vital institutional voids characterized by poor governance and a high rate of corruption, highlighting the ongoing need for and depth of relationships between individuals (Samaha et al., 2014: 81).

As per Rottig (2016:7), one of the distinguishing characteristics of the institutional environment of EMs in comparison to that of developed economies is the lack of sufficient infrastructure and institutions, which leads to 'institutional gaps'. As

a result, many multinational corporations are said to have underperformed in emerging countries (Khanna et al., 2005: 4). For example, since the 1990s, American firms have performed better in their home surroundings than in EMs, despite the fact that EMs continue to be the world's fastest-growing markets for most products and services (Tanchua and Shand, 2016: 13). In general, international managers recognize that doing business in EMs in the same way they do in developed nations is not feasible because the quality of market infrastructure varies greatly from country to country, with less-developed economies having low skilled intermediaries and less-effective legal systems that make it difficult for foreign businesses to seamlessly transfer the strategies they use in their home countries to those EMs. According to a recent review study by Dekel-Dachs et al. (2021: 893), the use of institutional theory to investigate alternate methods for international small and medium-sized enterprises (SMEs) to resolve entry barriers caused by institutional voids in EMs, namely through the use of informal institutions and networks, is encouraged.

The Arab world is made up of 22 countries, the most of which are in Western Asia, Northern Africa, Western Africa, and Eastern Africa. According to the most recent World Popular Review (2022) assessment, various Arab countries are now considered developing economies, some of which are oil-rich and others from Africa. According to O'Neill (2021: 2), the Arab world is vital to both the East and the West, with a total GDP of USD\$2.7 trillion (3.55 percent of the globe). Because of its market size, geographic location, political power, natural resources, and profitable investment potential for IBs, it is regarded as an important economic region worthy of investigation (Sidani and Thornberry, 2013: 85). However, a review of the IB literature reveals that Arab countries 'undeservedly' receive a small fraction of research interest from IB academics in comparison to other Eastern EMs such as China. According to Hutchings and Weir (2006: 273), such a lack of focus to researching this market in order to better understand how business is conducted in the Arab environment could be a result of the region's political volatility or a lack of economic advancement in many of the countries. Despite this, many Arab countries, particularly oil-exporting countries (Fattouh and Sen, 2021: 82), have been striving to diversify their economies and welcome foreign direct investment. Furthermore, all Arab countries are supposedly net food importers, with food imports accounting for only 13% of overall

imports, compared to the global average of 8%. (World Bank, 2020: 3). A better grasp of business in the Arab world, including its realities and developments, can greatly boost mutual trade and increase the likelihood of economic success for international investors.

Hofstede (1991: 28) regards Arab countries as collectivist societies with high context cultures that place a high value on friendships, face-saving, social networks, sense of belonging, and extended family devotion. In comparison to Western businesses, Arab corporations have typically had patriarchal management structures, with a high context culture exhibited in tacit and indirect communication approaches (El Said and Harrigan, 2009: 1237). As a result, Arab enterprises are more attracted toward socially centered business models in which interpersonal relationships are cherished more than what is traded (Hutchings and Weir, 2006: 273). Furthermore, Arab countries are associated with high levels of uncertainty avoidance (UA), making it tough for many individuals and groups to abandon traditional economic strategies (Rees and Althakhri, 2008:129). As in many emerging economies, Arab societies place a premium on informal institutions, owing to the prevalence of (formal) institutional holes that might impede economic success.

'Wasta,' like Guanxi in China, Sviazi in Russia, and Compadrazgo in Latin America, is a popular social-based business model in the Arab world. It is based on social networking and the use of interconnection to resolve economic or social difficulties and gain access to information and resources (Berger et al., 2020: 2213). Wasta has begun to gain more exposure in the IB literature in the context of economic development and IB relationships, owing to the Arab world's mentioned economic and trade importance, relatively weak formal institutions, and a bigger focus on high-contextual informal institutions illustrated by culture-specific relationships (Hutchings and Weir, 2006: 285). Wasta, as a term, can elicit negative emotions in many Arab societies because it is associated with unethical practices such as nepotism and favoritism; however, it continues to be widely practiced in developing Arab economies, where it is approved as a standard feature of these societies in many situations (Weir et al., 2019: 324). However, this study will cover the positive utilization of Wasta in the context of business through dimensions that are generally highly regarded by the society (e.g. trust, reciprocity, loyalty, etc.)

Because of the potentially large institutional inequalities that exist between Arab enterprises and their foreign counterparts, the use of Wasta can be critical if the host market is an Arab country. In general, Arab nations are low trust societies that shy away from trusting strangers outside their family or network of affiliates (Ali, 1995: 9). In contrast, Western corporations frequently hire managers who are risk sensitive and likely to try, less emotional, more flexible, and allocate duties in accordance with the organization's economic success criteria (Hofstede, 1991: 24). Arab businesses, because of their relatively masculine societies, place a high focus on creating solid working relationships with the director superiors in order to experience healthier working circumstances and improve results with others (Weir, 2003: 77). Furthermore, decision-making in the Arab World is characterized by a relatively authoritarian managerial style, as the Arab societies' significant power distance needs hierarchical structures and a large number of players in management positions (Baddar et al., 2010: 7). Understanding such Arab social networks (via Wasta) in Arab markets can thus yield favorable results (Al-Ramahi, 2009: 226), particularly in the IB context, as foreign businesspeople can gain access to a wealth market information and resources that would be much more difficult to access otherwise due to the liability of foreignness (Calhoun, 2002: 306).

Despite playing an important role in IB interactions in the Arab World, Wasta has yet to be explored holistically in terms of its institutional precursors and relational effects. Previous research has historically centered on either its antecedents (e.g., Hawkins et al., 2014: 126) or consequences (e.g., Hawkins et al., 2014: 498). After researching Wasta studies in the IB literature, it was discovered that no empirical study (even to the date of this dissertation) has evaluated Wasta across the entire Arab World, instead focusing on a particular Arab country (e.g., Berger et al., 2015a: 457; Berger et al., 2020: 2215). This body of theory poses a problem for researchers and practitioners due to limitations in generalizing findings regarding the apparent manifestation of Wasta, its antecedents, and outcomes across the Arab World, despite the fact that Noland and Pack (2004: 106) assert that the Arab region is characterized by heterogeneous populations with little shared identity and national goals because many Arab countries are still in the process of developing their own national identity.

Given the lack of empirical research regarding the institutional antecedents of Wasta and the limited studies on the performance outcomes of Wasta on the dimensional level, this dissertation will identify and evaluate the impact of the institutional differences between the Arab importer and foreign exporter on the utilization of Wasta in the host market and examine the outcomes of Wasta on the relationship performance. Accordingly, the research objective (1) is to examine the impact of each formal and informal institutional difference between the importer's country and the exporter's country on the utilization of Wasta. Objective (2) is to analyze the outcomes of Wasta on relational capital. Objective (3) aims to assess the impact of the importer-exporter relational capital on their relationship performance. Hence, this dissertation will attempt to bring answers to the following research questions: (RQ1) Through what specific variables do formal and informal institutional distance determine the utilization of Wasta at the host (importer's) country, and through which specific Wasta dimensions? (RQ2) Through what dimensions does Wasta affect the importer-exporter relational capital? (RQ3) How does the importer-exporter relational capital improve their business relationship performance?

Accordingly, this study will contribute to the body of knowledge on the detailed manifestation of Wasta in the Arab market according to the institutional. This study is the first to examine a Wasta model where formal and informal institutional variables are examined, in terms of their scores between the two countries, as possible antecedents to the practice of particular aspects, that is (i.e.) dimensions of Wasta using the institutional theory. In addition, the presented model in this study will add to the limited literature by examining specific outcomes of Wasta dimensions using a relatively novel measurement scale developed by Berger et al. (2015b:456-458), inspired by the well-establish Ganqing, Renqing, and Xinren (GRX) scale for Chinese Guanxi. This will help address the current shortage of research in this area and provide real-world value to foreign businesses operating in Arab markets.

The following is how the dissertation is organized: The context of the study was established in chapter one where the research questions have been identified and the value of such research has been debated. The existing IB literature will be explored in terms of the main culture-specific connections in chapter two, with a focus on the concept of Wasta and its significance in IB relationships. Chapter three will present

the theoretical framework and hypotheses development. In chapter four, the adoption of a qualitative research approach will be justified, and the broader research design will be discussed, including limitations. Chapter five will present the study findings followed by chapter six which will include the conclusion, discussion of findings, and their implications. The final part will present the references list of this study.



CHAPTER ONE

CULTURE AND INTERNATIONAL BUSINESS RELATIONSHIPS

IB scholars have become increasingly interested in studying corporations' internationalization processes. Economic goals of business players are not the only factors driving individual and group conduct, since culture has been shown to define what is thought to be right or wrong in any social environment, hence determining individuals' social behavior (Calle et al., 2015: 283). According to Edward Hall's notion of 'Silent Languages,' which highlights the role of culture as a form of communication (Hall, 1960: 87), entrepreneurs should cultivate interpersonal ties with their foreign counterparts (Buckley et al., 2006:276). The importance of culture in shaping relationship practices, judgment processes, and business results within any business operations has been highlighted (Samaha et al., 2014:81), meaning that businesspersons' behavior in diverse marketplaces cannot be analyzed as standardized acts. According to Yen and Barnes (2011:347), an increasing number of studies believe that localization in overseas markets is critical for IBs (e.g., Samiee et al., 2003: 615). As Roth emphasizes, understanding the local culture is critical for successful localization in any foreign market (1995: 225).

1.1. WHAT IS CULTURE?

Culture is manifested in a certain set of people's values, expectations, and norms (Gooderham and Nordhaug, 2003: 30). Several definitions of culture have been suggested in the social science literature, including Hofstede and Bond's (1991: 5) definition of culture as the communal programming of the mind that separates members of one group of people from those of another.

Likewise, Bierstedt and Bierstedt (1970: 123) considers culture as “the complex whole that consists of everything we think and do and have as members of society”. Basically, culture is a communal tradition or heritage that individuals learn and pass down from generation to generation through communication. As part of an individual's social heritage, the receiver may mold the culture and introduce changes,

which become part of the identity of subsequent generations (Guiso et al., 2006: 32). Generally, all cultures feature the following main characteristics.

First, culture is exchanged through social interaction, which includes the interchange of social concepts, communication technology, commercial transactions, language use, and so on. Culture can eventually be interpreted and propagated across a society or group (Avruch, 2004: 391). Second, culture is a group product since it is formed and disseminated in a society through social activities. It provides valuable knowledge and experience concerning race and ethnic activities, but its continued existence is dependent on the viability of society (Dollard, 1939: 53). Third, members of a group learn culture in order to comprehend and implement specific values, ideas, expectations, customs, and beliefs to society. It is passed down and understood through official and informal schooling (Taylor and Thoth, 2011: 141). Fourth, culture is a way of communication that uses symbols such as language, art, currency, and so on to identify people's activities, attitudes, and behaviors (Korneeva, 2019: 2). Fifth, culture is patterned and integrated by social life (such as economic and political activities) resembling the norms of conformity for society members to follow to meet their needs (Triandis, 1994: 21). Sixth, when a group of people is constrained by specific expectations, conventions, and beliefs, culture plays a crucial role in preserving their ability to interact harmoniously. Seventh, since subsequent generations pass down knowledge and customs that are seen as beneficial to the community, they add or remove particular cultural elements as necessary (Boyd and Richerson, 1983: 214). As a result, culture is progressive and changing rather than static. Finally, culture is diverse, it varies across different communities in terms of social experiences, customs, conventions, and other cultural practices. Subcultures may occur inside a larger culture as well, sharing some characteristics despite exhibiting various cultural and ethnic characteristics (Peoples and Bailey, 2014: 25).

1.2. FRAMEWORKS USED TO EXPLAIN THE CULTURE

The literature about the study of culture reports several frameworks utilized to explain the culture and measure its dimensions. Of these frameworks are the more common ones such as Hofstede, Schwartz, and GLOBE cultural dimensions.

1.2.1. Hofstede Cultural Dimensions

Different national cultures, according to Hofstede (1983:287), serve as illustrative instances of varied attitudes, values, and beliefs that emerge in specific business procedures and practices. According to Hofstede, national cultures differ significantly along four dimensions. Numerous IB research on how culture affects business ties, notably in the context of exporter-importer links and global strategic alliances, have adopted Hofstede's cultural dimensions. Calle et al. (2015: 288), for example, employed three cultural variables to underline the effect of interpersonal relationships on business processes in Latin America versus those in the Chinese and Arab environments.

Geert Hofstede developed his well-known cultural indices for nearly 70 different countries, yielding values that distinguished country cultures and could be statistically classified into four groups (dimensions). Hofstede's fifth dimension, long-term orientation, was discovered in 2001. In 2010, he discovered his sixth dimension: indulgence vs. self-control. Using Hofstede's cultural dimensions, researchers assessed the country cultures of each of the IB counterparts, or managers. As stated in Geert Hofstede's official webpage (2021), presents six dimensions consisting of Hofstede's model which are: Power Distance Index, Individualism versus Collectivism, Masculinity versus Femininity, Uncertainty Avoidance Index, Long Term Orientation versus Short Term Normative Orientation, and Indulgence versus Restraint

1.2.2. Globe

The cultural components of Globe are the outcome of a project started by House et al (2004: 91). The work of House et al. (2004: 91) defined and measured nine cultural characteristics for 62 nations based on Hofstede's (1980: 15) cultural dimensions and utilizing qualitative methodologies. The Globe study involved survey results from mid-level managers in three different industry sectors across 10 different nations in Latin America. In addition to other aspects of national, the questionnaire items primarily measured perceptions about practices within organizations and society.

Similar to Hofstede's culture framework, Globe is widely applied (at the national and aggregate level) for cross-culture comparisons since the country is a critical unit of analysis in IB research. Specifically, it is because IB research deals with specific challenges and opportunities for global business stemming from the individual and firm behavior (e.g., managers, employees, and business partners) across national borders. The GLOBE dimensions have been extensively used in the study of business performance and behavioral aspects of IB. Several studies have utilized the Globe dimensions (using the Kogut-Singh Index) to measure cultural distances between partners of IB relationships to examine market entry decisions (e.g., Reus and Lamont, 2009: 1298) or the extent of internationalization at a specific life-stage of a firm (e.g., Muralidharan and Pathak, 2017: 288).

1.2.3. Schwartz Values

Shalom Schwartz (1992: 1) and his associates identified seven cultural values in three pairs: Embeddedness vs. Autonomy, Mastery vs. Harmony, and Hierarchy vs. Egalitarianism

1.2.4. Other Frameworks

Apart from the above-mentioned culture measurement frameworks, the literature reports a handful of other culture-related frameworks, albeit, which are not commonly used in the IB studies, but rather in social psychology:

Individualism and Collectivism Scale (the Culture Orientation Scale): Harry Triandis asserts that individuals in greater collectivist cultures have a propensity to consider themselves as belonging to groups that place a high value on intragroup objectives. When communicating, people in these civilizations pay more attention to the context than the context itself. People in these cultures also expected to be self and define the majority of ties with members of the ingroup as communal.

One study that used the Individualism and Collectivism Scale was that by Matsumoto et al. (1999: 1), who looked at the connections between cultural differences and both objective and subjective well-being and physical health in order to explore the

influence of psychological culture in influencing health. Additionally, Markus and Kitayama (1991: 224) looked into how culture affected various notions of the self, others, and their interdependence. Later, Triandis (2001: 907) utilized this scale to examine the connection between personality and the cultural syndromes of individualism and collectivism.

Communal Orientation Scale (COS): The scale was first published in a study by Clark et al. (1987: 1) to investigate the influence of communal orientation, within a particular culture, on the response of a potential helper to a receiver's distress. The scale, which consists of 14 items, gauges how much a person thinks others' needs and feelings matter in interpersonal interactions as well as how much they think people should look out for one another's interests. A study by Chen et al. (2001: 173) explored the idea of social power in relation to people's aims and came to the conclusion that people's social responsibility as opposed to self-interest could affect the power's influence.

COLLECTIVE SELF-ESTEEM SCALE (CSES): This scale represents a self-evaluation of one's social identity in association with the group. Luhtanen and Crocker (1992: 302) developed this scale using 16-items measuring four types of self-esteem associated with one's group. These four types are: Membership Esteem, Private Collective Self-Esteem, Public Collective Self-Esteem, and Importance to Identity. The CSES scale measures group identification by evaluating people's social identities based on their affiliation with recognized groups including race, ethnicity, gender, and similar categories (Luhtanen and Crocker, 1992: 302). This scale was used in a study by Rowley et al. (1998: 715) to investigate how racial identification and self-esteem relate in African American college and high school students.

Even though there are many frameworks for measuring culture that help researchers understand the cultural beliefs and personalities of people within a certain society, only a few of them are useful (and thus frequently used) for measuring cross-cultural differences in the context of international business, namely Hofstede, Schwartz, and GLOBE cultural dimensions.

1.3. THE COVERED IMPLICATIONS OF CULTURE ON BUSINESS RELATIONSHIPS IN THE IB LITERATURE

A myriad of studies studying the effects of specific cultural factors on various parts of IB relationships and their outcomes indicate the influence of national culture on IB (Appendix 1). Numerous research have looked into how national culture functions as a determinant (Malik and Zhao, 2013: 699) in the choice of foreign entrance method and various types of international strategic alliances (ISA). For instance, the national culture was discovered to be a determining factor in the development of ISAs (e.g., Kumar and Nti, 2004: 344), lifespan (e.g., Hennart and Zeng, 2002: 699; Malik and Zhao, 2013: 699), and the effectiveness of alliances (e.g., Mayrhofer, 2004). (e.g., Eisend et al., 2016: 260). In terms of research methodology, the table in Appendix 1 reveals that most studies have used questionnaires to collect data, while fewer have consulted secondary databases, and a handful of studies have used interviews. Additionally, some studies have combined questionnaires with interviews or secondary data (e.g., Choi and Yenyurt, 2015: 1061). IB Researchers frequently make use of Hofstede's cultural dimension index and/or scale, Kogut and Singh's (1998: 411) measurement of cultural distance, a self-designed scale, or other scales associated with culture for operationalizing culture.

Different entrance mode alternatives that can be influenced by cultural aspects of the home and host nations are available for achieving internationalization. Numerous IB academics have examined the various international market entry strategies for businesses in the context of the national characteristics of the partners' country (such as uncertainty avoidance and individualism) (e.g., Brouthers, 2001: 117; Drogendijk and Slinger, 2006: 361). Powell, for instance, looked at the factors that determine whether a particular alliance mode is chosen (equity vs. non-equity) (2017: 255). The major goal of forming an ISA between existing multinational corporations or between an importer and an exporter is to leverage the resources and capabilities (Lee, 1998: 335). The IB literature has extensively discussed how cultural differences between partners contribute to the development of ISA (e.g., Lee, 1998: 335; Benito and Gripsrud, 1992: 461). However, choosing a partner is an essential choice in international business since it can impact the success and sustainability of international

alliances, particularly because cultural disparities between the partners' respective national cultures might impede trust and communication (Rodriguez and Del Val, 2015: 239).

Additionally, a lot of research has been done to examine how national culture influences management behavior in relation to various ideas, perceptions, and associated learning outcomes within an ISA (Jean et al., 2010: 63). Additionally, trust and communication between alliance partners have been emphasized by Kaufmann and O'Neill (2007: 439) as essential elements of successful negotiations and goal coordination. As a result, conflicting inter-partner sensemaking and disagreements are anticipated to occur in any IB due to the varied cultural and historical backgrounds of the partners. Surprisingly, not many efforts have been made to research this topic (e.g., Das and Kumar, 2010: 17). Researchers looking to understand the dynamics between IB partners have given culture, an important factor in IB, a lot of attention. IB scholars have explored deeper into culture-specific characteristics exhibited in home and host markets because culture is particular to a certain group of people, society, nation, or location.

CHAPTER TWO

WASTA

2.1. WASTA IN ITS HISTORICAL CONTEXT

Wasta has a long tradition of resembling a mediation or intervention function. It refers to both the actor who mediates and the action of mediating (Cunningham and Sarayrah, 1994:29).

2.1.1. The Intermediary Role of Wasta

Taking an intermediary role, Wasta is used to resolve an interpersonal or inter-group conflict. In this case, Wasta aims to defuse conflicts and establish truce and peace between individuals and families. It is the main reason for which Wasta has played an honorable mediating role in binding families and communities (in the tribal context) for peace and welfare during hostile environments. According to Cunningham et al. (1994: 34), Wasta has evolved, and its primary goal has shifted from conflict resolution as a means of survival to the process of intercession.

2.1.2. The Intercessory Role of Wasta

Intercessory Wasta entails an intervening on behalf of a 'client' to access certain hardly-accessible resources. Benefit seekers may resort to Wasta to seize the limited opportunities ahead of other regardless of the merits, but mainly due the power of Wasta. The limited opportunities or vacancies compared to fierce competition for positions and resources grants intercessory Wasta its significance in society. Unsurprisingly, seekers who find themselves better qualified but lagging behind others in terms of the power of their Wasta tend to condemn this phenomenon and call for fairness and law enforcement by the official institutions. Nevertheless, intercessory Wasta remains a widely used social utility despite being largely criticized by locals and expatriates.

Where feudality and tribal ruling dominate in the presence of an ineffective state, intercessory Wasta grants the patron (who intervenes on behalf of a client to

obtain an advantage) a considerable political and social status among his clients. In many Arab societies, such as the Lebanese, patron-client relationships are an integral part of political life at all levels

In such an environment, intercessory Wasta thrives since exercising personal relations is widely believed to be the most effective route to meet needs. In Middle Eastern societies, a 'zaim' entails a leader who intermediates on behalf of the client for accessing material favors (Cunningham et al., 1994: 31). Locally, each leader has followers who seek his Wasta for meeting their needs in exchange for their loyalty and support, especially during elections. A zaim may potentially lose his influence over the local community he controls if structural reforms by the state are implemented (e.g. regulation of employment, land reform, or public administration). While Wasta, as a practice, may solve some social and economic issues, it can lead to conflicts among those who compete for the same needs.

2.2. LOOKING AT WASTA FROM THE SOCIAL LENS

Arguably, Wasta has a negative reputation in the literature. From a Western perspective, Wasta is often regarded as an abuse of power to meet private ends, and it shares similar characteristics to nepotism or corruption (Loewe et al., 2008: 256; Mohamed and Hamdy, 2008: 6). However, there is no proof that Wasta as a concept is a synonym for corruption. Kostova and Roth (2002: 231) acknowledge the wide cultural distance existing between Western firms and Arab cultural practices, which may explain the negative outlook Westerners have about Wasta. Within most Middle Eastern societies, Wasta is embedded in the Arab social system and is practiced openly as an innocent act (Barnett et al., 2013: 43). Moreover, acts perceived as 'corruption' are legally penalized and socially banished. On the contrary, (intermediary) Wasta has been historically honored for its mediating role, granting both the patron and the client pride and prestige.

2.2.1. The Perception of Wasta in the Middle Eastern Societies

Wasta is an area of grey information that is hard to assess (Ramady, 2016: viii). Referring to the Corruption Perceptions Index (CPI), published annually by Transparency International (TI), the perceptions about corruption within Arab countries can add to the argument that Wasta may not necessarily comprise corruption. Within each society, the perception reported by an observer is shaped by his exposure and accessibility to the layers of society. ‘Corruption’ can be defined as “the abuse of entrusted power for private gain” (Transparency International, 2022: 1). Despite Wasta involves making use of connections to exchange benefits on the behalf of family members or affiliates, most Middle Eastern societies perceive it as a ‘natural’ act rather than a crime or a form of corruption like Westerners do.

Where corruption is openly discussed in some societies, the same does not hold elsewhere as this topic is considered taboo, which hinders efforts in measuring objective perceptions about corruption in society. Nevertheless, the CPI of a state can suggest whether Wasta is correlated with corruption. For example, the GCC states rank amongst the least corrupted states, indicating a modest level of corruption relative to their region. For example, in 2019, the UAE ranked 23, which is just below the U.S., while Kuwait ranked 78. Similarly, Oman and Saudi Arabia both achieved better results than Kuwait (Transparency, 2019: 1). These findings also coincide with the related aggregate indicator ‘Control of Corruption’ (World Bank Governance Indicators) that reports positive ratings (above 0) in most of the GCC states, which indicate a rather good control of corruption. In some instances, Kuwait and Saudi Arabia were assigned ratings closely to 0, while the UAE and Qatar have reached impressive values above 1 (Transparency International, 2021: 2). As noted by Ramady (2016: ix), it is assumed that for all GCC states and the UAE and Qatar in particular, a high percentage of the observers are expatriates.

The same does not hold for the other less-developed Middle Eastern countries where the labor market largely consists of locals rather than expatriates. For Instance, Lebanon is a country where corruption is widely criticized by the public; it scores 28 out of 100 on the CPI index revealing a perception of high corruption among the Lebanese who also complain (and largely utilize) Wasta in various aspects of life.

Jordan, meanwhile, scores somewhat higher than Lebanon (49 out of 100) but also indicates a moderate level of corruption perceived by the Jordanians (Transparency, 2019: 1). Hence, even though it may not be feasible to obtain accurate and objective measurements of corruption in Middle Eastern societies, the disparity among these societies in terms of perceived corruption adds to the argument that Wasta, as a widely common practice in the Arab society, is not a direct act of corruption.

2.2.2. Wasta as a Social Capital

Several studies imply that Wasta overlaps with social capital due to its effectiveness in addressing various individual and societal requirements such as employment and financial access. Social capital has arisen as a powerful idea for understanding how social structures and networks influence political, social, and corporate behaviors at the collective and individual levels. Many researchers have examined the manifestations of Wasta in Arab culture on the premise that "investment in social relations will generate expected results" (Brahms and Schmitt, 2017: 149). Networks based on strong family ties and tribal-based connections may be used as criteria for securing countryside area development (Makhoul and Harrison, 2004: 31), gaining appraisals (Harbi et al., 2017: 2801), and jeopardizing institutional transparency in general (Sapsford et al., 2019: 3).

In the context of social capital, Wasta is illustrated in the literature as a reproduction mechanism responsible for producing and regulating scarce resources through social agents (e.g. Egan and Tabar, 2016: 253). In Lebanon, for example, social agents consist mainly of 'Lebanese elites' presented by historically prominent families, sectarian leaders, and previous warlords during the civil war that left the country with a devastated economy and a torn society, while establishing the system of legal sectarianism. The social agents have had the upper hand in accessing scarce resources produced by the ineffective state, leaving citizens in desperate need of reaching out to these influential players through personal relationships and networking, i.e., Wasta. Eventually, the distribution of scarce resources by these social agents and their subordinates has contributed to the reproduction of a determinate social order stained with social inequality. Wasta has thus been serving well in the

exchange of scarce social resources while establishing itself as a controversial, yet obligatory, practice by many Lebanese.

Even amid the constantly rising and changing cultures of the GCC countries, Wasta represents an obvious social mechanism undermining the governance body's recent modernizing efforts. It has been stated that major constituencies in GCC countries, particularly the expanding numbers of youth, women, and expatriates, are becoming excluded from existing distribution channels (Punshi and Jones, 2016: 118). As a result, using Wasta in the workplace, for example, may result in negative perceptions of justice, encouraging productivity, moderating expectations, and increasing employee engagement. Relative to the public sector, a growing attitude within the GCC assumes that the private sector and (particularly multinational organizations) pursuing 'global best practices' are expected to be more open and meritocratic in their operation within the region (European Bank for Reconstruction and Development, 2016). Accordingly, looking at Wasta through the lens of western individualism and Eastern collectivism can help understand the similarities of Wasta to social capital.

To understand Wasta from the perspective of the (positive) social capital, it is important to comprehend the type of societies they are typically attributed to (Allik and Anu Realo, 2004: 32). Social capital has been mostly studied in the context of individualistic Western societies, whereas Wasta has been attributed to the more collective Middle Eastern societies.

Individualism emphasizes on independency and self-reliance, favoring freedom of action for individuals over collective or state control. Individualism in Western societies is often linked with modernization and developed living conditions. Individualism has become a social condition that less-developed countries are expected to embrace if they aim to develop viable economies and more stable democratic political systems. For example, some of the common characteristics of individualistic cultures include the following: Individual rights take center stage, independence is highly valued, it is often considered shameful or embarrassing to be dependent upon, people tend to be self-reliant, the rights of individuals tend to take a higher precedence, and a greater emphasis by people on uniqueness and standing out.

Hence, in individualistic cultures (e.g., United States, Germany, Australia), people are considered 'good' if they are self-reliant, assertive, and independent (Kuran, 2004: 139). However, high individualism has also proved to be problematic from the sociological and psychological perspectives in terms of reported increases in psychological problems, loneliness, high degrees of competition among peers, and higher costs in health care and social security (Ogihara and Uchida, 2014: 5).

Collectivism, on the other hand, is a value that emphasizes cohesiveness among individuals and prioritizes the group over the self (Schwartz, 1990: 145). In such cultures, relationships with other members of the group and the interconnectedness between people play a central role in each person's identity. Collectivistic societies (e.g., the Middle East, South America, Eastern Asia, Central America, and Africa) share main cultural traits: Promoting selflessness and prioritizing community needs over individual needs, greater emphasis on working as a group and supporting others, people are encouraged to do what's best for society, families and communities have a central role, and greater emphasis on common goals over individual pursuits.

In collectivistic cultures, people are considered 'good' if they are generous, helpful, dependable, and attentive to the needs of others (Kuran, 2004: 139). This contrasts with individualistic cultures that typically place a greater emphasis on assertiveness and independence.

Moreover, some researchers have referred to the indirect relationship between individualism and power distance to explain the tendency of using Wasta in collective societies. Power distance measures the readiness of individuals to accept hierarchies and to comply with decisions made by others. Kropf and Newbury-Smith (2016: 9) point to the sub-ordination of personal preferences and goals to what is regarded as the well-being of the family or state. Societies of high collectivism (scoring low on the individualism index) do often score high on the power distance index, which means that they tend to adhere to the group and accept its ideology. In principle, people in such societies learn (or are obligated) at an early stage to adhere to family, groups, or the state rather than choosing their separate own path or embracing an unorthodox ideology within the society. Therefore, embracing Wasta in the collective Arab societies is in part due to the traditional social values - higher collectivism and higher power distance.

2.2.3. A Thin Line Between Positive and Negative Wasta

The literature is divided on whether Wasta, as a connection system, is negative in its nature or positive for society if used responsibly. It is common to come across studies blaming Wasta for much of the economic, political, and sociological stagnation in the less-developed collectivist countries. However, similar to Wasta, having the right connections is prevailing in many western societies as a ‘natural’ means for attaining certain advantages over others. For example, the so-called ‘old boys’ networks’ in the USA entail helping others who went to the same school or university as they did, or who share a similar social background to secure jobs, get clients, or be promoted (McDonald, 2011: 319). Hence, the use of connection or Wasta is not necessarily harmful to society as long as it does not come at the expense of others.

While the 1990s have witnessed the distinguishing between the intermediary and intercessory Wasta by researchers and authors like Cunningham and Sarayrah (1993: 29), Wasta was later classified into two types (positive and negative) in the literature to highlight its bright side within the literature (e.g., Hutchings and Weir, 2006: 280; Oukil, 2016: 135; Punshi and Jones, 2016: 120; Brahms and Schmitt, 2017: 161). Such classification depends on several factors, such as the reason or justification for using it, the purpose or intentions behind it, the effects it results, the tools and means used, and the resulting behaviors and consequences (Ramady, 2016: ix).

Referring to Table 1, Wasta as a concept is not always problematic. Some aspects render it either ‘good’ or ‘bad’, ethical or unethical, and harmful or not. Another concern is the frequency of resorting to Wasta, such that, when it is high in a country, it signals major weaknesses in the body of the official institutions. Similar to social capital, Wasta can benefit an individual or group but there is no guarantee it will not be at the expense of others (Putnam, 2001: 42). For example, Wasta can be used to help people with the required criteria find a matching job. In this case, this type of positive Wasta can provide institutions with an introduction, which is done on the basis that the individual introduced is a good fit for the position. At this point, the role of Wasta ends and it is up to the introduced person to meet the criteria of the job. Should that person fail at the given task, then he or she should bear the risk of failure, such as being dismissed or not promoted to senior managerial positions. If the introduced

person is not dismissed, however, it may be possible that the negative type of Wasta has played a role. Such a scenario is only one example out of many showing the thin line between the two types of Wasta, which is common in both, the under-developed and wealthier Arab societies, and in the public or private sectors.

Table 1: Positive and Negative Uses of Wasta

	Positive <i>Wasta</i>	Negative <i>Wasta</i>
Reasons/ purpose	Voluntary assistance.	Bias against an individual who is deserving.
Intentions	Do good for someone without any return	Having a sense of being more significant and linked than others.
Objectives	Providing sociable aid.	– Feeling more important and connected than others
Effects	Returning a previously obtained favor or assistance.	Directly/indirectly harming someone
	Handling someone's challenges.	
Impacts	Deliberately	– Directly/indirectly harming someone
Tools/ means	Authorization of specific files	Disproving all files
Tools	Individuals are introduced to decision-makers.	Dismissing all individual responses with no suggestion
Behavior	Prior selection.	Blurred criteria
	Time saving.	At the cost of others who are better qualified.
	The event of the action happened unconsciously or unwarily.	Being aware of the outcomes.
Reasons/ purpose	Voluntary assistance.	Bias against an individual who is deserving.

Source: Oukil, 2016: 136.

2.3. CULTURE-RELATED VARIABLES

Six culture-related traits associated to main collectivist EMs can be observed in existing IB literature. Some good example include Guanxi in China, Wasta in the Arab World, Compadrazgo and Jeitinho in Latin America, and Sviasi in Russia. Due

to their considerable share of international commerce and the broad geographic territory their markets cover, these cultural factors also encompass four of today's major EMs, namely China, the Arab World, Latin America, and Russia (Calle et al., 2015: 282). Such economies have been dealing with the effects of their rapid transitions from the communist closed-economy era (e.g., China and Russia) or tight tribal leadership toward a more modern and diverse economy (e.g., GCC countries).

According to Yeung and Tung (1996: 55), *guanxi* is a relationship between human counterparts that allows for a reciprocal interchange of social and personal activities. *Guanxi* principles include the effective use of social capital to increase economic activity through personal ties and alliances (Bruun, 1993: 34). This culture-related feature that values interpersonal connection is said to have its origins in Chinese community society. In practice, when formal institutions are untrustworthy, individuals and businesses continue to rely on *Guanxi* (Chen et al., 2008: 63).

The literature discusses three types of *guanxi*: family-based ties, advanced ties, and third-party ties (Chen and Chen (2004: 306). Four basic constructs are regarded valuable in Chinese relationships, according to *guanxi* studies (Yen et al., 2011: 101). First, *Xinren* (deep trust) relates to the level of mutual trustworthiness in a relationship (Yang, 1994:172). *Xinren* it is measured by how well one keeps both written and verbal pledges (Berger et al., 2013b: 168). It is evident in a person's reputation, competence, or previous transactions. *Renqing* (reciprocity) denotes benefit exchange or reciprocity (Shi et al., 2011: 95). *Mianzi* (face giving) is defined by Leung and Wong (2001: 61) as an individual's social position or status in the perspective of others (Buttery and Wong, 1999: 152). In order to retain business ties in China, it is genuinely advised to maintain one's face by fulfilling promises. *Ganqing* (feeling) refers to the ability to take care of one another in all conditions and exhibiting loyalty and solidarity (Wang, 2007: 82), (Chen and Chen, 2004: 310).

Wasta suggests directing parties to a compromise (Al-Ramahi, 2009: 37). *Wasta* is considered as an indirect constitution that mandates its members to treat individuals within the same group fairly (Hutchings and Weir, 2006: 278). One of the recognized positive outcomes of *Wasta* is the promotion of relationships and networks, which in turn improve company performance, resolve challenges, and get access to vital information (Barnett et al., 2013: 41). *Wasta* was identified as a beneficial tool

for building effective confidence with Arab business partners and for streamlining negotiations between Arab and non-Arab managers in research by Houjeir and Brennan (2017: 499).

Compadrazgo in Latin America denotes “co-parenthood” (Carlos, 1973: 76). It is a social network-based system in Latin America based on kinship that may have economic and social repercussions (Calle et al., 2015: 283). Compadrazgo members are subject to additional resources as well as obligations, comparable to Guanxi and Wasta. Compadrazgo has previously been studied in various social sciences, however, only recently have attempts begun to study its importance in Latin American commercial practices.

In Brazilian Portuguese, *jeitinho* refers to a 'small manner' or a cunning means of doing or attaining something (Zimmerman, 2009: 17). It is a problem-solving method that is commonly adopted in Brazilian society (Ferreira et al., 2012: 335). A typical Brazilian manager, for example, may imbibe *Jeitinho* by being adaptable and inventive, while avoiding or minimizing unexpected risks and uncertainties. According to Ferreira et al. (2012: 332), *Jeitinho* may denote corruption, inventiveness, and social norm-breaking. Brazilians may struggle to distinguish between *Jeitinho*, favor, and corruption in real-life social encounters, similar to Wasta and Guanxi. Consequently, it might be better to view this culture-specific variable as “a continuum in which favor is at the positive end, corruption is at the negative end, with *Jeitinho* occupying an intermediary position” (Ferreira et al., 2012: 332).

Sviazi in Soviet Russian means "a list" (Kurilla, 2002: 396). Researchers were able to analyze Soviet society by employing the concept of *Sviazi* as a system of social capital and economic networking (Berger et al., 2017b: 441). *Sviazi* is usually viewed as an immoral or illegal means of gaining various resources in today's Russian economy where commodities are more easily accessible and financial markets operate more successfully (Ledeneva, 2009: 265). It can also be used to describe initiatives filling the institutional gap brought on by the quick switch from a planned to a market economy.

2.4. THE INTERPRETATION OF CULTURE-RELATED VARIABLES

Guanxi has grown as a cultural notion in the IB literature as a result of China's prominent worldwide trade as the world's largest trading nation. China exported \$2.49 trillion in products in 2018, while importing \$2.13 trillion (WTO, 2018: 1). As a result, efforts to conceptualize guanxi have outpaced those related to other culturally specific variables, as China has seen significant leaps in global trade since the early 1990s, encouraging multinationals and scholars to know and understand more about developing and maintaining profitable business relationships with their Chinese counterparts. As evident in Table 2, scholars have investigated a range of interpersonal relationship characteristics to gain a better understanding of Chinese interpersonal relationships. Guanxi is commonly studied as a first-order variable to explain how its dimensions manifest in commercial partnerships (e.g., Berger et al., 2015a: 168; Wilkinson et al., 2009: 113). Fewer studies compare Western and Chinese methods to IB relationships or investigate the predominance of guanxi in today's Chinese market; instead, they concentrate on a few essential guanxi characteristics and select the most relevant ones (Berger et al., 2015a).

Table 2: Operationalization of Culture-specific Variables in the IB Literature

Study	Operationalization
Guanxi	
Brunner et al. (1990)	Gift giving, ganqing, and renqing.
Abramson and Ai (1997)	settling disputes, network building, trust building.
Chadee and Zhang (2000)	Intermediary, social investment, back door, and mutual trust.
Lee and Dawes (2005)	Preserving face and exchange of favors.
Buckley et al. (2006)	Personal ties.
Zhou et al. (2007)	Social networking.
Gao et al. (2010)	Maintaining unique personal relationships.
Barnes et al. (2010)	Renqing and mianzi.
Wilson and Brennan (2010)	Exchange of gifts, expectations, and ties..
Barnes et al. (2011)	Ganqing, xinren, and renqing.

Leung et al. (2011)	Renqing and ganqing.
Yen and Branes (2011)	Establishing interpersonal trust, social bonds, and reciprocity.
Yen et al. (2011)	Ganging, renqing, and xinren.
Berger et al. (2015b)	Renqing, xinren, ganging,
Barnes et al. (2015)	Seijao, xinyong, and ganqing.
Yen and Abosag (2016)	Ganqing, renqing, and xinren.
Yen et al. (2017)	Ganging, renqing, xinren.
Berger et al. (2017a)	Ganqing, renqing, xinren.
Guo et al. (2017)	Interpersonal relations and networks.
Chung (2019)	Business guanxi, political guanxi.
Gould et al. (2016)	B2B socialization.
Wasta	
Hutchings and Weir (2006)	Family and clan ties provide the foundation of the social network of interpersonal connections.
Khakhar and Rammal (2013)	Relationships building and the use of referent power.
Hawkins et al. (2014)	Power, influence, and connections are all examples of social capital.
Berger et al. (2015a)	Somah, hamola, and mojamala.
Waal and Frijns (2016)	Mediation on behalf of another party.
Houjeir and Brennan (2017)	Mediation on behalf of another party.
Et-moone	
Abosag (2015)	Readiness to do more for the connection, unity, and a clear verbal commitment and obligation to the partnership are all desirable traits.
Abosag and Naude (2014)	Close intimate friendships.
Sviazi	
Berger et al. (2017b)	Affection, reciprocity, and personal trust.

Source: Prepared By The Author.

Latest research on additional culture-specific variables, on the other hand, have used multiple dimensions to investigate the inherent cultural values that regulate commercial relationships in the context of the local culture. So far, empirical research encompassing the Middle East and North Africa have looked into the role of Wasta as

a social standard in the Arab world. Wasta has been operationalized by IB scholars utilizing variables concerning the act of mediation (e.g., de Waal and Frijns, 2016: 242; Houjeir and Brennan, 2017: 502) or the social networks that impart power and connection (e.g., de Waal and Frijns, 2016: 242; Houjeir and Brennan, 2017: 502). However, only Berger et al. (2015b) built and defined a new Wasta scale inspired by the GRX scale (ganging, renqing, xinren). Berger et al. (2015a) developed the Wasta measurement scale consisting of *mojamala* (the social bond between two parties in a network), *hamola* (the level of human empathy, benevolence, and favoritism), and *somah* (the level of mutual credence in a relationship).

Russia, as a member of the BRICS countries, has begun to garner its fair share of interest in terms of comprehending its culture and business practices, particularly beyond the Soviet era. Berger et al. (2017b: 455) aimed to study *sviazi* structures social capital-based business networks. The same study was the first to develop and evaluate a *sviazi* assessment scale with three dimensions that are emotive element, reciprocity, and personal trust. Three dimensions resemble Yen et al.'s (2011: 350) GRX dimensions from which the *sviazi* scale was inspired. The main difference between the two measuring scales, however, is that the initial trust constructs in the Chinese study are split into two types in the *sviazi* measurement scale, i.e., the generalized trust and the affect-based trust.

Compadrazgo and *jeitinho*, two Latin American cultural conceptions, remain to be operationalized in IB empirical investigations utilizing applicable measurement tools. Until now, the concept of *compadrazgo* has been applied to Latin America's culturally homogeneous nations, which share a common language, religion, and independence (Skidmore et al., 2010). *Compadrazgo* has only recently been the focus of specialized research, which has been restricted to Argentina, Mexico, and Chile (e.g., Lomnitz and Sheinbaum, 2004: 13; Aimar and Stough, 2007: 24). Calle et al. (2015) described *compadrazgo* as a method by which individuals establish a network of personal ties based on kinships, resulting in greater social capital. According to the same study, this Latin practice is very similar to *guanxi* and *Wasta* in that they are 'kinship systems' that share several cultural features based on Hofstede's cultural framework (Calle et al., 2015: 288).

Brazil has a diverse culture compared to the other countries in Latin America because it is the only country in the region that speaks Portuguese. Jeitinho is regarded as a Brazilian cultural variable that Brazilians use to address their dysfunctional social and institutional hierarchy and to meet their everyday requirements, particularly in their economic activities, as a result (Reis and Quental, 2014: 129). For example, a study by Ferreira et al. (2012: 332) explored the structure and psychological makeup of Jeitinho, demonstrating that it can be described by a three-dimensional structure: corruption, creativity, and social norm-breaking. Keefe and Keefe (2004: 616) adopted a different approach for studying Jeitinho within business relationships by using Hofstede's cultural dimensions (power distance, I-C, masculinity, and UC). Moreover, a recent exploratory study by Park et al. (2018) did cover the concept of Jeitinho by interviewing several Brazilian professionals who explained their buyer-supplier relationships and asked about their perception of Jeitinho as a positive or negative practice.

2.5. ANTECEDENTS AND OUTCOMES OF THE CULTURE-SPECIFIC VARIABLES IN TERMS OF DRIVERS AND CONSEQUENCES

Only some studies, especially on Guanxi, have looked into the causes and consequences of culture-specific variables through frameworks. Guanxi culture has survived recent political and economic developments in China because most of its components are necessary for establishing long-term business relationships. Multinational managers must be culturally knowledgeable before developing guanxi with their Chinese partners to bridge cultural differences, such as country customs and subcultures (Buckley et al., 2006: 279). By embracing these cultural elements, multinational business foreign managers may be able to improve their relationships with their local Chinese colleagues and mitigate the disadvantage of being foreigners in the view of the Chinese populace (Barnes et al., 2011: 518).

Improved firm performance and the longevity and growth of relationships among business partners are the most important results of guanxi as a first-order cultural variable. Guanxi development in the Chinese environment offers crucial advantages to overseas enterprises by assisting managers in navigating social and institutional challenges in China (Buckley et al., 2006: 276). These benefits include better communication between international management and their Chinese staff, sharing ideals with local partners, and garnering government support. Furthermore, Chadee and Zhang (2000: 141) discovered that firms that adopted Guanxi improved dramatically their export performance. Zhou et al. (2007: 682) explored the impact of Guanxi on global-born SMEs, specifically how it could work as a moderator between the SME's international orientation and IB performance. As a result of the establishment of guanxi in China, born-global SMEs with an outward internationalization orientation are positioned for much stronger firm performance, whilst SMEs with an inward internationalization orientation have enjoyed increased export growth (Zhou et al., 2007: 682).

Various guanxi second-order dimensions, including mianzi, renqing, ganqing, xinren, and renqing, have also been examined in light of IB findings. Mianzi is found crucial for maintaining relationships with others in terms of creating trust, sharing perspectives with business partners, and even having access to government help (Buckley et al., 2006: 279). Mianzi was shown to moderate the relationship between relationship happiness and long-term orientation because the face is preserved to ensure that promises are kept, otherwise the sustainability of such economic partnerships may be jeopardized (Wu, 1994: 33).

Barnes et al. (2010: 51) identified renqing as a positive moderator of the connection between satisfaction and long-term orientation, indicating that reciprocity is highly appreciated and rewarded by Chinese peers. Furthermore, by synchronizing their actions, resources, and information to improve service delivery, renqing practitioners can boost business partner cooperation (Barnes et al., 2011: 52).

Xinren was revealed to play a favorable impact in business cooperation and coordination behaviors (Barnes et al., 2011: 51) as trust helps to develop coherent coordination between business partners, implying trustworthiness and compassion between persons rather than between companies (Chen and Chen, 2004: 317). Yen et

al. (2017: 112) also concluded that *xinren* may significantly minimize both emotional and task disagreements between business opponents by increasing positive perception.

Using *Ganqing*, business partners can develop a greater understanding of each other through communication and develop their friendship bonds. Barnes et al. (2011: 50) noted that *ganqing* promotes business partners' cooperation behavior, whilst Yen et al. (2017: 113) highlighted its role in reducing both emotional and task conflicts at various stages of the relationship.

Among *Wasta*'s antecedents were institutional elements where Informal institutions, such as social norms, thrive in cases of institutional voids (Leftwich and Sen, 2011: 329). *Wasta* is often seen by Arabs as the last resort, whether in business or in other aspects of their daily lives (Hawkins et al., 2014: 329: 516). Additional *Wasta* antecedents revealed by Houjeir and Brennan (2017: 506) include tribalism, kinship, and mutuality. *Wasta*, according to Houjeir and Brennan (2017: 510), results in emotional trust among business partners. Affect trust is a partner's reliance on the opposite partner's feelings of affection and compassion (Johnson-George and Swap, 1982: 1311). According to Berger et al. (2015a: 459), the impact of affective trust is significant in the Arab/Muslim setting, where developing *Wasta* can directly boost firm performance in an Arab context.

Based on a framework generated by Berger et al. (2017b: 454), the affective and cognitive parts of *Sviazi* are critical for generating satisfaction in a relationship including a Russian partner, which in turn promotes corporate performance. The affective component of a relationship resembles the affect-based trust that grows over time between business partners. Personal trust is dependent on perceptions based on prior encounters regarding the competency and credibility of the business partner in such a low-trust society, rendered worse by a loose legal system as in Russia.

The causes and consequences of Latin *compadrazgo* and even Brazilian *jeitinho* are yet to be identified (empirically) in the IB literature. Nonetheless, the results of minor conceptual studies on the causes and outcomes of these two culture variables from a sociocultural standpoint may be important. Calle et al. (2015: 284) observed that Latin societies' social and cultural qualities, such as moderate to high power distance, collectivism, and high masculinity, are predictors for *compadrazgo*. Therefore, employing *compadrazgo* provides individuals with a variety of

economic social benefits. According to Ferreira (2012: 336), among the fundamental antecedents of *jeitinho* are formal institutional gaps in Brazil.

Many of the IB studies that looked at the role of culture-specific variables did not focus on a single IB type, but rather looked at how culture-specific variables manifested themselves in the context of IB relationships in general (see Appendix 2 for the corresponding articles). Cultural characteristics have been conceived in this research as part of the firm's internationalization process (e.g. Hutchings and Weir, 2006: 272; Khakhar and Rammal, 2013: 578). A plethora of research aimed to advise managers in cultivating and maintaining interpersonal links with their counterparts by offering suggestions on how to solve the outsidership conundrum (e.g., O'Keefe and O'Keefe, 2004: 614). As a result, researching a culture-specific variable in the larger IB context can help to validate the effect of culture on interpersonal relationships in IB.

Other research, on the other hand, concentrated on a specific IB modality, such as foreign FDIs and the exporter-importer connection. Importing/exporting is clearly the safest and simplest internationalization strategy for enterprises extending their business activity abroad. To comprehend and deal with cultural differences, international managers must work on developing interpersonal ties with their foreign counterparts in order to gain access to long-term networks with stakeholders and aid in the resolution of law enforcement concerns (Berger et al., 2017a: 455). Similarly, Berger et al. (2015a: 461) and Barnes et al. (2015: 39) have proposed guidelines to help Western managers achieve better export performance with their Chinese counterparts by emphasizing the importance of building effective interpersonal relationships and gaining legitimacy in the Chinese market.

IJVs are seen as extremely difficult and risky in China since they necessitate the formation of warm interpersonal relationships (*Guanxi*). In this regard, it is surprising that few IB studies have addressed the relationships of joint venture partners. In comparison to other culture-specific variables, only *Guanxi* has been mentioned in the context of this IB mode. Several studies have identified *guanxi* as a vital requirement for the successful creation of JV with Chinese partners. According to Brunner et al. (1990: 20) and Leung et al. (2011: 1198), *Guanxi* and *Xinyong* both play a facilitative function in the negotiation phase of JV establishment. Buckley et al.

(2006: 281) went on to explain how creating Guanxi and Mianzi could help Western managers manage Chinese firms more successfully and convey knowledge to their Chinese partners. Establishing joint ventures in China so necessitates foreign managers better understanding their Chinese counterparts through more customized, cohesive connections (Wilkinson, et al., 2009: 112).

The only studies that include subsidiary-headquarter linkages are Guo et al. (2017: 455) and Chen (2017: 367). Both studies investigated the liability of foreignness that foreign businesses face in the host market. It is exemplified by the difficulties encountered in the host nation as a result of institutional distance (Ren et al., 2014). To limit the consequences of this liability, western expats in China should learn how to create and use interpersonal relationships (Guo et al., 2017: 458). The application of guanxi by Chinese enterprises for overcoming their outsidership and creating confidence in European business networks was only covered by Chen (2017: 367), who investigated the applicability of Guanxi outside of China. Chen (2017: 367) observed that Guanxi helps Chinese expatriates cope with culture shock and gain access to resources by providing them with appropriate information about the host country's social norms and business culture.

It is worth a mention that most guanxi-related research were conducted from the perspective of either Western expatriates or their Chinese counterparts, making it difficult to assess the true efficiency of guanxi on all involved partners.

2.6. THE INCREASING SIGNIFICANCE OF WASTA (AS A CULTURE-SPECIFIC VARIABLE) IN THE IB LITERATURE

The Arab world is important to global researchers and managers, not just for its cultural and political ramifications, but also as a potentially enormous market. Numerous Arab countries are attempting to diversify their sources of income. Several significant Arab economies have opened their doors to multinational joint ventures and international direct investment. Moreover, the Arab World is home to a sizable share of the world's Islamic population, accounting for 20% of all believers (Weir, 2003: 47). As a result, this region is gaining economic importance, providing investors and exporters with several prospects in a variety of commercial sectors (Ali, 2005: 25).

When researching various cultures, Western scholars are frequently accused of cultural bias since they do so through 'Western eyes' (Weir, 2003: 77). Rather than taking a conventional strategy, multinational corporations are encouraged to consider the local context while adjusting their strategies to the local business climate in host markets (Rugman and Verbeke, 2004). Cuervo-Cazurra et al. (2016: 41) feel that most models for investing in foreign markets, based on theories of international growth, have yet to effectively conform with the operating conditions and local culture of EMs. Furthermore, many of these international corporations are caught between adhering to national anti-corruption legislation when engaging in business overseas and the "apparently acceptable Wasta-based commercial practices" (Ramady, 2016: xiii). Despite the fact that many Arab countries frequently strive to separate themselves from Wasta in order to claim openness and attract international investment. Several researchers (e.g., Kropf and Newbury-Smith, 2016: 11; Hutchings and Weir, 2006: 273) argue that, despite its shortcomings, Wasta will continue to be a dominant system fundamental to business as long as no significant social changes are implemented.

The IB literature has seen a surge in the number of research papers investigating Wasta in the context of the Arab region's economic growth, as more local businesses venture abroad and foreign businesses engage in Arab markets. The literature recognizes the importance of understanding and investigating Wasta in the Arabic and tribal contexts in terms of its history and persistence (Barnett et al., 2013: 43) and managerial practices (Abosag and Naude, 2014: 889; Houjeir and Brennan, 2017: 499).

Wasta can be a source of contention for many Arab firms since it can be interpreted as a lack of administrative transparency and fairness (Hawkins et al., 2014: 131; Calle et al., 2015: 287). Nonetheless, several IB researchers have recently begun to investigate Wasta's beneficial role in creating relationships and networking in order to increase performance and manage conflicts while limiting the cost of information asymmetry (Barnett et al., 2013: 45). Houjeir and Brennan (2017: 508) describe Wasta as a beneficial strategy for creating effective trust among Arab business partners while improving negotiation between Arab and non-Arab management (check Table 3).

Wasta is most beneficial when tribal belonging outweighs broader and more diversified national identity and loyalty (Barnett et al., 2013: 40). For instance, in the

modernized UAE, the usual Arab business setting that stresses social conventions still exists, but to a lower extent than the IB context that relies on official institutions (de Waal and Frijns, 2016: 249). This may raise additional concerns regarding the applicability of Wasta by foreign partners seeking to establish deep ties, or even by Arab partners from different tribes. Overall, studies on the operationalization of Wasta are limited in comparison to other similar cultural variables like as Guanxi, but recent studies show that interest in Wasta is growing.

Table 3: Definitions of Wasta from the IB Literature

Study	Definition
Hutchings and Weir (2006)	Connections or pull and a form of intercession or mediation.
Khakhar and Rammal (2013)	Nepotism or a connected person
Barnett et al. (2013)	An implicit social contract for a favorable treatment to others within the group.
Hawkins et al. (2014)	A form of social capital that bestows power, influence, and connection to those who possess it (El-Said and Harrigan, 2009: 1239).
Calle et al. (2015)	Social connections that influence on decision-making (Cunningham and Sarayrah, 1994: 32).
Berger et al. (2015a)	To steer parties toward a middle point or compromise (Al-Ramahi, 2009: 226).
Waal and Frijns (2016)	The act of a person mediating or interceding on behalf of another party.
Houjair and Brennan (2017)	A form of intercession or mediation.

Source: Prepared By The Author.

Aside from tribalism, trust is seen as crucial for the construction of Wasta (Hutchings and Weir, 2006: 272; Abosag and Naude, 2014: 887). Interpersonal liking and commitment are also important for these variables (Abosag and Naude, 2014: 887), while some Arabic-specific characteristics, such as unequal power distribution, higher collectivism, and family ties, can reinforce Wasta in business relationships (Barnett et al., 2013: 43; Calle et al., 2015: 289).

Various IB academics investigated various ways in which Wasta might contribute to IB partnerships. Most importantly, Wasta may be used to successfully reduce information asymmetry among business partners, boost cooperation, and preserve relationship satisfaction; ultimately, it can improve the overall performance of corporate relationships. Wasta's lone unfavorable consequence mentioned in the literature by Hawkins et al. (2014: 132) was process fairness.

CHAPTER THREE

THEORETICAL FOUNDATION AND HYPOTHESES DEVELOPMENT

3.1. INSTITUTIONS

3.1.1. Definition of Institutions

Modern social science has seen a rebirth in the study of institutions. According to DiMaggio and Powell (2012: 2), functionalists (like Parsons and Selznick) interested in the sustaining and harmonious interrelations between the politics, the economy, and the society to maintain a state of balance and social equilibrium for the whole are credited for the resurgence of institutions in the literature. The classical discipline of political economy, which focused on the mechanisms through which social and economic activity occurred. Routine reproductive processes that "support and sustain particular patterns, furthering its reproduction—unless collective action prevents or environmental shock breaks the reproductive process" illustrate these peaceful relationships (DiMaggio and Powell, 2012: 145).

The term 'institutions' does not have a formal meaning in the current IB literature, although scholars frequently use North's (1990: 3) definition, which states that institutions are "the humanly constructed limitations that structure human interaction." Institutions, which include national laws and regulations, are how the 'rules of the game' are defined (Davis et al., 2000; North, 1990: 3). An institution, from the perspective of DiMaggio and Powell (2012: 145), is a social structure or pattern that shows a certain reproduction process. Institutions typically take the form of legal restraints, such as laws and regulations, and informal constraints, such as customs and codes of conduct.

By providing steady, predictable, and efficient structures for economic exchange, institutions play a crucial part in a society's effort to alleviate uncertainty brought on by imperfect or incomplete information and complicated transactions (North, 1988: 9). For instance, in the context of economic trade, the complexity of the institutions required to carry out economic exchange varies according to the sophistication of the exchange problems, the number of participants, and other time

and space-related factors. As shown in most of the established Western economies, trustworthy institutions are essential for people engaged in important economic exchanges regulated by complicated layers of collaboration and contracting processes (North, 1990: 34).

While institutions strive to provide stable frameworks for exchange, this does not imply that they are static; rather, institutions go through gradual changes in the shape of agreements, codes of conduct, and behavior norms to statute law, common law, and individual contracts. As a result, as institutions change, so do the options accessible to the various players in a community (DiMaggio and Powell, 2012: 145). In the past, exchanging parties have become aware of the steadily growing scale and scope of their operations, which has prompted them to customize the exchange (North, 1990: 34). A second general pattern of exchange has emerged, which is impersonal exchange, where the exchanging parties are restrained by kinship networks, connectedness, exchanging hostages, or merchant codes of conduct. However, this pattern of exchange was insufficient for the more complicated types of arrangements characterized by greater variety and numbers of exchanges (North, 1990: 34).

Impersonal exchange (as an institutional concept) governed earlier long-distance and cross-cultural trades in medieval Europe through an increased role for the state in protecting merchants and through the adoption of merchant codes, allowing market expansion across greater geographic areas and assisting in accessing more rewards out of more complex production and exchange. The third type of exchange, which is the impersonal exchange with third-party enforcement, was made possible by the state's uncertain function as a source of insecurity (at the time) and the higher transaction costs. Although not all complex modern civilizations have the forceful third party (such as an efficient legal system) required to enforce agreements, third-party enforcement provided a strong foundation for successful modern economies including complicated contracts.

3.1.2. Institutional Theory

Building theories with logical consequences and behavioral evidence is necessary for understanding human interaction in social science (North, 1990: 356).

The neoclassical theory, one of the well-known theories, has significantly contributed to the efforts aimed at evaluating markets in industrialized countries; more specifically, it highlights the flow of goods and services as the primary subject of economic analysis. The theory's underlying assumption is that parties engaging in an exchange have a "frictionless exchange process in which property rights are properly and costlessly declared and information is likewise cost less to acquire" (North, 1990: ii). The information feedback is generally insufficient to rectify these subjective models, so exchanging entities (or individuals) operate on partial information and are exposed to subjectively constructed models that are frequently wrong. The neoclassical theory also falls short in addressing persisting traditional markets, such as the Suq (also known as the bazaar market in Arab cultures), which lacks effective trade mechanisms. As a result, a new theory called institutional theory developed to help explain the function of institutions. It looks at the ways in which norms, rules, schemas, and routines were established as authoritative standards for social behavior (Scott, 2005: 460).

Studies on institutions are generally based on the institutional theory, which holds that different environmental institutions have a substantial impact on people's ideas, objectives, and behaviors (Scott, 1987, 1995), stressing their elusive yet ubiquitous responsibilities (Clarke, 1991; Boisot and Child, 1996; Child et al., 2000). The fundamental tenet of institutional theory is that, in their primary effort to gain legitimacy, companies adopt systems and procedures that are closely related to those of other organizations (Yiu and Makino, 2002: 680). Additionally, institutions—especially formal norms—are generally established to act in the interest of those with the negotiating power to invent new rules rather than necessarily being socially efficient (North, 1990: 16).

The concept of Institutions is especially prominent in developing countries, where the efficacy of formal institutions lags behind that of the West, as evidenced by IB research. According to research by Peng et al. (2008: 933), the industry- and resource-based views describe institutions as simply "background," provided that both theories have their origins in a market-based institutional framework—the relatively stable US market. The same cannot be said for EMs that have substantially different institutions than developed economies. This is because researchers have grown more

attentive of how formal and informal institutions impact the strategy and performance of domestic and international enterprises in EMs (e.g., Hoskisson, et al., 2000; Wright et al., 2006). For instance, Peng et al. (2008) suggested in his study that an institution-based view of IB strategy, together with industry- and resource-based views, would assist sustain an IB 'strategy tripod' in EMs.

North (1987: 420) recommends IB scholars investigating entry mode decisions made by multinational corporations to combine institutional theory with transaction cost theory. While transaction cost theory assumes the presence of institutional structures that support corporate operations, institutions provide the setting in which transactions take place (Meyer, 2001: 360). However, not all countries have secure institutional frameworks that assist in implementing market-based agreements in compliance with host-nation legislation (Brouthers, 2013), implying that institutions play an important role in determining market entry strategy. Unlike to what Hoskisson et al. (2000: 263) indicated, the institutional theory's importance has expanded, as indicated by the rising number of research conducted over the past few years that utilizes the institution-based view to respond to the challenges with IB strategy in emerging nations.

Numerous studies have examined political-economic and international relations concerns at the national level in the institutional context, focusing in particular on the negotiation between the government and business (e.g. Hennart, 2015; Kobrin, 2001; Rodrick, 2000). These institutional viewpoints have been supplemented at the firm level by past studies on corporate network, culture, and other associated sociological topics (Lynch and Jin, 2016: 122). These studies have mostly sought to understand how businesses organize, function, and make decisions in the framework of IB (e.g., Hofstede, 1980; Kogut, 1992; Leung et al., 2005; Vasudeva et al., 2013). According to commonly accepted principles and frameworks, particularly those put forth by DiMaggio and Powell (1983: 155) and Scott et al. (1994:179), the institutional analysis at the firm level had demonstrated its effectiveness in defining the institutional process by which emerging firms can initiate institutional diffusion.

3.1.3. The Categorization of Institutions

DiMaggio and Powell (1983: 155) divide institutional change into three isomorphism mechanisms. These institutional isomorphic developments are coercive isomorphism as manifested in political influence and the legitimacy problem, mimetic isomorphism as manifested in typical reactions to ambiguity, and normative isomorphism as manifested in professionalization.

Coercive isomorphism is induced by cultural norms where organizations operate in addition to formal and informal restrictions imposed by other organizations on whom they are dependent. Such requests can be construed in a variety of ways, including as an obligation, a commitment, or an invitation to participate in collaboration. Governments frequently request that enterprises make specific changes, such as adopting environmentally friendly technologies (Liao and Chen, 2018: 419). A company's behavior and organizational structure must be altered to conform to the law.

Mimetic (processes) isomorphism entails emulating others against environmental unpredictability. Organizations may model themselves after other organizations when their goals are uncertain, organizational technologies are mostly unknown, or even when the surrounding environment produces confusion (DiMaggio and Powell, 1983: 151). When confronted with an issue with vague reasons or unclear solutions, organizations frequently view mimetic behavior as a dependable and cost effective solution (Innocenti and Cowan, 2016: 4), particularly if other, similarly situated organizations in their fields are regarded as more successful or credible.

A further step of isomorphic organizational transformation resulting from professionalization is *normative isomorphism*. Professionalization is defined as "the collective struggle of practitioners of an occupation to specify the terms and conditions of their work, to regulate the output of producers, and to develop a cognitive foundation and moral justification for their occupational autonomy" DiMaggio and Powell (1983: 152). Among the key causes of normative isomorphism are professional and trade associates who take part in the interpretation and endorsement of normative rules about organizational and professional behavior (Liu et al., 2010: 372). Organizations that comply with such procedures or demands are therefore more likely to reap a number of perks or rewards.

Another well-known classification of institutions is provided by Scott (1995: 33), who classifies them as regulative, normative, and cognitive structures and activities that provide meaning and stability to social activity. Scott (1995: 35) depicts the three institutional pillars. The first pillar consists of the *normative institutions* that determine which behaviors and attitudes are expected of individuals or organizations, as evidenced by shared ideals or norms about how to work in a specific profession. The national culture, values, customs, and belief systems of a specific nation serve as an expression of March and Olsen's (2011: 3) 'logic of appropriateness'. As a result of many stereotypes and conflicting norms between the home and host nations, multinational firms are especially vulnerable to provocative actions or rejection by local lobby organizations and host country constituents (Kostova and Zaheer, 1999: 64). As a result, cross-border international mergers, acquisitions, joint ventures, and alliances typically fail due to cultural differences (Hofstede et al., 2010: 498).

According to Gaur et al. (2007), the World Competitiveness Indices, the World Values Survey, and the Global Competitiveness Report have all been used by researchers to measure the normative environment (Xu et al., 2004: 301). According to Brouthers (2013: 10), much current research still considers cultural distance to be a component in institutional distance, often as a measure of both the normative and cognitive dimensions (Estrin et al., 2009) and sometimes as a measure of the cognitive dimension alone (Gaur et al., 2007: 614).

Secondly, *regulatory institutions* are comprised of laws, rules, and government directives that promote some behaviors while restricting others (Busenitz et al., 2000: 994). The fundamental differences in regulatory regimes around the world might determine the degree of institutional support for foreign enterprises trying to enter a host market. Nations with high levels of institutional development, such as the United States and the European Union, often have powerful public equity markets, developed banking systems, and well-established venture capital industries that can finance local enterprises' global expansion (Bruton et al., 2005: 751). These countries also have well-established legal conventions and institutions, as well as effective enforcement systems, which encourage the formation of new businesses and protect investors (Narooz and Child, 2017: 693).

Businesses in developing countries frequently use stronger social ties to fill gaps left by a country's official regulatory and normative institutions' lack of credibility (informal cultural-cognitive institutions). Xu et al. (2004: 290) developed and empirically tested regulatory (and normative) distance metrics in a sample of Japanese foreign subsidiaries. These indicators were developed using data from The Global Competitiveness Report, which describes regional differences in the institutional environment across countries. Other scholars, like Wu and Salomon (2016: 2450), have further operationalized regulatory distance using the Kogut and Singh formula, along with numerous types of distances (including cultural distance), according to Beugelsdijk et al (2018: 1119).

Third, *cognitive institutions* demonstrate how certain knowledge sets, such as assumptions and schemas, are 'institutionalized' and integrated into a shared social framework. The relevance of entrepreneurs or social networks in society reflects differences in the cognitive component of a nation's institutional framework, which is based in its cultural culture (Bruton et al., 2005: 737). An example would be on how particular Eastern (Asian) countries place a high value on human ties and organizational networks while conducting business, but Western countries (such as the United States) place a high priority on law enforcement through sophisticated regulatory frameworks.

As a result, in the context of internationalization, cognitive institutions may have an influence on the implementation, particularly the role of social networks (Oyedele and Firat, 2018: 236; Narooz and Child, 2017: 683). It is worth noting that some scholars combine normative and cognitive qualities of institutions because they find it difficult to distinguish these two pillars in practice (e.g., Gaur and Lu, 2007: 84; Karhunen and Ledyeva, 2009: 196; Scott, 1995: 214).

3.1.4. Institutional Factors in the IB Relationships Literature

Extensive studies in IB study, based on the institutional-based view, highlighted the regulatory responsibilities of formal and informal institutions in an order to clarify how they work in conjunction with industry structure, business resources, and capabilities to shape industrial rivalry (Peng et al., 2008: 920). These

studies investigated the relationship between institutional factors and a wide range of internationalization strategy-related decisions, such as (e.g., entry mode, diversification, ownership strategy, reverse innovation) (Chao and Kumar, 2010: 93; Thome et al., 2017: 285).

As part of their efforts to obtain legitimacy in the host country, multinational firms seek isomorphism with other well-established organizations in terms of corporate structures and procedures. According to IB researchers, there is a growing interest in understanding the isomorphic restrictions that multinational organizations confront. They have reported a number of factors, the bulk of which come under Scott's (1995) three institutional environment pillars: regulative, normative, and cognitive. Businesses usually choose a particular structure and practice in order to get both normative and regulatory permission in terms of resources from their varied contexts, or simply because they believe it is a safe path of action (DiMaggio and Powell, 1983: 152). While institutions are generally perceived as having a restricting influence on people's judgements and choice sets (DiMaggio and Powell, 1983: 152; North, 1990), some researchers see them as facilitating components or mediators (Garud et al., 2002: 201). Peng (2000: 124), for example, described a collection of organizations that help venture capitalists' ability to function in such a difficult commercial climate. Furthermore, substantial IB research has concentrated on cognitive institutional aspects or cognitive-cultural components in emerging economies that have experienced transitory political and economic changes (such as China and Russia) yet remain characterized by fragile regulatory institutions.

Bruton and Ahlstrom (2006) carried out study on the connections between venture capitalists and their relevant networks of investors, businesses, and other venture capitalists in China by focusing on Guanxi. The study primarily focused on cognitive institutions in China rather than regulatory institutions such as laws, regulations, and contracts, positing beneficial gains for ventures in understanding some of the unexpected laws and policies, seeking to avoid regulatory pitfalls, and searching and employing professionals looking for funding firms. According to Kiss and Danis's (2008: 388) additional examination of this topic, a country's institutional system directly modifies social network structure and indirectly affects the utility of strong vs weak links in accelerating internationalization. Their outcomes are in line

with Narooz and Child's (2017: 689) that institutional context has a positive moderating influence on the strength of (interpersonal) network links and the rate of internationalization. The prevalence of strong links in the entrepreneur's network in the host country is positively connected with the rate of internationalization in (host) nations with lower levels of institutional development.

3.1.5. Institutional Distance

In the context of IB, institutional distance refers to the degree of divergence between the institutions of the home country and the host nation (Kostova and Zaheer, 1999: 64; Xu and Shenkar, 2002: 610). From an institutional distance perspective, the environment is regarded as the primary regulator of business structure and behavior, according to institutional theory (DiMaggio and Powell, 1983: 151; Scott, 1995: 25). The regulative, normative, and cognitive features of institutions are commonly employed to assess the institutional distance between the home and host countries (Xu and Shenkar, 2002: 610). The relative features of the home and host countries are reflected in institutional distance (Chao and Kumar, 2010: 98).

IB scholars have looked at a variety of outcomes of institutional distance, including IB performance and party-exchanging behavior. In countries with significant investment risks, cognitive and regulative variables are the most important sources of institutional distance. Numerous studies have looked at how institutional distance affects a firm's ability to enter a foreign market, as well as how quickly that process happens (Pogrebnyakov and Maitland, 2011: 75; Kittilaksanawong, 2017: 67), where the host markets are located (Chang and Ogasavara, 2019: 571), and how well the firm performs (e.g., Ju et al., 2014: 92). According to research by Xu and Shenkar (2002: 613), for instance, businesses favor acquisition when normative and cognitive gaps are small, and greenfield investment when both distances are high. However, if the regulatory distance is modest, businesses typically choose a majority joint venture or a wholly-owned subsidiary, whereas a minority joint venture would be preferred if the regulatory distance between the home and host countries is substantial (Liou et al., 2017: 3).

Where the normative distance is short, high equity control modes are preferred, and where it is big, low equity control modes are preferred (Sartor and Beamish, 2014: 1073). Karhunen and Ledyeva (2009) claim the same thing, stating that foreign investors from (cognitively) distant nations "require local partners to cope with sub-national (regional) institutional particularities across Russia rather than national." The focus of the study was on how foreign investors attempt to mitigate the risk associated with being foreign, particularly by looking for local partners and transferring more equity ownership to these partners. Similar institutional problems faced by foreign companies in EMs have been examined by Oyedele and Firat (2018: 345) in their study. They used a framework based on tribal rules and the interaction of informal and formal institutions to discuss this institutional complexity. The researchers urge international businesses operating under tribal norms to develop customized strategies that revolve around knowledge of tribal networks, an understanding of their shared interests, joint establishment of goals and objectives, and internal integration of tribal leaders. Therefore, Oyedele and Firat (2018: 236) propose for tactics that emphasize joint formation of common aims and interests as well as the reduction of political risk, therefore superseding conventional standardization and relational trust techniques.

Despite its value in explaining the variations in people's actions across nations, Scott (2001: 214) points out that institutional theory is challenging to evaluate empirically. Zacharakis et al. (2007: 702) attempted to overcome these challenges by conducting an experiment that controls for potentially confounding environmental factors while capturing how people make decisions in their study of venture capitalists' decision-making practices in three countries from an institutional theory perspective. Understanding decision-making processes is essential for validating institutional theory-based models because, as North (1990:107) noted, evaluating institutions requires mental conceptions.

Institutions have thus been widely covered in the IB literature in terms of their direct and mediating effects on IB performance and their role in shaping the behavior of cross-cultural business partners. The institutional environment in the host country can determine the contractual arrangements in line with the local regulatory forces (Svendsen and Haugland, 2011: 324), relationship governance (Yang et al., 2012: 41; Ju et al., 2014: 95), relationship-specific investments (Svendsen and Haugland, 2011:

324), strategic flexibility (Liu et al., 2013: 82), and the business activities of the internationalizing firms (Clerq et al., 2010: 85). Furthermore, the magnitude of cross-country institutional distance has been reported by several studies to coarsen various types of institutional pressures on IBs, making it harder to gain legitimacy and comprehend the ambiguous local market (Yang et al., 2012: 49).

Notable research gaps could be seen in the literature, despite the fact that the majority of studies have focused on the results of institutions in the IB environment. Notably, institutional pressures as a precursor for social trade in EMs, like the Arab World, where weak formal institutions are generally eclipsed by informal institutions, have received less attention. In the Arab World, *Wasta*, a culturally distinctive variable integrated into the social exchange system, is often viewed as an indigenous norm utilized for shortcutting and gaining access to various resources. By reducing the effects of the liability of being foreign and the ineffectiveness of regulatory institutions in the reinforcement of the law, perceived institutional pressures from foreign businesses, particularly in terms of regulatory pressures, may encourage alternative routes to achieve legitimacy in the local market (Oyedele and Firat, 2018: 236). Hence, more studies need to utilize the institutional theory in the context of the traditional social exchange where previous theories (e.g., the neoclassical theory) had failed to explain why certain inefficient social exchange mechanisms remain a viable contender to exchanges governed by regulatory processes (Scott, 2005: 460).

3.2. SOCIAL NETWORK THEORY

The foundation of the social network theory is the idea that because of their connections, people tend to think and act similarly (Kadushin, 2012: 161). The theory investigates the network of connections or links among a specified group of players (such as people, groups, or organizations), presuming that it is possible to explain the social behavior of the actors through the network of connections to which they belong (Mitchell, 1969: 38). The theory has proven effective for both macro- and micro-level analyses of multifaceted organizational processes. However, the question of whether the network approach is a set of techniques or a unique theoretical perspective on social networks is still up for debate among scholars (Kilduff and Tsai, 2003: 35).

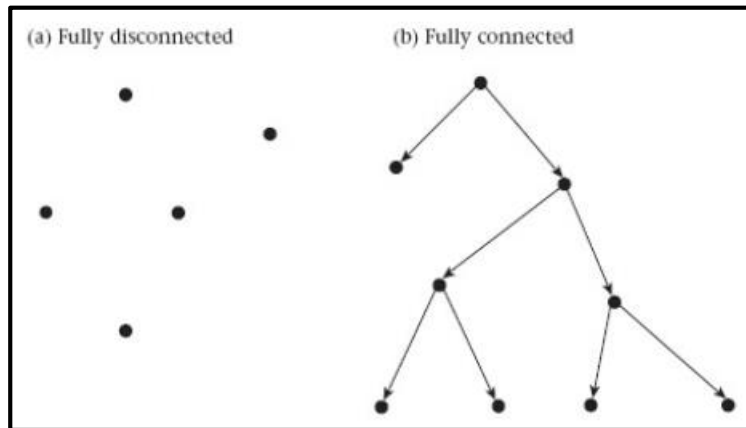
In this regard, earlier research has claimed that social network analysis is a methodological approach towards the social world. There is no unique formal or substantive social theory associated with it (Scott, 2000: 21), while others have sought a theory related to social structures by using the social network approach (e.g., Degenne, 1999: 35). In fact, a social network theory's main objective is to solve problems with social networks such the emergence, evolution, and dissolution of ties (e.g., Ellis, 2000; Griffith and Zhao, 2015; Ahuja and Mitchell, 2011). Social networks can be conceptualized as a tie connecting two actors in its most fundamental form (individuals or organizations). Thus, it is possible to use social network theory to investigate the causes and effects of an actor's structural position in a network (Kilduff and Tsai, 2003: 35).

Returning to the issue of the social network theory's uniqueness, research by Kilduff and Tsai (2003: 35) assert that it is a collection of ideas from several previous theories. In terms of notions pointing to embeddedness, social capital, structural flaws, and linkage among multiple places at the micro-level, this argument is analogous to the social network theory in mathematics (individuals). Numerous research studied how social network theory had 'borrowed' ideas from various other fields of study other from mathematics, notably, social psychology, in the broader context of micro- and macro-levels.

3.2.1. Borrowing from Mathematics

Many of the principles used in social network research are derived from graph theory. In this theory, points and lines frequently depict actors and their connections (as described by social network analysis), whereas directed graphs (using one- or two-way arrows) depict the extent of interaction between actors. In Figure 1, Kilduff and Tsai (2003: 35) show how concepts from graph theory have been used to the field of organizational social networks.

Figure 1: Disconnected and Connected Graphs

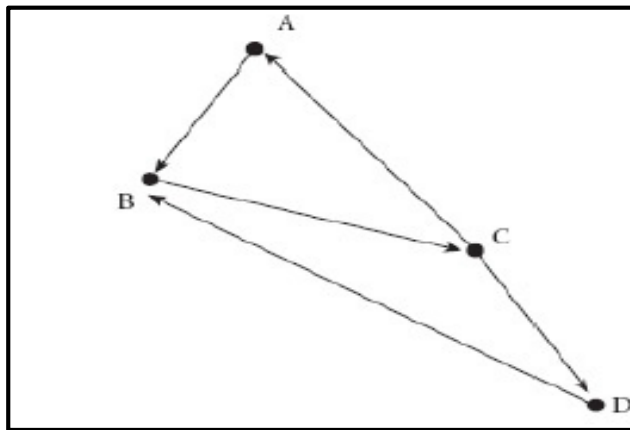


Source: Kilduff and Tsai, 2003: 5.

The first factor is connectedness, which corresponds to how well the players can communicate with one another via a network. Disconnectedness, on the other hand, denotes a social system that is divided. An organization's ability to consult with its members, for instance, may be hampered by a communications network that is too disjointed, but higher connectivity inside an organizational system may indicate increased resource sharing and collaboration (Powell et al., 1996: 132).

The graph hierarchy is the second factor. This is a reference to how hierarchical the informal structure is, with power relationships moving from those with more significance to those with less. As a result, the more hierarchical a network is, the more it resembles the organizational structure of a status-conscious, mechanical corporation (Kilduff and Tsai, 2003: 5). A completely hierarchical graph, with power distributed from top to bottom, is shown in Figure 2.

Figure 2: Example of Graphs that Violate Hierarchy



Source: Kilduff and Tsai, 2003: 6.

Prior research (e.g., Bijman, 2005: 21) has demonstrated that people anticipate hierarchical influence interactions and may have trouble understanding social networks when influence relations deviate from the type of one-way direction of influence indicated in Figure 2.

As the third factor, graph efficiency measures how close the network's connection density is to the bare minimum required to prevent the network from collapsing. The network has redundant links that need time and money to sustain, reducing efficiency (Krackhardt, 1994: 98). A fully efficient network is fragile in the sense of being "vulnerable to the arbitrary loss of a link" owing to attrition (Krackhardt, 1994: 99). According to Krackhardt, there may be a curvilinear relationship between organizational effectiveness and graph efficiency, with effectiveness improving initially with increased efficiency and decreasing as the network becomes increasingly skeletal. If one link is broken for any reason the organizational network is broken. A clique (a set of individuals who communicate with one another and share similar interests) suggests a high level of inefficiency because a significant amount of time may be wasted on networking activities when each employee is supposed to engage with everyone else.

3.2.2. Borrowings from Social Psychology

The social network theory also falls under the broad category of ‘balancing theory’ in the area of social psychology. The balancing theory makes arguments regarding cliques and a special case of friendship dyads nested within three-person friendship cliques. It is mainly concerned with people's propensity to encourage ties between their friends (Hummon and Doreian, 2003: 32).

The balance theory has been used in organizations to examine tie development at both the inter-organizational level and the interpersonal level. For instance, study by Gao et al. (2010: 268) showed the significance of friendship-based human connections as one ground for tie development. In particular, various studies (e.g., Abosag and Naude, 2014: 887; Abosag, 2015: 151; Buckley et al., 2006: 275) had highlighted the process of creating the trust necessary for successful inter-organizational collaboration, which incorporates transitivity and reciprocity, as the building process for the network organization "relied largely on trust and the formation of reciprocity norms during a trial period" (Larson, 1992: 87).

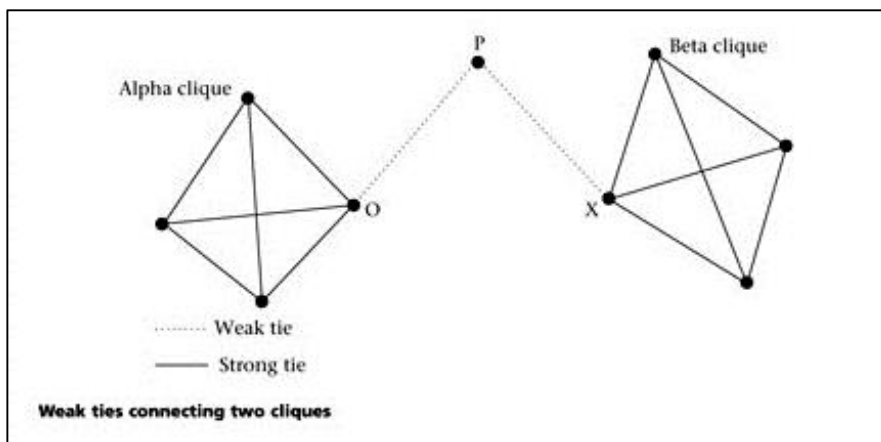
As a result, the term "balance" in this context refers to the structural function of reciprocity in the establishment of a business partnership - a relationship that is balanced and in which the participating partners are anticipated to demonstrate reciprocal commitment and mutual trust. For instance, a business connection between two counterparts could grow to involve more parties if the latter have faith in one of the original partners. Processes of transitivity tend to encourage intermediation between two unconnected actors via a mutual player as trust develops among a number of participants in a particular industry (Uzzi, 1996: 681). Organizational representatives frequently have a tendency to form cliques of trade partners based on trustworthiness, which strengthens ties between companies in the industry (Powell et al., 1996: 132).

3.2.3. The Strength of Weak Ties

Social network studies have typically classified network connections into strong and weak ties. Strong ties often resemble friends, while weak ties denote acquaintances (Patulny et al., 2019: 374).

An actor may feel compelled to connect two of his friends (strong ties) in order to attain balance, but if those people were his acquaintances, the same would not be true (weak ties). The ability of the network's actors to communicate with one another within the network may be constrained by strong links among network members, according to certain researchers, most notably Granovetter (1973: 1360). On the other hand, weak ties are not rigorously constrained within their networks (cliques), enabling actors to move between networks and engage with the relevant actors. In order to connect different networks (Alpha clique and Beta clique), such weak ties (like 'P' in Figure 3) are thought to be important. This opens up opportunities for resource sharing among the actors (members) in each network and allows them to take advantage of new opportunities, such as strong ties that will eventually lead to international relationships. Although weak relationships are more likely to be bridged due to the lack of pressures for balance, Granovetter (1973: 1360) had noted that (a) strong ties are unlikely to function as bridges between cliques and (b) not all weak ties will be bridges (Granovetter, 1973: 1365).

Figure 3: Connecting Two Cliques Through Weak Ties



Source: Kilduff and Tsai, 2003: 19.

3.3. HYPOTHESES DEVELOPMENT

According to North (2005: 107), the formal and informal institutions' content, quality, and corresponding enforcement mechanisms all play a role in how well society functions and how quickly the economy grows. The constitutions, the legal framework, the rules, and the standards of behavior are all provided by formal institutions, such as regulations. Norms, conventions, and codes of behavior are examples of informal institutions that provide guidance for people and society to function in the desired way by putting a focus on social norms and values.

In modern societies, however, informal institutions (e.g., behavioral norms of individuals, families, and interest groups) are used to complement formal institutions, particularly in Western societies, where upper formal institutions strive to be the primary means of directing norms and social and economic conduct of individuals and organizations (Dunning and Kim, 2007: 329). However, it is clear that informal structures are progressively being depended on as the primary means of assuring certainty and security in areas where official incentive structures are underdeveloped or inadequate (North, 2005: 112).

Foreign businesses must establish contacts with, and learn from, clients or partners in the host nations to conduct business there. However, institutional constraints and environmental uncertainties limit these activities. According to Scott (1995: 32), organizations must abide by the laws and values of the environment in order to exist because institutional isomorphism, both structurally and operationally, will give the organization legitimacy (DiMaggio and Powell, 1983: 147). The same might be argued for how institutional limitations affect the contractual relationships between foreign buyers and vendors (Ho et al., 2018: 427).

The institutional distance between the host and home countries may have an impact on the success of the transfer of IB strategies from the home country to the host country since the institutional environment shapes business practices (Kostova, 1999: 320). The degree to which the official (regulatory) and informal (cognitive and normative) institutions of the home and host countries are similar or divergent is referred to as institutional distance (Kostova and Zaheer, 1999: 71). Several studies have highlighted the importance of foreign firms understanding the institutional

distance between their home countries and the host countries where their activities are carried out (Eden and Miller, 2004; Kostova and Zaheer, 1999; Miocevic, 2016; Xu and Shenkar, 2002). This is due to the increased likelihood that an organization would experience institutional duality, which is the intersection of two distinct institutional systems with the potential for conflict (Kostova and Roth, 2002: 225). Higher institutional distance implies that the foreign corporation must work harder to bridge cultural, legal, and regulatory differences, as well as organizational and behavioral standards, in order to obtain legitimacy in the host country.

3.3.1. Formal Institutional Profile and Wasta

This study suggests that foreign businesspeople cultivate personal connections in the host Arab market to substitute for reliable government and an established rule of law. This idea has been widely assumed in collectivist markets characterized by unreliable formal institutions, mainly in China (Du, 2005; Park, 2001; Drew and Kriz, 2014; Yang, 2012) whereby its indigenous culture-related relationship, Guanxi, acts as a complementary set of relational practices that help establish mutual trust and liking among business partners, access to resources and market, and mitigate the risk of liability of foreignness. For instance, a 2007 study by Redding et al. found that networks are helpful in China for transaction control in the lack of state institutions for that purpose, leading to the prevalence of Guanxi in Chinese commerce. However, it has been argued that the idea of a culturally distinctive relationship is not at all confined to China because there are other nations with comparable instrumental-personal links, such as Wasta in the Arab World, where a loose rule of law poses difficulties for all businesspeople. In the current Arab World, informal institutional support that is taken for granted in nations with more stable economic environments can be replaced by Wasta contacts in the host country.

Wasta has received little attention from IB empirical studies aiming to examine institutional distance as its antecedent, while few conceptual studies have pointed to the significance of Wasta in the context of weak formal institutions (Weir and Hutchings, 2006: 145; Brandstaetter, 2011: 70). Moreover, no study has inspected the effect of formal institutional distance on Wasta at the dimensional level, i.e.,

examining the effect of every dimension of formal institutional profile (in the importer's and exporter's countries) on each Wasta dimension for the aim of precisely determining the antecedents of Wasta on a dimensional level rather than holistically. Previous studies by Berger et al. (2015a, 2017a, 2020) have found evidence that dimensions of Wasta do independently manifest in business relationships, like Guanxi through its GRX scale that applies to Wasta (Berger et al., 2015b: 458). Therefore, this study assumes the following: **(H1a)** When the importer's country's formal institutional profiles score higher (as opposed to lower) than those of the exporter's country's formal institutional profiles, the extent to which the importer uses Wasta (through Mojama) in distributing exporter's products decreases. **(H1b)** When the importer's country's formal institutional profiles score higher (as opposed to lower) than those of the exporter's country's formal institutional profiles, the extent to which the importer uses Wasta (through Hamola) in distributing exporter's products decreases. **(H1c)** When the importer's country's formal institutional profiles score higher (as opposed to lower) than those of the exporter's country's formal institutional profiles, the extent to which the importer uses Wasta (through Somah) in distributing exporter's products decreases.

3.3.2. Informal Institutional Profile and Wasta

Conversely, informal institutions are characterized by a high level of personalism and direct communication. Personal contact within a group and the risk of losing face and reputation as a reliable cooperation partner within the collective serve as the foundation of informal institutions as normative and cognitive forces in social life (Etzold et al., 2009: 11). The cognitive institutions that can be used to replace the gaps left by formal institutional gaps in a cultural setting can reflect informal institutions (Kostova et al., 2020: 467). While Estrin et al. (2009) also believe that informal institutions might be portrayed in ways comparable to Hofstede's cultural dimensions, Gaur et al. (2007: 84) contend that cultural distance is anchored in the cultural-cognitive component of a nation's institutional environment.

Individualism: In light of informal institutions, societies with very strong ties between individuals (i.e., low individualism) are expected to look after the interests of

their ingroup and to hold only those opinions and beliefs sanctioned by the ingroup which, in turn, protects the individual and offers various favors. These collective societies show tight integration through loyalty, reciprocity, and commitment to the group (Samaha et al., 2014: 81). Accordingly, it is expected that the usage of Wasta is higher in collectivist societies scoring low in individualism.

Power distance: Correlating to the individualism dimension, Lowe et al. (2019: 115) report that Eastern societies with low individualism are generally characterized by high power distance that reflects the way societies deal with human inequality in terms of physical and intellectual capabilities. Arab societies are among such societies where individuals with unique privileges and capabilities (e.g., politicians, business people, leaders) have an acceptable distinctive role in their respective societies where they can act as a gateway for individuals and businesses to gain access to social capital and even markets (Ramady et al., 2016: 18). It is assumed that the applicability of Wasta, and thus its utilization, is greater in societies scoring higher on the power distance dimension among its individuals.

Uncertainty avoidance: Arab societies are considered among those to have strong uncertainty avoidance – fostering the need to try to beat the future, resulting in greater nervousness, aggressiveness, and emotional stress (Obeidat et al., 2012: 515). As a result, Arabs commonly seek commitment to their relationships, especially with non-acquainted individuals, to manage their arousal from the uncertain future. For this purpose, Wasta is perceived to be more useful for such societies scoring higher on the uncertainty avoidance dimension for mitigating risks associated with business relationships, i.e., by ensuring relationship commitment and loyalty among business partners (Barnett et al., 2013: 45).

Masculinity: Furthermore, Arab societies are traditionally masculine, stressing pursuing visible achievements. Such societies appreciate individual brilliance and idolize the successful achiever. Arabs of masculine value are also believed to be characterized by a unique form of interdependence encouraging assertive approaches by individuals (Alghamdi, 2018). Wasta could be a manifestation of such assertiveness by individuals attempting to prove their worthiness within their respective groups or networks through tangible outcomes from relationships they are involved in. This

implies that countries scoring higher on the masculinity dimension witness higher utilization of Wasta.

Collectively, this study assumes the following about informal intuitional profile and Wasta: **(H2a)** When the importer's country's informal institutional profiles score higher (as opposed to lower) than those of the exporter's country's formal institutional profiles, the extent to which the importer uses Wasta (through Mojamala) in distributing exporter's products increases. **(H2b)** When the importer's country's informal institutional profiles score higher (as opposed to lower) than those of the exporter's country's formal institutional profiles, the extent to which the importer uses Wasta (through Hamola) in distributing exporter's products increases. **(H2c)** When the importer's country's informal institutional profiles score higher (as opposed to lower) than those of the exporter's country's formal institutional profiles, the extent to which the importer uses Wasta (through Somah) in distributing the exporter's products increases.

3.3.3. Wasta and Relational Capital

The social network theory views social trade as the foundation of social life. On the basis of an analysis of the social exchange from a technological and economic perspective, it advocates fairness in relationships among individuals and groups (Lambe et al., 2001). This suggests that creating networks in collectivist societies transcends relationships based merely on money rewards and instead emphasizes social links of deeply ingrained cultural values, which may unleash a variety of corporate benefits.

Social networks are where social capital manifests itself, increasing levels of trust. According to Lin (1999: 473), "capital is captured in social relations," and that social capital refers to profits generated by an individual or group as a result of interactions between actors in a social network. Being a part of a social network is consequently referred to as social capital because this capital is neither economic nor human. Social capital in the form of relationships can result in better accomplishments when there is more mutual trust between the relationship counterparts. Adler and Kwon (2002: 17) define relational capital as the resource that actors have access to as a result

of their position within their social network; it can manifest itself in a variety of ways, including market relations, hierarchical relations, and social relations. This kind of capital is sometimes referred to as a 'long-lived asset', which means that it has value that may be spent and can be created with the hope of future benefit. People and organizations can invest in creating connections with other networks, people, and organizations to expand their access to information, ideas, power, resources, and other advantages. They might also be investing in fostering better internal relationships at the same time, which would improve their capacity to collaborate with others to create value (Adler and Kwon, 2002: 32).

There are numerous studies in the IB literature that investigate the dimensions of relational capital, particularly those linked to mutual trust, respect, and friendship that exist at the personal level between alliance partners (Kale et al., 2000: 232). Similarly to business network connections, Kale et al. (2000: 227) argue that a firm is likely to have a combination of strong and weak links, albeit it benefits from a portfolio of relationships that favors one kind over the other depending on the firm's surroundings. As a result, a firm's relational aptitude refers to its ability to engage with other firms and reflects the degree of reciprocity and proximity between them. Research on the relevance of relational capital has focused on many aspects of business partnership relationships such as mutual respect and trust, reciprocity, communication skills, and cooperativeness.

The use of Wasta entails creating networks through stronger social relationships and obligations, unlike the old boys' network in the West. According to the social network theory, fairness and enduring interpersonal connections serve as the foundation for connections between individuals and groups in Eastern societies. This theory was utilized in studies by Berger et al. (2015a: 454) and Abosag (2015: 151) to examine the fundamentals of social exchanges in business relationships by highlighting the importance of commitment and trust between the involved partners, which is then reciprocated in the form of favors, as in the Arab context. Wasta has developed in modern times to include network ties from the outside, but it might also be used by an exporter, for instance, to obtain access to networks in which his counterpart importer is a member and might profit from many resources that might be difficult to reach otherwise.

Studies like Berger et al. (2015a: 454) and Abosag (2015: 151) depended on such this theory to emphasize the role of trust and commitment among the partners in terms of favors in the Arab context. Relational capital can be viewed as an implicit social contract, generally among members of the same network, that obligates its members to help or favor others in the same network (Barnett et al., 2013: 41). Wasta is thought to play a positive effect in strengthening relational capital, which could lead to improved corporate performance and conflict resolution while reducing the cost of information asymmetry (Barnett et al., 2013: 43). Furthermore, a paper by Houjeir and Brennan (2017: 501) identifies Wasta as a beneficial tool for developing effective trust with Arab business partners and aiding negotiation between Arab and non-Arab managers. Thus, the following hypotheses could be suggested regarding the relationship between Wasta (through each of its components) and relational capital: **(H3a)** Wasta positively affects Relation Capital through Mojamala. **(H3b)** Wasta positively affects Relation Capital through Hamola. **(H3c)** Wasta positively affects Relation Capital through Somah.

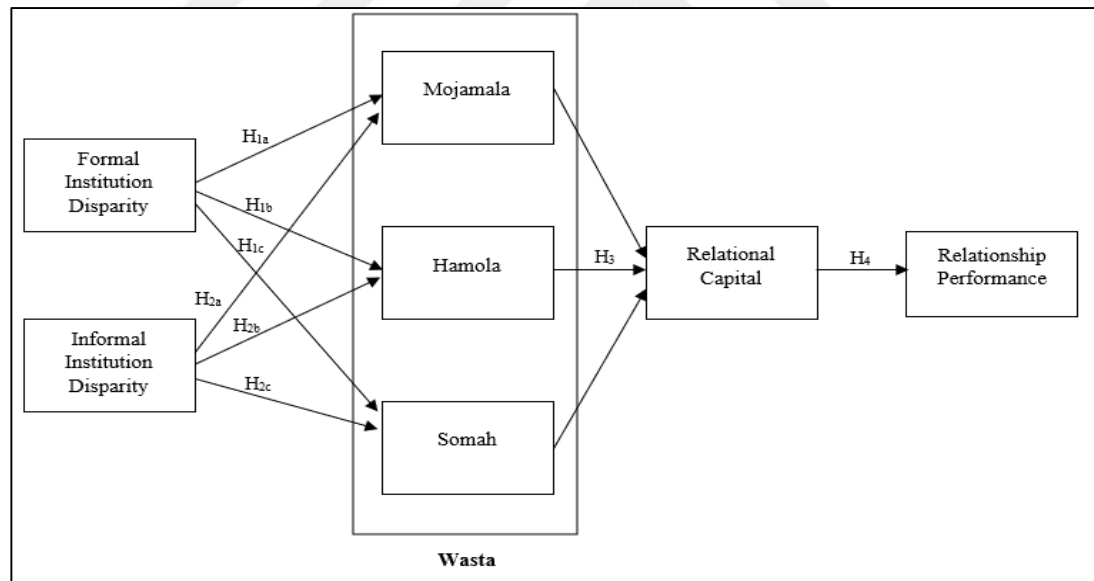
3.3.4. Relational Capital and Relationship Performance

As a result, the importance of relational capital has drawn much research into how it affects IB success. Interpersonal trust is a necessary precondition for the majority of interdependent relations since it has been demonstrated to significantly influence the depth and richness of exchange relations (e.g., Houjeir and Brennan, 2017: 501; Lee and Dawes, 2005: 41). While guaranteeing the interested parties that no vulnerability will be exploited, such trust among business counterparts could also transfer to their confidence and readiness to rely on one another (Moorman and Miner, 1997: 102). (Dwyer et al., 1987: 11). Therefore, through a long-term business perspective, relational capital, which is represented by mutual trust, promotes the concerned parties to start and maintain a successful (export-import) commercial connection.

As a result, relational capital is essential for multinational corporations who want to operate in EMs like the Arab countries. Establishing social ties and mutual trust, in contrast to the Western strategy, are necessary for any successful business in

the Arab world because Arabs often emphasize social integration over anything else (Al-Khatib, 2002: 97). Business partners in the Arab world are expected to act responsibly and sincerely, value reciprocity and the giving and receiving of favors, and abstain from any opportunistic activity. Wasta, which is comparable to guanxi in China, imposes ethical obligations on people to use their influence and position of power to benefit their in-circles (Hutchings and Weir, 2006: 275). Thus, it is crucial for foreign businesses to recommend local people or businesses to act as facilitators in the business transactions. As a result, the parties involved might be more willing to connect with one another comfortably, especially in the low-trust situation, and their business performance might increase. Accordingly, **(H4)** Building Relational Capital positively affects Relationship Performance. The conceptual foundation for this investigation is shown in Figure 4.

Figure 4: Conceptual Framework



Source: Prepared By The Author.

CHAPTER FOUR

METHODOLOGY

4.1. SCOPE OF RESEARCH

This study focuses on Arab importers, most of whom are active in an Arab country and who are importing inclusively from any country. Arab importers are chosen for this study as Wasta has been historically manifested in various aspects of Arab's daily activities and for many purposes such as accessing financial resources or bypassing inefficient formal institutions. Besides, the Arab markets are relatively limited and depend largely on imported goods to satisfy the needs of local consumers and industries. For example, more than 80% of the goods needed in Lebanon are imported (WITS, 2021) while Saudi Arabia has the 31st largest import market in the world (Santander Trade, 2021). On the other side, certain exporting markets to the Arab markets have been noticeably flourishing, such as Turkey and China, becoming among the biggest exporters due to geographic proximity and/or the adequacy of their products in terms of price and quality (Turkstat, 2020).

Respondents of this study are Arab importers dealing with any type of consumer or industrial product regardless of their export sources. The study is not limited to any specific industry but rather inclusive (e.g., food products, textile, wood, steel, electric appliances, and chemicals). Also, importing companies of all sizes are included in the sample of this study knowing that SMEs are the most common types of companies in the Arab world. SMEs are a cornerstone of Arab economies, accounting for over 90 percent of all businesses and providing a major source of new job creation (IMF, 2019). Specifically, the study will examine the antecedents and outcomes of the exporter-importer interpersonal relationship from the perspective of the Arab importer, which means that the importing manager (or the Chief executive officer (CEO)/owners) will be the main unit of analysis.

Accordingly, this study examines the interpersonal business relationship between the Arab importer and his exporter. Wasta depicted in this relationship is examined in the context of the formal and informal institutions as its antecedents from the perspective of the Arab importer. Also, the outcomes of Wasta portrayed in the

exporter-importer relationships are studied in terms of the resulting relational capital of the Arab importer in his local market and the resulting relationship performance with his exporter i.e., financial, relational, and market performances.

4.2. SAMPLING

This study covers the whole population of all Arab importers in 16 Arab countries for two main reasons. First, Wasta has been examined in the literature as an Arab culture-specific variable encompassing all Arab societies implying that it is vital to cover a sample of diversified nationalities, hence, improving the generalizability of the findings of this study. Also, the Covid-19 pandemic has greatly disrupted world trade and has left many businesses completely out of work or partially open, this can heavily impact the response rate as respondents may be unwilling to participate in this study due to difficult psychological state as well. Hence, covering all the Arab markets can increase the chances of obtaining an acceptable response rate in the data collection stage, hence, this study follows the convenience sampling, which is a type of nonprobability sampling in which people are sampled because they are ‘convenient’ sources of data for researchers. Thus, the first available primary data source is used for the research without additional requirements (Saunders et al., 2007: 146). This study combines primary and secondary data to reduce common method bias.

In the process of constructing the sample database for this study, directories and online databases were covered (e.g., Kompass.com), but mostly, social media was found the most effective in obtaining quick responses. Specifically, online trade groups on Facebook can be the most effective way to reach Arab importers directly. Tens of authentic trade groups could be found on Facebook, each consisting of Arab importers, intermediaries, and exporters. The main aim of such groups is to provide a meeting place for traders to communicate and post their offerings. Table 4 shows the groups that were accessed (upon acceptance from the group administrators) and a cover letter with a link to the online questionnaire was posted on each group.

Table 4: Accessed Groups of Trade Associations on Facebook

Group Name	Total Members (in thousands)
Importing from China (الاستيراد من الصين)	107.7
Import and export from Turkey to all over the world (استيراد وتصدير من تركيا الي جميع أنحاء العالم)	85.7
Algerian Importers and Exporters (المصدرون والمستوردون الجزائريون)	0.411
Wholesalers in Turkey (تجار الجملة في تركيا)	96.6
The largest gathering of clothing factories in Egypt (أكبر تجمع مصانع ملابس في مصر)	233.3
Trading and selling goods for export (تجارة وبيع بضائع للتصدير)	141.1
Iraq merchants (تجار العراق)	56.6
Wholesale food items for sale (للبيع مواد غذائية بالجملة)	81.2
Turkish Exporters, Turkish Companies, Turkish Manufacturers, Turkish Importers	23.5
Food merchants in Turkey (تجار المواد الغذائية في تركيا)	10.5
Import everything from Turkey (استيراد كل شي من تركيا)	64.2
General trade between Iraq and the Arab countries and the world /Turkey /China /Iran /Europe (تجارة عامة بين العراق .. ودول العربية والعالم /تركيا / الصين / إيران /أوروبا)	31.8
Arab Traders Forum in Turkey (ملتقى التجار العرب في تركيا Türkiye'de Arap Tüccarlar Forumu)	21.0
Import and export to all countries of the world (استيراد وتصدير لجميع دول العالم)	7.1
Wholesale food trade	18.9

(تجارة مواد غذائية جملة)	
Trade group and wholesalers to import children's clothing from Turkey (مجموعة التجارة وتجار الجملة للاستيراد ملابس الاطفال من تركيا)	23.6
Factories, offices, and clothing dealers at the cheapest price in Egypt (مصانع ومكاتب وتجار ملابس ارخص سعر Egypt)	134.9
Import and export from Turkey to all over the world (استيراد وتصدير من تركيا الي جميع أنحاء العالم)	85.7
Wholesale trade of goods from Turkey to all over the world (تجارة البضائع من تركيا بالجملة إلى جميع أنحاء دول العالم)	75.7

Source: Prepared By The Author.

In a study where the exporter-importer relationship is examined, the key informants are mainly represented by the importing manager or the owner. Hence, the survey questionnaire in this study is directed to Arab importing managers/owners. As the data collection method, an online questionnaire was created (Google Forms) and a generated link was posted within an invitation letter on each of the above-mentioned groups and was sent via emails to potential respondents obtained from online databases and directories.

4.3. MEASUREMENT INSTRUMENT

The questionnaire was constructed to measure the variables presented in the conceptual model using established measurement scales that were adapted to the context of this study. All constructs within the questionnaires (apart from the demographic questions) are anchored on a 5-point Likert scale ranging from 'Strongly disagree' to 'Strongly agree'.

A comprehensive review study by Kostova et al. (2020) analyzed the various methods in the IB literature for operationalizing institutional distance. While the operationalization differs across studies depending on the institutional perspective employed (e.g., market-entry, headquarter-subsidiary relations, cross-border transfer of organizational practices), the review reports three common distances of institutions

between countries based on Scott's (1995) "three pillars" conceptualization of institutions: regulatory distance, normative distance, and cognitive distance. Among the three distances, the regulatory distance is the clearest in terms of operationalization method, i.e., using the World Governance Indicators (WGI) while the normative and cognitive distances have been sporadically measured separately or as a single distance representing the informal institution (Kostova et al., 2020: 474).

In this study, normative and cognitive distances are operationalized conjunctly as the informal distance (e.g., Gaur and Lu, 2007: 108; Jensen and Szulanski, 2004: 517) using the Hofstede cultural dimensions (Hofstede-Insights), especially since the normative distance is impossible to calculate for all countries of the respondents (e.g., Syria, Libya, Sudan, Palestine). The review by Kostova et al. (2020: 477) states the role of Hofstede's indexes in representing cultural value dimensions such as the cognitive institutional aspect captures the 'taken for granted' habitual ways of doing certain things in society. The same study has denoted certain cultural variables, such as Guanxi and Wasta, manifesting within the informal institutions as such variables can serve as complements, or, in some cases, as substitutes to weak formal institutions.

The importer-exporter formal and informal institutional distances were measured using the WGI database and Hofstede cultural scores respectively (Beugelsdijk et al., 2018: 1122). Specifically, the institutional distance is calculated in a categorical form whereby for each institutional (formal or informal) dimension, the distance is denoted by the value of '1' in case the institutional index of the importer's country (e.g., voice and accountability of the importer's country) is higher than that of the exporter's country, otherwise, the institutional distance takes the value of '2' (Child et al., 2001: 1142; Schenepers and Guillen, 2004: 283).

Wasta was operationalized using three sub-dimensions (Somah, Mojamala, and Hamola) with a total of 18 items developed by Berger et al. (2015a: 457), while the relational capital of the importer-exporter relationship was measured using six items from Kohtamäki et al. (2013: 75). As the ultimate relationship outcome, the relationship performance was measured using eight items adapted from Lee et al. (2006: 632) and Kumar et al. (1992: 242). The final part of the questionnaire consists of demographic information about the importer's company. The item wording of the variables is clarified in Appendix 3.

4.4. DATA ANALYSIS METHOD

Structural equation modelling (SEM) using ‘SmartPLS 3’ was used for data analysis to examine the structure of the defined interrelationships through factor and path analyses. Principal components analysis and regression-based path analysis are used in PLS-SEM to estimate the parameters of a set of equations in a structural equation model (Mateos-Aparicio, 2011: 2306).

According to Sarstedt et al. (2017: 3), the key reasons advantages for using PLS-SEM are that when prediction is the aim of the research, the method allows researchers to estimate exceedingly sophisticated models with several constructs and indicator variables. PLS-SEM frequently provides a considerable deal of flexibility in terms of data needs and the detection of linkages among constructs and indicator variables. Also, PLS-SEM enjoys widespread popularity in a broad range of disciplines including organization management (Sosik et al., 2009: 8), marketing (Lee et al., 2011; Nitzl, 2016), and strategic management (Hair et al., 2012a: 417). There has been a lot of discussion concerning what scenarios benefit or limit the use of PLS-SEM in research (e.g., Goodhue et al., 2012: 992; Henseler et al., 2014: 186).

When selecting whether PLS-SEM is the appropriate statistical method for their study, the criteria supplied by Sarstedt et al. (2017: 15) significantly relevant to the setting of this investigation, as shown in Table 5.

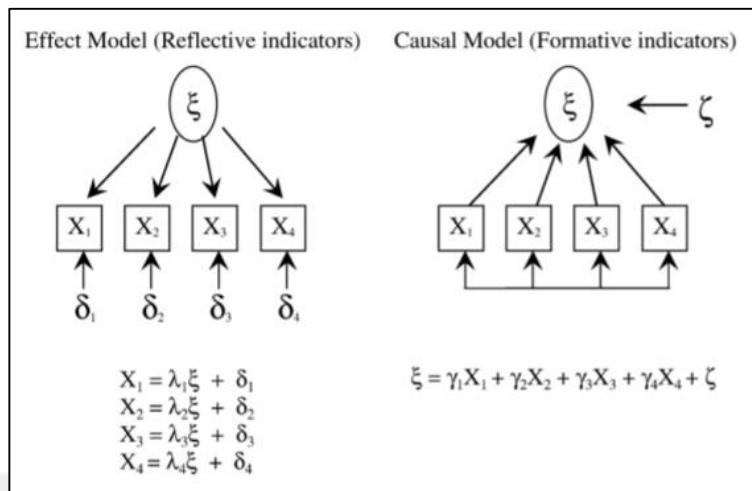
Table 5: Reasons for Using PLS-SEM

Target concept	Wasta is the main construct in this study to explain its antecedents and outcomes.
Number of constructs	The model is complicated by the 6 formal and 4 informal variables presenting the institutional dimensions as potential antecedents of Wasta through each of its dimensions.
Sample size	The sample size of 192 consisted of Arab importers evaluating their business relationship with their exporting counterparts.
Data type	To examine the impact of institutional distance on Wasta, the score for each institutional dimension was calculated using published data from WGI data knowing that the impact of institutions on Wasta was not examined in the literature previously unlike several similar culture-related relationships (Kostova et al., 2020).
The use of latent variable	Wasta, Relation Capital, Relationship Performance.

Source: Prepared By The Author.

A path model diagram depicts the hypotheses and variable relationships in a SEM investigation (Bollen, 2010: 38). The structural model displays the structural routes between the variables since the arrangement and sequence of the variables are based on theory as well as the researcher's experience and expertise (Falk and Miller, 1992). The measurement models show the relationships between each construct and the indicators associated with it. The measurement theory defines how to measure latent variables. Figure 5 depicts that reflective measurement models and formative measurement models are typically the two types of measurement models that researchers can select from (Diamantopoulos and Winklhofer, 2001: 269; Coltman et al., 2008: 1252).

Figure 5: Reflective and Formative Measures



Source: Coltman et al., 2008: 1253.

The indicators of a reflective model are led by the underlying latent, which has positive and desired strong intercorrelations. Yet, unlike in a formative model, the indicators might not necessarily share the same subject and may thus lack a specified pattern of intercorrelation (Coltman et al., 2008: 1253). Reflective measurement methods directly connect the underlying construct to the indicators, and the indicators are treated as imperfect expressions of that construct (Bollen, 1989).

CHAPTER FIVE

FINDINGS

5.1. DATA

The model estimation draws on data from Arab importers. A total of 209 respondents rated the questions related to the items on a 5-point Likert scale, whereby a value of 5 implies 'strongly agree' and a value of 1 'strongly disagree'. No missing data are reported from any respondent, but 6 responses were omitted since the importers (respondents) were not located in an Arab country, yielding 203 useable complete responses. The most complex partial regression in the PLS path model has eight indicators (i.e., the reflective measurement model of Performance). As a result, this sample size is theoretically big enough to predict the PLS path model. To be more specific, to detect R^2 values of about 0.25 and given a power level of 80% and a significance level of 5%, only 54 data are required (Sarstedt and Mooi, 2014: 43), which is significantly fewer than the number of observations available in this investigation. There are no outliers in the box plots diagnostic using IBM SPSS Statistics.

Lastly, the skewness and excess kurtosis values (as provided by the SmartPLS 3 data view and shown in Table 6) reveal that indicators are within their acceptable range implying normal distribution of the data. According to Brown (2015: 62), acceptable values of skewness fall between -3 and $+3$, and kurtosis is appropriate from a range of -10 to $+10$ when utilizing SEM, which is another advantage of using SmartPLS for data analysis. Minor differences above or below thresholds are questionable, but they may not imply serious violations of assumptions because SEM is a resilient analytical approach.

Table 6: Data Indicators

	Mean	Median	Min	Max	Standard Deviation	Excess Kurtosis	Skewness
ImpVoiceAccount	-0.95	-1.01	-1.64	0.34	0.422	-0.158	0.178
ImpPoliticalStab	-1.512	-1.64	-2.57	0.7	0.84	-0.377	0.623
ImpGovEffect	-0.7	-0.74	-1.92	1.38	0.675	0.067	0.054
ImpRegulQualt	-0.605	-0.43	-2.35	0.68	0.782	0.318	-1.182
ImpRuleLaw	-0.697	-0.82	-1.85	0.84	0.695	-0.797	-0.247
ImpContrlCorr	-0.672	-0.62	-1.6	1.11	0.646	-1.18	0.141
ImpPower	66.07 9	75	0	95	29.933	-0.384	-1.094
ImpIndividualism	37.29 6	38	0	54	10.931	0.531	-0.177
ImpMasculinity	53.25 1	52	0	70	12.22	3.364	-1.082
ImpUA	69.46 8	80	0	85	15.341	4.168	-1.618
ExpVoiceAccount	-0.865	-0.81	-1.98	1.46	0.635	3.283	1.49
ExpPoliticalStab	-1.05	-1.34	-2.73	1.03	0.589	1.846	0.902
ExpGovEffect	0.053	0.05	-1.71	1.73	0.473	4.84	0.084
ExpRegulQualt	-0.131	-0.01	-1.76	1.72	0.535	3.488	0.467
ExpRuleLaw	-0.24	-0.28	-2.08	1.76	0.47	10.557	1.131
ExpContrlCorr	-0.3	-0.29	-1.69	1.77	0.461	9.757	1.996
ExpPower	68.17 2	66	35	100	8.207	6.485	-0.786
ExpIndividualism	34.77 3	37	14	91	13.42	7.035	2.221
ExpMasculinity	48.43 3	45	42	70	7.508	1.887	1.913
ExpUA	74.25 1	85	30	86	18.768	0.971	-1.621
M1	2.601	2	1	5	1.066	-0.556	0.336
M2	2.493	2	1	5	1.094	-0.531	0.429
M3	3.089	3	1	5	1.179	-0.912	-0.264
M4	3.571	4	1	5	1.153	-0.395	-0.681
M5	2.433	2	1	5	1.041	-0.337	0.482
H1	2.493	2	1	5	1.111	-0.621	0.474
H2	2.365	2	1	5	1.067	-0.322	0.628
H3	2.867	3	1	5	1.177	-0.968	0.042
H4	2.97	3	1	5	1.069	-0.767	-0.087
H5	3.266	3	1	5	0.972	-0.038	-0.361
H6	2.493	2	1	5	1.18	-0.551	0.579
S1	3.123	3	1	5	1.228	-1.009	-0.253
S2	3.059	3	1	5	1.152	-1.009	-0.019
S3	3.217	3	1	5	1.141	-0.722	-0.254
S4	3.113	3	1	5	1.154	-0.788	-0.262
S5	2.33	2	1	5	1.098	-0.344	0.641

S6R	2.438	2	1	5	1.174	-0.474	0.636
S7R	2.626	2	1	5	1.211	-1.034	0.232
RelCap1	2.369	2	1	5	1.23	-1.251	0.32
RelCap2	1.828	1	1	5	1.043	1.011	1.269
RelCap3	2.296	2	1	5	1.046	-0.775	0.319
RelCap4	2.823	3	1	5	1.274	-1.162	0.006
RelCap5	2.079	2	1	5	0.969	-0.136	0.626
Perf1	2.552	3	1	5	1.216	-1.167	0.152
Perf2	2.315	2	1	5	1.294	-1.181	0.495
Perf3	1.911	2	1	5	1.003	-0.004	0.916
Perf4	2.172	2	1	5	1.062	-0.571	0.52
Perf5	2.502	2	1	5	1.071	-0.79	0.2
Perf6	2.128	2	1	4	0.89	-0.694	0.337
Perf7R	2.355	2	1	5	1.141	-0.844	0.412
Perf8R	2.512	2	1	5	1.129	-0.664	0.466

Source: Prepared By The Author.

5.2. DATA ANALYSIS

5.2.1. Descriptive Analysis

Looking into the countries of importers (Table 7) covered by the sample, Lebanon (24%) and Palestine (21%) are the most importing countries to which the respondents belong as both are among the Arab countries that rely the most on importing to meet the needs of their local markets (OEC, 2021). On the other hand, Table 8 shows that Turkey is by far the most sought exporting market for the (importing) Arab respondents (56%) followed by Egypt (17%) and China (10%). This comes of no surprise considering that Turkey's exports to Arab-majority countries (in the year 2019) were worth \$17 billion or about 19% of the total (Al-Monitor, 2020).

Table 7: Importer and Exporter Countries

Importer Country			Exporter Country		
Country	Frequency	Percent	Country	Frequency	Percent
Lebanon	48	23.6	Turkey	114	56.2
Palestine	42	20.7	Egypt	35	17.2
Libya	24	11.8	China	21	10.3
Iraq	19	9.4	Indonesia	6	3
Saudi Arabia	18	8.9	Brazil	5	2.5
Jordan	12	5.9	Syria	4	2
Kuwait	12	5.9	Britain	3	1.5
Algeria	10	4.9	Italy	3	1.5
Egypt	8	3.9	Jordan	3	1.5
Tunisia	3	1.5	America	2	1
UAE	2	1	France	2	1
Bahrain	1	0.5	Malaysia	2	1
Morocco	1	0.5	Canada	1	0.5
Oman	1	0.5	Lebanon	1	0.5
Qatar	1	0.5	Spain	1	0.5
Sudan	1	0.5			
Total	203	100	Total	203	100

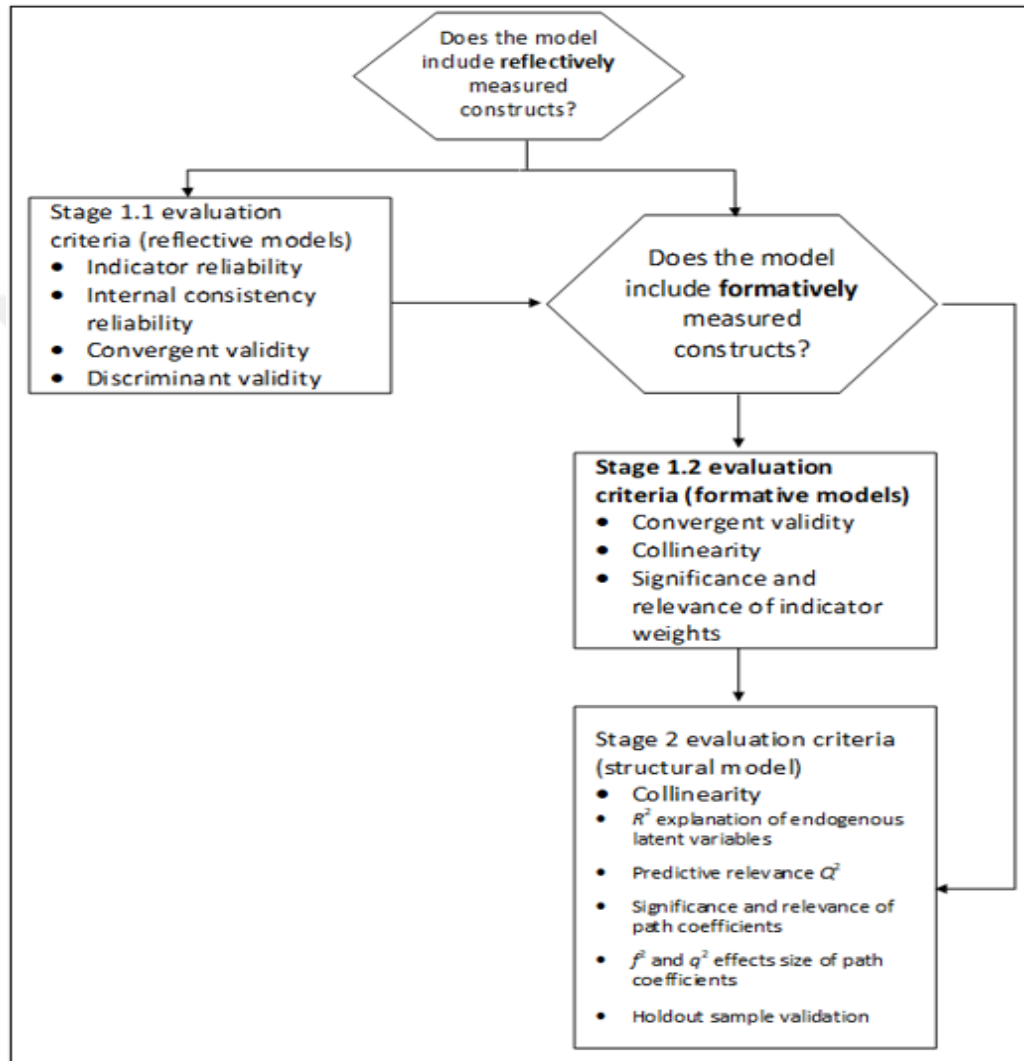
Source: Prepared By The Author.

5.2.2. Factor Analysis

Sarstedt et al. (2014: 17) present the process for evaluating PLS-SEM results (as illustrated in Figure 6) that explains part of the analytical process conducted in this dissertation. Despite the fact that many guidelines have been developed by researchers for evaluating PLS-SEM results (e.g., Tenenhaus et al., 2005: 159; Henseler et al.: 713, 2009; Götz et al., 2010: 691; Hair et al., 2017: 107), Sarstedt et al.'s (2014: 132) guidelines, which begin with the measurement model evaluation and continue with the

structural model assessment, provide guidance for assessing the sufficiency of the results (Sarstedt et al., 2017: 16).

Figure 6: PLS-SEM Model Evaluation



Source: Sarstedt et al., 2017: 16.

The model estimation uses the basic PLS-SEM algorithm by Lohmöller (1989: 199) using the default settings in the SmartPLS3 (Sarstedt et al., 2017: 29). Regardless of the fact that many rules for evaluating PLS-SEM findings have been developed by researchers (e.g., Tenenhaus et al., 2005: 159), Sarstedt et al. (2014: 132) guidelines, which begin with measurement model evaluation and continue with structural model assessment, provide guidance (Sarstedt et al., 2017: 16). The reflective measurement

models must be assessed (Stage 1.1) without having to continue to Stage 1.2 (formative models) since the main constructs in the study model are only reflective (i.e., Mojamla+Hamola, Somah, RelCap, Performance). In the case of reflectively specified constructs, as in this study, Stage 1 is commenced by examining the indicator loadings. Loadings above 0.70 indicate that the construct explains more than 50% of the indicator's variance, demonstrating that the indicator exhibits a satisfactory degree of reliability (Hair et al., 2011: 145).

The unique and common item variation of a scale is what is measured by the coefficient alphas (Gerbing and Anderson, 1988: 411). Hair et al. (2006: 110) suggest that construct dependability (CR) be used in place of the conventional coefficient alpha in combination with SEM models in this regard. CR is derived from the sum of the error variance terms for a construct I and the squared sum of the standardized factor loadings I for each construct. As a rule of thumb for construct validity, Hair et al. (2010: 50) suggests standardized loading estimates of 0.5 or higher. Several items have loaded poorly in initial factor loadings (see Table 8), namely: M3, M4, M5 (for Mojamala), H2 and H6 (for Hamola), and Perf8R (for Performance).

Table 8: Initial Factor Loadings

Outer Loadings					
	Mojamla	Hamola	Somah	RelCap	Performance
M1	0.52				
M2	0.426				
M3	0.32				
M4	0.349				
M5	0.104				
H1		0.625			
H2		0.481			
H3		0.661			
H4		0.592			
H5		0.717			
H6		0.344			
S1			0.56		
S2			0.728		
S3			0.478		
S4			0.585		
S5			0.513		

S6R			0.697		
S7R			0.54		
RelCap1				0.838	
RelCap2				0.705	
RelCap3				0.641	
RelCap4				0.546	
RelCap5				0.796	
Perf1					0.793
Perf2					0.903
Perf3					0.82
Perf4					0.811
Perf5					0.622
Perf6					0.583
Perf7R					0.775
Perf8R					-0.004

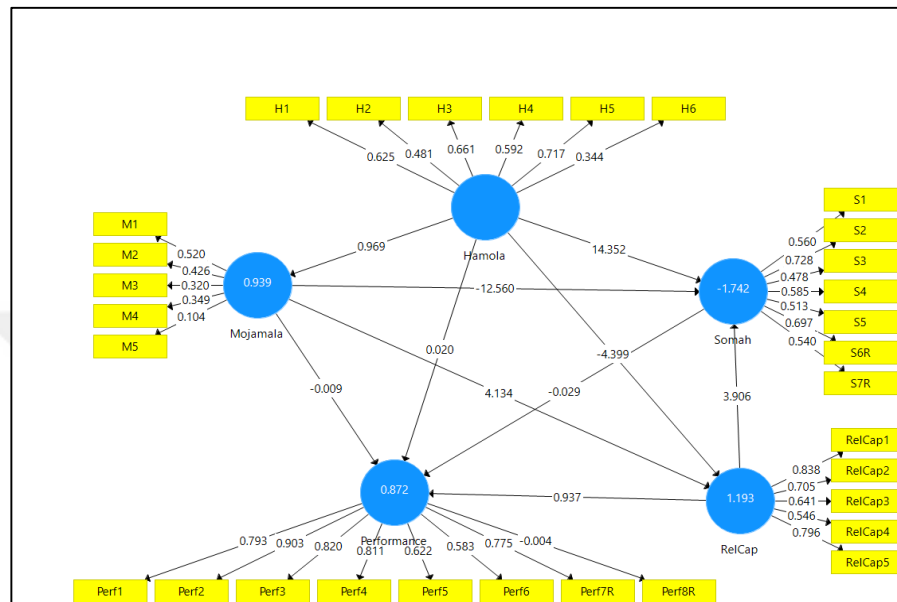
Source: Prepared By The Author.

The initial factor loadings suggest that the construct validity could be further improved. The discriminant validity assessment aims to ensure that a reflective construct has the strongest relationships with its indicators (e.g., in comparison with any other construct) in the PLS path model (Hair et al., 2022: 52). The discriminant validity using the Fornell-Larcker Criterion and Henseler et al.'s (2015: 713) Heterotrait-Monotrait Ratio (HTMT) indicate that discriminant validity was not established among some of the constructs. For example, the Fornell-Larcker criterion suggests that the square root of the average variance extract (AVE) of Mojamala (0.371) is less than that of Hamola (0.969) and Somah (0.843) (SmartPls3 provides the values within its generated reports). Moreover, using the (newer) HTMT criterion to test the discriminant validity based on Gold et al.'s (2001) threshold value of 0.90, it can be seen that the discriminant validity has hardly been established between Mojamala and Hamola whereby HTMT (Mojamala, Hamola) is almost equal to 0.90.

A scale reliability test for each of the scales (Hamola, Mojamala, Somah, Relational Capital, and Relationship Performance) was undertaken using SMARTPLS3 (Figure 7). The Cronbach's alpha is a measure of internal consistency, i.e., how closely related a set of items are as a group (Cortina, 1993: 98). As shown in Table 9, the measurement model assessment indicates that the constructs are fairly

acceptable (above 0.7) except for Mojamala (0.444) meaning that some of its items should be reconsidered.

Figure 7: Measurement Model Results for the Initial Model in SmartPLS 3



Source: Prepared By The Author Using SMARTPLS 3.

Table 9: Measurement Model Assessment for the Initial Model

	Cronbach's Alpha	Composite Reliability	Average Variance Extracted		
Mojamala	0.444	0.407	0.137		
Hamola	0.746	0.747	0.340		
Somah	0.789	0.787	0.351		
Relation Capital	0.836	0.835	0.508		
Performance	0.863	0.878	0.513		
Discriminant Validity					
Fornell-Larcker Criterion					
	Mojamala	Hamola	Somah	Relation Capital	Performance
Mojamala	0.371				
Hamola	0.969	0.583			
Somah	0.843	0.645	0.592		
Relation Capital	-0.13	-0.393	-0.105	0.713	
Performance	-0.136	-0.376	-0.122	0.934	0.716
HTMT					
	Hamola	Mojamala	Performance	Relation Capital	Somah
Hamola					
Mojamala	0.898				
Performance	0.387	0.258			
Rel Capital	0.398	0.279	0.941		
Somah	0.625	0.827	0.168	0.141	

Source: Prepared By The Author.

Given the results of the initial factor analysis and following the suggestion by Berger et al. (2015a: 459, 2020: 2211) to run another PCA limiting the number of components to 2, 3, and 4, a follow-up PCA (using SPSS) for Wasta was administered using (Hamola, Mojamala, and Somah) to determine the appropriate number of Wasta dimensions that can attain an established discriminant validity. After several iterations with the number of components as shown in Table 10, findings showed optimal factor loadings of Wasta items on two components rather than on three or four components. The Kaiser–Meyer–Oklin (KMO) value was .817, which exceeds the recommended threshold of .60 (Kaiser, 1960) and Bartlett’s test of sphericity was statistically significant ($p < .001$) (Bartlett, 1950). As seen in Table 10, one component emerged

for each case with S1–S7R (Somah) consistently having high loadings (higher than 0.60) on factor 1 (Awang, 2016).

Table 10: PCA Factor Loadings for 2, 3, and 4 Components

Items	2 Factors		3 Factors			4 Factors			
	1-S	2-M+H	1-S	2-H	3-H	1-S	2-H	3-M	4-M
M1	0.076	0.676	0.297	0.532	0.089	0.108	0.544	0.686	-0.01
M2	0.252	0.614	0.305	0.420	-0.159	0.333	0.461	0.691	-0.516
M3	0.283	0.525	0.546	-0.121	0.446	0.537	-0.067	0.457	0.678
M4	0.132	0.385	0.150	0.328	0.430	0.121	0.155	0.339	0.737
M5	0.076	0.458	0.055	-0.075	0.581	0.05	0.025	0.486	0.469
H1	0.382	0.453	0.246	-0.013	0.636	0.258	0.635	-0.043	-0.058
H2	0.421	0.540	-0.110	0.394	0.659	-0.109	0.623	0.408	0.179
H3	0.133	0.803	0.138	0.656	0.138	0.147	0.808	0.046	0.09
H4	0.111	0.705	0.136	0.698	0.089	0.14	0.684	-0.097	0.164
H5	0.218	0.651	0.541	0.360	0.104	0.546	0.369	0.085	0.025
H6	0.324	0.284	0.091	0.573	-0.204	0.099	0.524	-0.351	0.035
S1	0.725	0.204	0.591	0.160	0.067	0.581	0.119	-0.161	0.319
S2	0.668	0.229	0.497	0.295	0.356	0.677	0.271	-0.018	0.379
S3	0.670	0.347	0.696	-0.006	0.053	0.701	0.01	0.155	-0.084
S4	0.765	0.226	0.721	-0.026	0.258	0.722	0.02	0.37	-0.024
S5	0.689	0.336	0.628	0.203	-0.081	0.626	0.157	-0.154	0.168
S6R	0.611	0.322	0.632	0.276	0.111	0.63	0.265	-0.001	0.166
S7R	0.646	0.394	0.679	0.241	-0.212	0.686	0.2	-0.232	-0.054

Values in bold indicate items that need to be considered as part of the component.

Rotation method: Varimax with Kaiser Normalization.

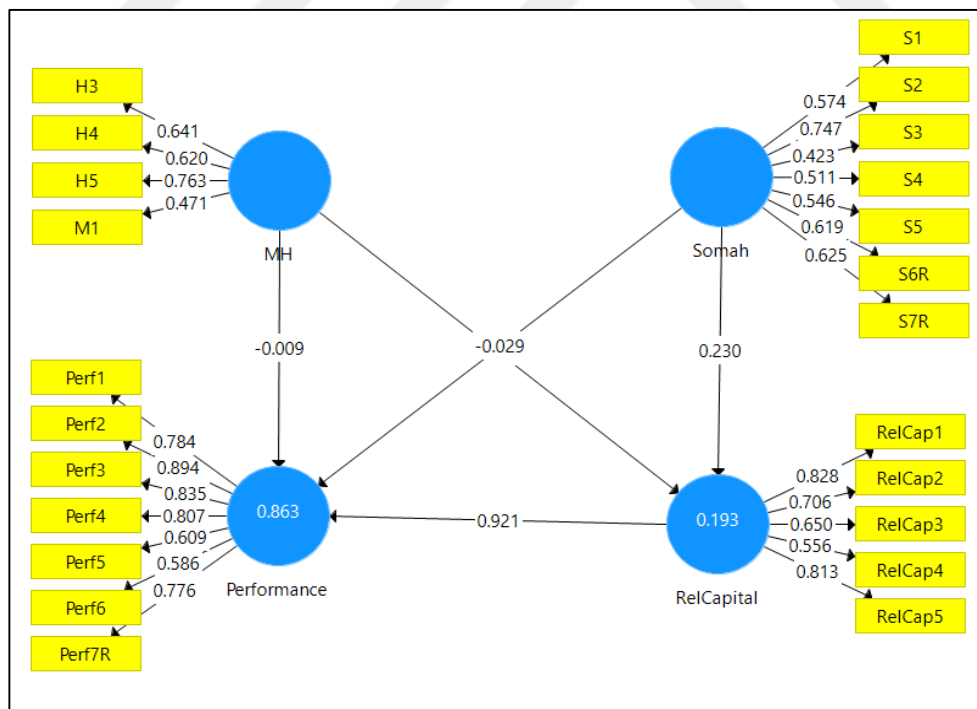
Source: Prepared By The Author.

When checking the reliabilities of the scales produced by these potential four components, it was found that Somah with its 7 items yielded a satisfactory Cronbach's alpha for 0.785. The same was done for Hamola also giving a satisfactory value of 0.735 in the case of 4 components. However, the reliabilities for the other two components were inadequate: 0.467 for M1–M2 and .470 for M3–M4. This implies that even if 3 or 4 components were extracted, the scales would provide only low-

moderate reliability. Berger et al. (2015a, 2020), having both developed and tested the Wasta scale used in this study, showed that the items of Wasta loaded best on two factors, better rather than on 3 or 4 components. Like in both studies, the PCA, in this case, yielded two factors corresponding to ‘Somah’ and a joint factor for ‘Mojamal+Hamola’.

It is worth noting that in the two studies by Berger et al. (2015a, 2020), the dimension of Somah was significant, whereas that of Mojamala was the least salient even compared to Hamola. As a result, a new model was created for this study whereby Wasta is represented by two dimensions: Somah (S) and Mojamala+Hamola (MH). Also, one item from Relation Performance (Perf8R) was omitted to improve the construct reliability (Cadogan et al., 2006). Consequently, the new model was constructed in SMARTPLS3, and another factor analysis was executed (using the same default settings as earlier) as seen in Figure 8.

Figure 8: Measurement Model Results for the Improved Model in SmartPLS3



Source: Prepared By The Author Using SMARTPLS 3.

It could be noticed from the measurement model results for the improved model (see Figure 8) and the factor loadings for the adjusted constructs (see Table 11)

that several items from both Hamola and Mojamala were omitted from the model. Earlier studies testing the original Wasta scale (Berger et al., 2015, 2020) have also resorted to such modifications albeit ending up with a different set of items for the dimensions. Moreover, the efforts to test the items of the dimensions in this study are in line with the recommendations by Cadogan et al. (2006) to improve the model. The results of the factor analysis showed notable improvements despite witnessing some poor factor loadings for certain items such as M1 and M2, however, since the CR values of the constructs show good values above 0.7 (Hair et al., 2010), such relatively poor loadings could be retained especially if they fit the context of the study and serve the interpretation of the variables (Kite and Whitley, 2018: 17).

Table 11: Factor Loadings for the Adjusted Constructs

Outer Loadings				
	Mojamala+Hamola	Somah	Relation Capital	Performance
M1	0.479			
H3	0.652			
H4	0.623			
H5	0.801			
S1		0.569		
S2		0.706		
S3		0.477		
S4		0.551		
S5		0.539		
S6R		0.628		
S7R		0.65		
RelCap1			0.832	
RelCap2			0.711	
RelCap3			0.636	
RelCap4			0.541	
RelCap5			0.803	
Perf1				0.79
Perf2				0.905
Perf3				0.832
Perf4				0.792
Perf5				0.619
Perf6				0.593
Perf7R				0.777

Source: Prepared By The Author.

Furthermore, the AVE values for MH and Somah are below (0.50) but Fornell and Larcker (1981: 45) suggest that an AVE below 0.5 is acceptable in case the CR is higher than 0.6, indicating that the convergent validity of the construct is still adequate in this model. As for the discriminant validity, it is used to show that measures (that should not be related) are not related. This test is conducted by showing that the square root of the AVE of each latent variable is greater than the correlation coefficients (Zait and Berteau, 2009: 217). Results in Table 12 indicate that all constructs seem unrelated to each other except Relational Capital and Relationship Performance as the square of their correlation (0.96) is significantly greater than the values of their AVE (0.508 and 0.586 respectively) but still less than 1 (Henseler et al., 2015: 124). However, this does not contradict the literature as several studies have shown that certain items related to trust and reciprocity within relationships may affect relationship performance (e.g., Kobernyuk et al., 2014; Yen and Barnes, 2011, Berger et al., 2017a).

As a result, all four reflective measurement models are found to meet the necessary assessment requirements. More particular, the bulk of the outside loadings are acceptable (> 0.50), indicating that all indications are reliable. Furthermore, as previously justified, all AVE values are declared acceptable, lending support to the measures' convergent validity. CR readings of 0.725 and higher are obviously above the predicted minimum of 0.70. Furthermore, Cronbach's alpha values range from 0.734 to 0.907, which is adequate.

Moreover, all ρ_A (rho A) values fulfill the 0.70 criterion for the reliability coefficient (Dijkstra and Henseler, 2015), which typically produces a value between Cronbach's alpha and the CR (ρ_c). These findings imply that the construct measures Somah, Mojamala+Hamola (MH), Relation Capital, and Performance have adequate levels of internal consistency and reliability. The discriminant validity of correlations was examined using the HTMT. The HTMT of correlations is a measure of similarity across latent variables that is the mean value of the indicator correlations across constructs. All HTMT values are less than the conservative threshold of 0.90 (Henseler, 2015: 121), implying a reasonable exception between Relation Capital and Performance (Table 12). Results of the reflective measurement model assessment suggest that all construct measures exhibit satisfactory levels of reliability and validity, therefore, the assessment of the structural model can be proceeded with.

Table 12: Measurement Model Assessment for the Improved Model

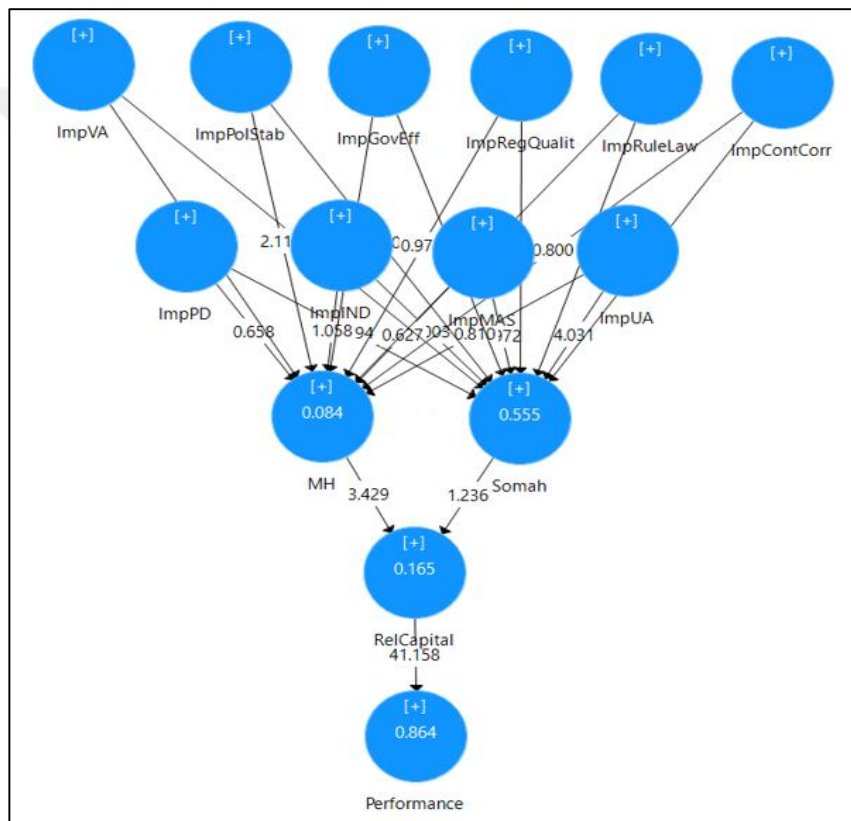
	Cronbach's Alpha	CR	AVE	
Mojamala+Hamola	0.727	0.722	0.400	
Somah	0.784	0.780	0.343	
Relation Capital	0.836	0.839	0.508	
Performance	0.906	0.906	0.586	
Discriminant Validity				
Fornell-Larcker Criterion				
	Mojamala+Hamola	Somah	Relation Capital	Performance
Mojamala+Hamola	0.601	-	-	-
Somah	0.661	0.593	-	- 0.122
Relation Capital	-0.347	-	0.713	0.934
Performance	-0.345	-	-0.106	0.766
HTMT				
	Mojamala+Hamola	Somah	Relation Capital	Performance
Mojamala+Hamola	-	-	-	-
Somah	0.654	-	0.141	0.654
Relation Capital	0.367	-	-	0.367
Performance	0.331	-	-	-
Model Fit				
	Saturated Model		Estimated Model	
SRMR	0.064		0.064	
NFI	0.745		0.745	

Source: Prepared By The Author.

5.2.3. Structural Model Assessment

A (two-tailed, significant, 0.05 significant level) complete Consistent PLS Bootstrapping of 5000 resamples, as recommended by Hair et al. (2014: 112), was run for the model after adding the dimensions of the formal and the informal institutions as shown in Figure 9.

Figure 9: Path Model using SMARTPLS3



Source: Prepared By The Author Using SMARTPLS 3.

The paths proposed in the research framework are reflected in the structural model. The coefficient of determination (R²), cross-validated redundancy (Q²), and significance of routes are used to evaluate structural models (path coefficients). The strength of each structural path is determined by the R² value for the dependent variable, and the value for R² should be greater than 0.1 to be considered good (Hair et al., 2014: 113) (Falk and Miller, 1992: 80). Findings in Table 13 reveal that all R²

values are greater than 0.1, except for MH ($R^2=0.084$), showing that MH's independent variable (political stability) only partially explains its variability. Thus, the ability to predict is established. The results show that there is significance in the prediction of the constructs (Table 13). In addition, the model fit was assessed using SRMR. The value of SRMR was 0.064, this is below the value of 0.10, indicating an acceptable model fit (Hair et al., 2016: 112).

Table 13: Path Coefficients

H.	Relation	β	STDEV	T Statistics	P Values
H1a	ImpPolStab→Mojamala+Hamola	-0.255	0.120	-2.119	0.034
H1a H1b	ImpContCorr→Mojamala+Hamola	-0.135	0.169	-0.800	0.424
H1a H1b	ImpGovEff →Mojamala+Hamola	0.003	0.145	0.022	0.982
H1a H1b	ImpRegQualit→Mojamala+Hamola	0.124	0.127	0.973	0.331
H1a H1b	ImpRuleLaw→Mojamala+Hamola	0.033	0.184	0.181	0.857
H1c	ImpPolStab→Somah	-0.263	0.111	-2.370	0.018
H1c	ImpRegQualit→Somah	-0.268	0.100	-2.693	0.007
H1c	ImpContCorr→Somah	0.244	0.150	1.625	0.104
H1c	ImpGovEff→Somah	-0.009	0.154	-0.058	0.954
H1c	ImpRuleLaw→Somah	-0.199	0.200	-0.996	0.319
H2a H2b	ImpIND→Mojamala+Hamola	-0.124	0.117	-1.058	0.290
H2a H2b	ImpMAS→Mojamala+Hamola	0.063	0.101	0.627	0.531
H2a H2b	ImpUA→Mojamala+Hamola	-0.082	0.101	-0.810	0.418
H2a H2b	ImpVA→Mojamala+Hamola	0.091	0.105	0.860	0.390
H2a	ImpPD→Mojamala+Hamola	0.074	0.113	0.658	0.511

H2b					
H2c	ImpUA→Somah	0.334	0.083	4.031	0.000
H2c	ImpIND→Somah	0.118	0.117	1.003	0.316
H2c	ImpPD→Somah	0.094	0.095	0.994	0.320
H2c	ImpVA→Somah	0.115	0.098	1.177	0.239
H2c	ImpMAS→Somah	0.153	0.078	1.972	0.049
H3a	Mojamala+Hamola→Relation	0.506	0.148	3.429	0.001
H3b	Capital				
H3c	Somah→Relation Capital	0.204	0.165	1.236	0.216
H4	Relation Capital→Relationship Performance	0.930	0.023	41.158	0.000
		R²		Q²	
Mojamala+Hamola (MH)		0.084		0.011	
Relation Capital		0.165		0.053	
Relationship Performance		0.864		0.420	
Somah		0.555		0.136	

Source: Prepared By The Author.

After the assessment of the model fit, hypotheses were tested to ascertain the significance of the relationship. H1 examines whether the presence of more favorable formal institutions in the importer's country negatively affects Wasta through Mojamala (H1a), Hamola (H1b), and Somah (H1c). The results revealed that the presence of higher scores of formal institutions in the importer's country than in the exporter's country has a significant negative impact on Mojamala and Hamola through Political Stability ($\beta = -.255$, $t = -2.119$, $p < .05$). This indicates that when the importer's country is characterized by higher political stability compared to the exporter's country, the need for empathy and the act of reciprocity (exchange of favors or gift giving) is dispensable whereby the government is perceived to be stabilized and can thus govern business transactions by enforcing the law to preserve the rights of the business counterparts without the need for stressing on strengthening interpersonal liking and exchange of favors. H1a and H1b are thus partially supported as the direction of the relationship between political stability and each of Mojamala and Hamola is negative. Similarly, findings show that the presence of higher scores of

formal institutions in the importer's country has a significant negative impact on Somah through both Political Stability ($\beta = -.263$, $t = -2.370$, $p < .05$) and Regulatory Quality ($\beta = -.268$, $t = -2.693$, $p < .05$) exclusively, this, partially supporting H1c, implying that the presence of more favorable political and regulatory policies at the importer's country compared to those in the exporter's country diminishes the need to build Somah, i.e., improving long-term relationship commitment among the business partners. Therefore, H1 is partially supported.

H2 examines whether the presence of higher scores of informal institutions in the importer's country than in the exporter's country has a significant positive impact on Wasta through Mojamala (H2a), Hamola (H2b), and Somah (H2c). Results confirm the positive effect of higher scores of informal institutions at the importer's country on the utilization of Somah, namely through Uncertainty Avoidance ($\beta = .334$, $t = 4.031$, $p < .05$) and Masculinity ($\beta = .153$, $t = 1.972$, $p < .05$). This implies that the higher levels of uncertainty avoidance in the importer's country amplify the need for establishing higher levels of trust and relationship commitment, while also the higher level of masculinity denoting the society's preference for achievement, assertiveness, and material rewards for success (Hofstede-insights, 2022) requires building trust and commitment among business counterparts. Thus, only H2c is supported whereas H2a and H2b are not, probably since the mentioned cultural traits in the importer's country favor sustainable long-term relationships among business counterparts (Larson, 1992: 87), extending beyond the short-term materialistic exchange of favors and sufficiently unproven loyalty. Thus, H2 is partially supported.

The effect of Wasta through each of its dimensions, Mojamala (H3a), Hamola (H3b), and Somah (H3c) on Relation Capital is examined by H3. Findings reveal a significant positive effect of Wasta on Relation Capital through Mojamala and Hamola ($\beta = .506$, $t = 3.429$, $p < .05$), suggesting that investing in loyalty and exchanging capital among business partners has a positive impact on the relationship between the business counterparts. Such finding reaffirms recommendations by previous studies urging business counterparts to invest in a rewarding two-way sustainable relationship in the Arab markets utilizing loyalty, personal liking, and unconditioned reciprocity (Berger et al., 2019; Shaikh et al., 2019). Meanwhile, no significant impact of Somah on Relation Capital is confirmed (H3c is not supported), proving that trust and

commitment are insufficient for strengthening and sustaining a relationship (Gounaris, 2005: 135; Berger et al., 2015a: 459), rather, Somah needs to be complemented by the professionalism and satisfying business outcomes for both business counterparts. Such finding is reported to be more salient in the younger generation of business people who appreciate visible outcomes over mere trust and interpersonal relationships (Berger et al., 2020: 2215). Considering these findings, H3 is partially supported.

Lastly, H4 posits that Relation Capital has a positive effect on Performance. Findings confirm a significantly high impact of Relation Capital on Performance ($\beta = .930$, $t = 41.158$, $p < .001$), supporting H4. Establishing and maintaining a strong relationship among business counterparts that is based on mutual trust, respect, and friendship is likely to yield favorable financial and non-financial outcomes for both sides. Such finding coincides with several previous studies (across different cultures and markets) confirming relational capital as an essential antecedent for firm performance (e.g., Kohtamaki et al., 2012; Thuy et al., 2005; Fazli et al., 2013; De Clercq and Sapienza, 2006). Table 14 summarizes the hypotheses test results.

Table 14: Hypotheses Test Results Summary

Hypotheses	Result	
H1a	Partially supported	H1: Partially Supported
H1b	Partially supported	
H1c	Partially supported	
H2a	Not supported	H2: Partially Supported
H2b	Not supported	
H2c	Partially supported	
H3a	Partially supported	H3: Partially Supported
H3b	Partially supported	
H3c	Not supported	
H4	Supported	H4: Supported

Source: Prepared By The Author.

The examination of total effects between constructs, including all their indirect effects, can provide a more comprehensive picture of the structural model relationships

(Nitzl et al., 2016: 1855). Upon examining the indirect effects, several significant indirect effects are detected. First, Mojamala+Hamola has a significant positive effect on Relationship Performance through Relation Capital ($\beta = 0.471$, $P < 0.05$), implying that building Wasta through loyalty and reciprocity among business counterparts is rewarding for the business as it yields mutual trust and respect in the long run. Also, the presence of more favorable Political Stability in the importer's country has a positive effect on Relation Capital ($\beta = 0.147$, $P < 0.05$) whereby higher scores of governmental and political stability in the importer's country can positively contribute to building and sustaining rewarding relationships due to a favorable business environment and more certainty for foreigner businesses. Ultimately, a more favorable Political Stability in the importer's country has a significant positive impact on Relationship Performance ($\beta = 0.137$, $P < 0.05$), it is the only relationship extending from the independent dimensions of the institutional distance to the outcome in the model, Relationship Performance. Eventually, a higher score of political stability in the importer's country turns out to be the key institutional factor that fosters higher performance out of a business relationship as it provides a suitable environment for business counterparts to invest in their relationship and strengthen it as they reap its financial and non-financial benefits (Gibson, 2004: 215; Lages et al., 2004: 1208).

CONCLUSION

This study aimed to empirically investigate the antecedents and outcomes of Wasta in the IB context. This was conducted through a novel conceptual model that combined the antecedents and outcomes of Wasta, rather than exclusively any of them, through the combination of the institutional theory and the social network theory. The study was based on data collected from a sample encompassing various Arab countries instead of the traditional approach of focusing on a single country, a path analysis of data was then carried out for a better exploration of correlation within the defined variables in the model.

The results indicate that institutional distance has a partial impact on the utilization of Wasta in the hosting Arab markets through specific dimensions. The usability of Wasta is specifically dependent on the scores of institutions between the host and home countries in terms of political stability, regulatory quality, uncertainty avoidance, and masculinity. Further findings revealed that certain practices of Wasta are specifically effective in building the relationship capital of the business counterparts, which can yield significant improvements in the relationship performance.

In light of the mentioned findings regarding the antecedents and outcomes of Wasta, it should be noted that recent efforts to study Wasta have attempted to delve into its process and outline its distinctive dimensions rather than judging it as a whole concept (e.g., Brandstaetter et al., 2016). However, considering many existing studies have relied on conceptual approaches to explore Wasta, an empirical examination within a well-defined context would enhance the generalizability of findings across all Arab countries rather than a particular country. This study takes an empirical approach to operationalize Wasta, its antecedents, and outcomes through a definite operationalization method.

Wasta, the phenomenon investigated in this study as a multidimensional construct, is affected by institutional distance through specific dimensions, and Wasta, in turn, contributes to relational capital and eventually, relationship performance. Specifically, results reveal that institutional distance does partially affect the manifestation of Wasta, albeit in a dissimilar manner on each dimension of Wasta. As

an outcome, Mojamala and Hamola are the dimensions of Wasta having a significant positive impact on the relational capital while the latter has a strong positive effect on relationship performance.

To this date, this study is the only one to empirically examine the antecedents of Wasta from a detailed institutional profile perspective, namely, formal and informal institutional profiles. Results indicate that political stability profile negatively affects Mojamala and Hamola as opposed to the hypothesis. While previous studies have stressed the importance of building personal liking and encouraging reciprocity among foreign business counterparts (e.g., Buckley et al., 2006: 285; Leung et al., 2011: 1202), findings denote that the need for practicing such (potentially costly) acts is low since no significant outcomes are expected given favorable political conditions and stable political institutions. Such a finding is surprising given that previous studies reported a negative correlation between political stability and the establishment of trust (e.g., Brenčić and Žabkar, 2012: 459; Cezar and Escobar, 2015: 721) whereby inferior political stability in the host country can increase uncertainty and hinder trust-building. Moreover, a previous study by Abosag (2015: 155), which was conducted in a similar Arab context, stressed the need for establishing liking, trust, and commitment in business relationships. It is noteworthy to mention that such earlier studies, especially Wasta-related studies, did not consider the institutional variables while operationalizing Wasta, making such a result an emerging finding in this field as Wasta is examined using the institutional lens.

On the other hand, results reveal that favorable political stability in the host country reduces the urgency for trust-building (Somah) whereby the host country is characterized by a relatively stable government and positive political environment, thus the relationship between the business counterparts can flourish faster and easier as the regulatory system can reinforce the law and reduce the risk of breaching contracts. This coincides with existing findings by Kim (2010: 65) and Whitten et al. (2020: 18) highlighting the potential effect of political stability on IB. This finding provides an additional justification for the negative relationship between a higher score of political stability in the importer's country and the utilization of each of Mojamala and Hamola. Similarly, favorable regulatory institutions have an expected positive impact on the building of trust among business partners whereby the strengths and

weakness of a regulatory environment have been reported by the likes of Eden and Miller (2004) and Six (2013) to significantly impact trust-building in business relationships and mitigate the liability of foreignness in the host market. Therefore, heavily investing in improving personal liking, loyalty, and reciprocity is also not necessary under such regulatory conditions.

According to Hofstede (2001), national culture is strongly linked with company culture, therefore, culture has a direct influence on an organization. Examining institutional profile through its informal (cultural) components, findings reveal that only Somah, among Wasta dimensions, is positively affected by the informal institutional profile, namely in terms of uncertainty avoidance and masculinity. This implies that in host Arab countries characterized by relatively higher levels of uncertainty avoidance, which is the common trait for most Arab societies (Hofstede-insights, 2021), the need for relationship commitment and building trust is amplified. This coincides with a plethora of studies examining the impact of cultural dimensions on relationship building when entering an Arab market in the Middle East and North Africa (e.g., Samaha et al., 2014; Bouazzi and Lawal, 2018; Almutairi et al., 2021). Indeed, such studies do stress the importance of relationship building through trust and commitment in the Arab market as the Arabs generally prefer to avoid uncertainty and stray away from unorthodox behavior and ideas (Soriano, 2014: 378). In addition, earlier studies attempting to conceptualize Wasta from a cultural perspective did reach similar conclusions, albeit focusing solely on the historical context that may not apply to all Arab countries alike nowadays. Thus, this study presents empirical evidence to prove the impact of uncertainty avoidance on the need for trust-building and relationship commitment under the Somah dimension of Wasta.

Similarly, Somah is the only dimension to be positively impacted by the masculinity distance, which may be another indication that relationship commitment is highly desirable in relationships across the Arab markets since individuals from masculine cultures tend to be assertive (Brinkman et al., 2014). It is worth noting that the impact of masculinity vs feminism has not been widely examined in the IB literature, let alone in the Arab World, where future studies could focus on this specific cultural dimension and further examine its impact on IB relationships similar to the efforts by Calle et al. (2015: 290).

In line with the social network theory, Arabs have been historically known to highly admire loyalty and exchanging (unconditioned) favors, however, the findings of this study do not support these acts from a cultural perspective. This might suggest changing methods in managing relationships in the modern business era across the Arab World. In other words, while tribal affiliation and kinship have historically governed various types of social and business relationships (e.g., Hutchings and Weir, 2006: 276), recent studies such as that by Berger et al. (2020: 2211) suggest that the younger generation in the Arab World tend nowadays to emulate and demand much more based on Western culture (Snyder, 2015: 1033), modern business models, and ethical standards, resulting in an inevitable clash between generations (Khakhar and Rammal, 2013: 586). This can be evident by the absence of significant impact of individualism and power distance on any dimension of Wasta within this study. Increasing calls for re-inspecting the masculinity trait of the Arab culture argue that part of the Arabs has recently started to demonstrate a changing pattern of their personal lives, interjecting new notions of manhood, gender relations, and intimate subjectivities into their ways of being (Inhorn, 2015: 9). More insights regarding this cultural dimension and its impact are needed to uncover any possible disparities among different generations of Arab businesspeople, which would allow their foreign counterparts to better comprehend their preferences regarding the type of relationships and the means to establish trust toward joining a resourceful social network at the host country, especially in riskier and more complicated business relationships as in joint ventures or subsidiaries that were not covered by the scope of this study.

As a potential outcome of Wasta in IB relationships, findings encourage Mojamala and Hamola through loyalty to the relationship by the business counterparts while also demonstrating personal liking, which could enhance mutual respect and mutual trust in each other's competency and perception of business fairness. Such finding overlaps with that of Sefiani et al. (2018: 34), which is among the few empirical studies examining the outcomes of Wasta that highlights a positive impact of the utilization of Wasta on relational capital (e.g., enabling access to information, financial resources (trade credits), and recruiting). Nevertheless, the mentioned study measures Wasta solely through its networking capability feature from an entrepreneurial perspective in a specific Arabic country, Morocco. Still, more evidence from IB

studies examining culture-related relationships like Guanxi (e.g., Luo, 2007; Yu and Huo, 2019) do support a similar outcome through exhibiting personal liking and reciprocity (Dobrucali, 2020: 1136). Overall, it can be inferred that building relational capital in Eastern cultures, namely the Arab World and Chinese, requires an emphasis on consistent investment in relationships for fruitful relational outcomes.

Remarkably, relationship commitment and trust (Somah) are seemingly insufficient for building relational capital as shown in the analysis. This may be due to an emerging emphasis by business partners on experimenting with tangible input to the relationship rather than mere reliance on trust stemming from traditional kinship or family ties, hence, bringing to light (again) the need for further comparative studies on the utilization of Wasta and its perceived outcomes across different generations of businesspeople in the Arab World (Berger et al., 2020: 1122).

As an indirect outcome for Wasta, relationship performance is seen to be significantly improved through relational capital. As business partners succeed in sustaining their relationship through consistent tangible investment, their mutual trust and credibility can come to fruition in terms of improved relational, financial, and market performances. Considering the strong correlation between relational capital and performance, it is almost inevitable that in the Arab World, investing in building relationships from the early stages is crucial for notable performance improvements. This can be due to a reduction in transactional cost because of a lower probability of conflicts, mitigation of information asymmetry, cooperation, and relationship satisfaction (Barnett et al., 2013: 45; Khakhar and Rammal, 2013: 586). It is worth noting that the positive impacts of high relational capital on relationship performance may be even greater in IB relationships more complex than importing-exporting relationships as the IB literature suggests the performance of multinational subsidiaries and joint ventures can be notably enhanced through relational capital (Zaragoza-Sáez and Claver-Cortés, 2011: 297; Yayla et al., 2018: 1112). This can be further confirmed in the context of Wasta by future research as this study is limited by importer-exporter relationships.

a. Theoretical Implications

By integrating two theoretical approaches, this dissertation contributes to the understanding of some related constructs that have not been explored in depth in previous literature relating to institutional distance, Wasta, and relationship performance in international B2B relationships (i.e., institutional and social network theories). As a result, this contributes to a better understanding of the mechanism of institutional distance's impact on Wasta via formal political stability and regulatory quality distances, as well as informal uncertainty avoidance and masculinity distances. Given that the assessment of Wasta's antecedents was based on institutional theory, the findings of this study highlight the importance of developing and testing universal conceptual models that recognise the relationship between institutional distance and Wasta is not holistic (Ali and Weir, 2020). On the contrary, it is represented by certain institutional dimensions that have the only substantial impact on which specific elements (dimensions) of Wasta are used, comparable to the well-conceptualized and investigated Guanxi (GRX) dimensions.

Based on the social network theory, this study adds to the IB literature by exploring the factors that can assist in explaining the mechanism of Wasta to increase IB relationship performance through relational capital. It also responds to prior studies such as Hutchings and Weir (2006: 286). In doing so, it builds on earlier research based on the social network approach (e.g., Ramady, 2016; Abosag and Ghauri, 2022) to better comprehend the Wasta-relationship performance link (Berger et al., 2015a; Berger et al., 2020).

A sample that includes different (Arab) nations is useful for demonstrating the outcomes of Wasta in similar cultural contexts. This would allow both academics and practitioners to better focus on business relationship efforts and investments. This study also responds to an early empirical Wasta study by Berger et al. (2015a: 462) for future studies to address the generalizability issue by covering a larger geographic region in the Arab World to explore the Wasta model in additional Arab-influenced countries.

Lastly, the study will add to cross-cultural relationships in the context of institutions and could help in developing an understanding of formal and informal

institutions and their impact in major Eastern developing markets. This is particularly important since existing literature is short in studies developing measurement scales and empirically examining culture-related relationships beyond the Chinese Guanxi.

b. Managerial Implications

For managers interested in conducting business in an expanding Arab market environment, this study has various implications. First, managers must recognize the importance of Wasta in contemporary business since the political stability and regulatory strength of the host nation might influence the game's rules. Given that formal institutions in the Arab World are comparatively unstable and frequently subject to unanticipated disruptions (such as the Arab Spring), it makes sense to assume that Wasta can dictate the relationship between the business counterparts. This increases the likelihood that locals will use these native relationships to negotiate and retain the business performance in an international context. It's crucial for managers to remember that Wasta is used as a supplemental utility to make up for the weak or unreliable formal institutions because Arab societies are known for their high levels of uncertainty avoidance and greater levels of masculinity. Therefore, it is advised that managers show their Arab partners loyalty, likeability, reciprocity, trust, and relationship commitment in order to lessen the inefficiencies of formal institutions at the host. Additionally, business managers must take more initiative to demonstrate their good intent in terms of trust, loyalty, and dedication due to the Arab culture's emphasis on masculinity.

Similar to the Chinese, Arabs do also emphasize nurturing relationships as a priori for conducting business. Managers need to invest in building relationships with their Arab counterparts efficiently per the political conditions and the ability to enforce regulations in the host markets. However, Wasta should not be practiced in a general or as a standardized form, rather identifying the expectations of their Arab counterparts and the means to increase their mutual trust and credibility. For example, younger Arab businesspeople may not favor reciprocity or may not put much emphasis on close personal liking in the early stages of the relationship, unlike the elder generation who traditionally appreciate personal relationships over proficiency (Berger et al., 2020).

Thus, it may be more beneficial for foreign managers to gain the trust of their young Arab counterparts by proving their business proficiency and professionalism rather than relying on gift-giving or exchange of favors. Else, certain aspects of traditional Wasta, such as gift giving or exchanging favors, may be wrongly perceived as nepotism by the young Arab partner or it would simply be a costly yet ineffective practice. This is evident in certain Arab states witnessing economic modernization (such as the UAE), which may eradicate or dilute certain traditional business practices, including specific Wasta practices.

In addition, the conclusions of this study suggest that demonstrating loyalty to the business partner and offering help are generally the most effective means to nurture the relationship up to a level where it can serve as capital to gain access to different types of resources that can be hard to access outside the network. The quality of the relationship that is characterized by mutual trust, respect, and credibility, is shown to be almost proportionate to its financial and non-financial outcomes. Overall, this study provides clearer evidence that Wasta remains an effective means to overcome potential risks of the institutional distance and adapt to certain cultural traits in the Arab market to attain sustainable business success.

c. Limitations and Future Studies

It is important to note and explain two major limitations in this study to acknowledge the constraints that may affect the validity of the findings and draw suggestions for future research. Concerning the scope of the analysis, only data collected from Arab importers were analyzed to examine Wasta in terms of its antecedents and outcomes. This had limited the analysis of the business relationship to only one perspective, i.e., the Arab importer. Generally, previous Wasta-related IB studies have strangely overlooked this approach, only a few studies as by Houjeir and Brennan (2017: 496) have applied this approach. A dyadic approach to include both the importer and exporter could have provided a deeper insight into the perceived feasibility and usefulness of Wasta from both parties, especially from a non-Arab business perspective. Existing review studies, as by Aykol and Leonidou (2018: 1013), reported that IB studies examining exporter-importer relationships and culture-related

studies have mostly relied on single key-informant data. Unfortunately, a dyadic approach was not feasible for this study since it was too difficult to obtain responses from the two parties for each business relationship knowing that data collection was conducted amidst a critical business environment caused by the Covid-19 pandemic worldwide affecting the response rates in general (Hales, 2020). The presence of international trade exhibitions could have been a perfect opportunity to collect dyadic data, albeit the pandemic forced such exhibitions to be canceled while lacking effective alternatives.

Second, the scope of this study was limited to exporter-importer relationships. It could be noticed that the IB literature has examined mature culture-related relationships, namely Guanxi, in more complex IB relationships such as IJVs (e.g., Wilkinson et al., 2009) and subsidiaries (e.g., Gao et al., 2010) (see Appendix 2). Since Wasta is still at its nascent research stage in the IB literature, the current focus is to conceptualize and empirically examine its dimensions through a more convenient IB relationship setting as in this study. Moreover, the high difficulty to obtain data from relatively larger businesses (due to the Covid-19 pandemic) has limited the scope to the importing businesses since firms of all sizes could be covered by the sample, thus, improving the chances for an acceptable response rate.

In light of the study findings and their limitations, future studies could reveal new insights about the manifestation of Wasta in the IB by dwelling into the following research gaps. In terms of the methodological approach, future studies could study the antecedents and outcomes of Wasta from the perspectives of all business counterparts, simultaneously, to evaluate its applicability and usefulness, as well as the attitudes of the non-Arab counterpart to this practice. This could help also in concluding the applicability of Wasta in a non-Arab market, as the applicability and the effectiveness of Guanxi were tested outside the Chinese market by earlier studies, as by Wang (2019), especially that Arab expatriates and large Arab communities are widely presented across many foreign markets, including western countries.

As noted by Berger et al. (2015a: 462), most of the research undertaken on Wasta has not been directed by a robust theory. This is still notable in the IB literature as it does limit the efforts to explore Wasta further since a strong guiding theory is essential for the accumulation of empirical research into a coherent body of

knowledge, a point that this study attempts to bridge. As the aim of this study was to build and test a comprehensive Wasta model based on institutional theory and social network theory, future studies could examine a Wasta model from the lens of resource-based theory or agency theory, for example, to uncover and test further dimensions, antecedents, and outcomes of Wasta.

As some businesses may lack experience or are not highly committed to a foreign international market, local intermediaries could play a pivotal role in connecting IB business counterparts to mitigate certain shortcomings related to market inexperience, language barrier, or the liability of foreignness. For example, many Arab businesspeople often rely on intermediaries to carry out importing transactions with exporters or vice versa, the utilization of Wasta in such cases can be examined whereby the main business counterparts are not in a direct relationship, but rather moderated by the trade intermediary. Future studies could highlight this point and add the intermediary as an additional actor to the IB relationship and examine how the impact of Wasta is affected.

As the findings of this study could be limited by the fact that it examines Wasta in the context of the importer-exporter relationship, researchers could expand the study to cover other riskier and more complicated IB relationships, such as IJVs and wholly-owned subsidiaries, to uncover the applicability and impact of Wasta in such modes. This is worth researching as several Arab markets, notably the Gulf markets, have been attracting IB investments (Aminova et al., 2020: 8). The antecedents of successful international investments in the Arab markets could be examined in the context of Wasta, especially due to the complexities caused by cultural distances between business partners on one hand, and between coworkers on the other hand.

Lastly, as the findings of this study may have hinted at a weak impact of certain Wasta dimensions, it may be expected that disparities regarding the perception of the legitimacy or usefulness of Wasta among older and younger generations of Arab businesspeople are present. Further scrutiny among both generations of professionals could be vital to acknowledge the unnoticed shift in the function of Wasta in tribal Arab societies as it was traditionally salient whereas the younger generation of Arab professionals has been seemingly adopting Western business approaches due to their

frequent interaction with Western managers, modern education, and more empowerment (Badawi et al., 2019: 318).



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APPENDICES

APPENDIX 1: Examination of Culture in the Context of IB Relationships

Study	Objective	Methodology	Findings	Operationalization of Culture	Outcome
Abdou and Kliche (2004)	Analyze national and organizational culture differences between countries and their effect on the high failure rates of strategic alliances.	N/A	National and corporate culture variables influence engagement in strategic alliances in general.	National culture was examined using Hofstede's cultural dimension scores.	National cultural differences → engagement in strategic alliances
Alexander (2012)	Examines how the level of innovation connected with the decision to choose an equity-based or contractual alliance governance mechanism interacts with various levels of legal, normative, and cultural-cognitive institutions.	<p>Sample: 314 technology alliance portfolios.</p> <p>Data collection: External database sources.</p> <p>Measurement: Alliance Portfolio; Innovation; Institutional Pillar Variables.</p> <p>Data analysis: Regression.</p>	<p>In collectivist societies, contractual alliances produce more innovation.</p> <p>The combination between Uncertainty Avoidance and equity alliance strategies has a favorable and significant impact on innovation.</p>	<p>The measures for the normative institutional pillar and Uncertainty Avoidance were taken from Hofstede's scores (2001).</p>	<p>Contractual alliance (+) x collectivism (+) → innovation (+)</p> <p>Equity alliance portfolios x Uncertainty Avoidance (+) → innovation (+)</p>

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Blomstermo and Sharma (2006)	To investigate the choice for entry mode by service firms.	<p>Sample: 140 managers in Swedish service firms.</p> <p>Data collection: Questionnaire.</p> <p>Measures: Entry Mode (low vs high control entry), hard vs soft services, relational friction; cultural distance; Firm size.</p> <p>Data analysis: Logistic Regression.</p>	<p>As the cultural distance between both the investment firm and the country of entry grows, service firms are more likely to choose a high control entry option.</p>	<p>The cultural distance is measured by Kogut and Singh (1988).</p>	<p>Cultural distance (+) → degree of control (+).</p>
Ang and Michailova (2008)	To examine the choice of equity alliance mode by emerging economies firms in the institutional context.	<p>Sample: 628 cross-border alliances established in emerging economies.</p> <p>Data collection:</p>	<p>The chance of developing economy enterprises implementing the equity alliance model has a U-shaped</p>	<p>The cultural distance is measured by Kogut and Singh (1988).</p>	<p>Cultural distance (+) → Equity alliance mode.</p>

		secondary database.	relationship with cultural distance.		
		Measures: Alliance mode and cultural distance.	In developed host countries, the U-shaped link is more visible than in rising host countries.		
		Data analysis: Logistic Regression.			
Ank and Inkpen (2008).	To examine the role of firm intelligence associated with the creation and management of resources necessary in offshoring performance.	N/A	<p>Just businesses that have engaged in establishing the necessary intercultural competences will be able to effectively leverage IB.</p> <p>Uncertainty avoidance societies prefer highly ordered and thorough labor.</p> <p>Culture can complicate information sharing in cross-border knowledge flows.</p> <p>Culture can influence structural norms.</p>	Following Ang et al. (2007), cultural intelligence was operationalized as a four-factor model that includes metacognitive, cognitive, motivational, and behavioral dimensions.	<p>Uncertainty Avoidance (+) → Structuring and standardizing operating procedures (+)</p> <p>Cultural intelligence (+) → Knowledge sharing (+)</p>

Barkema and Vermeulen (1997).	Emphasizes on how Hofstede's five dimensions affect the persistence of global joint ventures and their frequency in comparison to wholly owned subsidiaries.	<p>Sample: 828 foreign entries.</p> <p>Data collection: Secondary database.</p> <p>Measurement: Longevity and Cultural distance.</p> <p>Data analysis: Regression</p>	<p>Disparities in Uncertainty Avoidance hinder a firm's tendency to set up an IJV.</p> <p>Differences in long-term orientation may reduce a firm's propensity to set up an IJV.</p> <p>The impact of cultural distance on IJV survival is found to be persistent</p>	The cultural distance was computed using Kogut and Singh (1988).	<p>Differences in Uncertainty Avoidance (+) → IJV survival (-)</p> <p>Differences in Long-term Orientation (+) → IJV survival (-)</p> <p>Differences in Uncertainty Avoidance (+) → propensity for IJV (-).</p> <p>Differences in Long-term orientation (+) → propensity for IJV (-).</p>
Barr and Glynn (2004).	To investigate cultural variations in the strategic issue labels of threats and opportunities.	<p>Sample: 276 American and international participants in graduate or executive management programs.</p> <p>Data collection: Questionnaire.</p> <p>Measures: 7-point scale measuring threat discrepancy and opportunity discrimination.</p> <p>Data analysis: CFA</p>	The cultural values of individualism, power distance, and masculinity are not strongly associated with the perception of threat and opportunity.	National culture was operationalized using Hofstede's cultural dimensions scores.	Uncertainty Avoidance (+) → Controllability with threat and opportunity (+).
Benito and Gripsrud (1992).	Develops and empirically tests a framework of the internationalization process.	<p>Sample: 201 cases representing investments undertaken by 93 Norwegian companies.</p>	A weak tendency for the first investments in relatively culturally closer markets is reported.	Kogut-Singh index was used as a measure of cultural distance.	The relation between culture distance and FDI location was not supported.

		<p>Data collection: Secondary database.</p> <p>Measurement: Number of Foreign Direct Investments, culture distance, the geographic distribution of FDI.</p> <p>Data analysis: Regression.</p>	The locations of subsequent investments are interrelated.		
Bhaskaran and Gligorovska (2009).	Studies how the following three forces shape organizational values and practices (organizational culture) in relation to relationships between transnational alliances.	<p>Sample: 376 CEOs.</p> <p>Data collection: Questionnaire.</p> <p>Measurement: Five-point Likert scale (trust, commitment, cooperation, dependence, communication, compatibility, social bonding).</p> <p>Data analysis: Regression.</p>	Organizations outlining the national cultural typologies exhibit homogeneity in their beliefs about and behaviors toward their trans-national alliance partners.	Information based on a review of extant studies on national culture, organizational culture, and the B2B relationship was used to develop a structured close-ended questionnaire.	<p>The national culture of the organization (nationality of the owners and senior managers) → Organizational beliefs + behavior to partners.</p> <p>National culture → Organizational culture (small size firm with the active engagement of owners and CEOs in day-to-day activities).</p>
Brouters (2001).	Aims to explain the relationship between the national cultural distance and the entry mode choice.	<p>Sample: 231 firms (respondents: the manager/director of central and eastern European operations at the home (corporate) office of the sample firms).</p> <p>Data collection: Questionnaire.</p>	<p>Firms of large cultural differences tend to select JV modes of entry; when the total cultural distance is large, joint venture modes of entry are preferred.</p> <p>Firms opt for wholly-owned</p>	<p>Measures of home country cultural attributes were taken from Hofstede and Bond (1988).</p> <p>Measures of target country attributes were obtained from Hessels (1996).</p>	<p>Cultural distance (+) → Degree of control in entry mode (+)</p>

		Measures: Cultural distance and multinational experience. Hypothesis testing: Logistic regression.	modes of entry when cultural distance and investment risk are considered simultaneously.	The aggregate cultural distance was measured using the model specified in Morosini, Shane, and Singh (1998). Individual attribute cultural distance was calculated using the method suggested by Barkema et al. (1997).	
Bstieler and Hemmert (2008).	Tests a model of how certain relational elements, including communication quality; fairness, unresolved conflicts, and national culture affect the development of trust in two different cultures.	Sample: 100 project managers of vertical product development partnerships in South Korea and Austria. Data collection: structured Questionnaire. Measurement: 11-point Likert scale measuring trust, communication, fairness, and conflicts. Data analysis: Multiple regression.	The positive impact of communication quality on trust formation in new product development partnerships is weaker in Korea than in Austria.	National culture was coded for Korea and Austria.	National culture has been found to have a moderating effect on trust formation.
Rodríguez (2005)	To offer a model for analyzing the impact of country culture, management team culture, and personality attributes on top managers'	Sample: 84 managers in US-Mexican strategic alliances. Data collection: Questionnaire.	The social realities constructed by American and Mexican managers are associated with rules and norms bounded	National culture dimensions were measured based on Hofstede's (1980, 1984) cultural dimension scale.	The national culture of managers can determine their management style in ISA.

	management styles in US-Mexico strategic alliances.	Measurements: Seven-point Likert scale (National culture, TMT culture, manager's personality, and management style). Data analysis: Regression	primarily by the existing organizational culture within the alliance. Individualism-Collectivism is a source of intercultural fit while building shared leadership.		
Cho and Padmanabhan (2005).	Explores the influence of a firm's level of experience on the effect of cultural distance and the mode of foreign ownership.	Sample: 604 managers at manufacturing FDIs by Japanese firms Data collection: Secondary database. Measurement: Cultural distance and IB experience. Data analysis: Logistic Regression.	IB experience moderated cultural distance matters in foreign ownership mode choice.	The cultural distance was calculated using Hofstede's four indices (Hofstede, 1980; Hofstede and Bond, 1988) and the methodology developed by Kogut and Singh (1988).	Cultural distance x IB experience → Foreign ownership entry mode
Choi and Yenyurt (2015)	Examines the roles of multiple distance factors (i.e., national, industry, and firm) as determinants of international alliance formation across different motives of alliances (e.g., R&D, Manufacturing, and Marketing).	Sample: 110 pharmaceutical alliances spanning from 2000 to 2010. Data collection: Secondary database. Measurement: Formation of a particular type of alliance, innovation infrastructure distance, cultural distance,	Relative to marketing and manufacturing alliances, R&D alliances tend to have a smaller national, industry, and firm-specific distance.	The cultural distance was operationalized using Hofstede's five cultural dimensions and their scores were used to calculate cultural distance using the formula by (Kogut and Singh, 1988).	N/A

		institutional distance, geographic distance, knowledge distance, technological distance. Data analysis: Regression.			
Das and Rahman (2010).	Presents a framework of key determinants of partner opportunism in strategic alliances.	Conceptual study	<p>The chances of misinterpreting the partner's actions are high in the case of cultural disparities among partners.</p> <p>Partner opportunism may increase under cultural diversity.</p> <p>Ethnocentrism and self-centered approach by a partner may be caused by cultural distance.</p>	Conceptual study	<p>Cultural diversity (+) → Misinterpretation of the partner's actions (+).</p> <p>Cultural diversity (+) → Opportunism (+)</p> <p>Cultural distance (+) → self-centered and ethnocentric approach with alliance members (+)</p>
Dasí-Rodríguez and Pardo-del-Val (2015).	Analyzes the effect of cultural factors on the search for and selection of partners in cooperation agreements.	<p>Sample: 83 Spanish firms in international alliances.</p> <p>Data collection: Questionnaire.</p> <p>Measurement: 5-point Likert (national culture, the nationality of partner(s), firm size of the partner, prior relationship with a partner).</p>	Seeking and selecting a potential partner based on national culture can result in mutual trust with the potential partner through a rewarding hybrid culture.	The scale from Luo (2002) was used to collect data on willingness, trust, and creation of a hybrid/third culture and self-perceptions of culture's effects.	Hybrid culture creation through partner selection → cooperation agreements (+)

		Data analysis: Regression.			
Delerue and Simon (2009).	To examine the influence of national cultural values on the relational risk perception in alliance relationships.	<p>Sample: 344 managers of biotechnology SMEs located in 13 European countries.</p> <p>Data collection: Questionnaire.</p> <p>Measures: Using a 5-point Likert scale to measure the perception of defection risk, Perception of opportunistic behavior, Non-learning Risk, Encroachment risk, Contract role, and Relational capital.</p> <p>Data analysis: Regression.</p>	<p>Masculinity have a positive effect on encroachment risk perception and on non-learning risk perception.</p> <p>The greater the long-term orientation values associated with a manager's national culture does not lower the perceived relational risks.</p>	National culture was measured using Hofstede's cultural dimensions scores.	Each of the national cultural values affects the relational risk perception by managers differently.
Dong and Glaister (2007).	Examines the rationale and consequences of culture management undertaken by Chinese parent firms in their international strategic alliances.	<p>Sample: 238 Chinese international strategic alliances.</p> <p>Data collection: Questionnaire</p> <p>Measurement: 5-point scale (national culture difference, national culture importance, and trust).</p>	The perceived national and corporate culture differences can result in culture-related management hurdles and policies.	<p>Indices of individual cultural dimensions were taken from Hofstede (2001).</p> <p>The aggregate cultural distance was calculated using the formula specified in Morosini et al. (1998).</p>	Culture management policies → Perceived national culture differences.

		Data analysis: Regression.			
Drogendijk and Slangen (2006).	Examines and compares the effects of five measures of cultural distance on the choice by MNEs between expanding abroad through greenfield investment or acquisition.	<p>Sample: Senior managers of 821 Dutch MNE parents.</p> <p>Data collection: Survey.</p> <p>Measurement: Establishment mode, cultural distance, control variables.</p> <p>Hypothesis testing: Logistic Regression.</p>	MNEs tend to prefer Greenfields over acquisitions in the case of large cultural distance.	The cultural distance was measured using Hofstede's (1980) index.	Cultural distance (+) → Complexity/level of entry mode (+)
Eisend, Evanschitzky and Gilliland (2016).	The combined effect of the organization on the performance of new products, regulated by national culture, is the subject of a meta-analysis by the authors.	<p>Sample: 489 effect sizes (estimates of corporate culture effects on new product success) reported in 123 manuscripts with 140 independent samples.</p> <p>Data collection: Meta-analysis.</p> <p>Measurements: Organization culture, adhocracy, market, hierarchy, national culture, outcome, scale, timing, tech, product, and performance.</p>	<p>Individualism has a negative moderating role on the relationship between organizational culture and performance in the context of collectivist societies.</p> <p>Uncertainty Avoidance and the adhocracy culture have an inverted direct relationship, which means that an adhocracy culture can to an improved performance.</p> <p>As power distance</p>	Hofstede's index scores were applied to each country in which the data in the primary studies were collected.	<p>Organization culture with CLAN orientation (+) x collectivism (+) → performance (+).</p> <p>Adhocracy culture effect (+) x uncertainty avoidance (-) → performance (+)</p> <p>Hierarchy culture effect (+) x power distance (+) → performance (+).</p>

		Data analysis: Regression.	increases, power distance affects the positive impact of hierarchy culture on performance.		
Gammelgaard, Kumar and Worm (2013)	Explores the impact of national culture on outsourcing alliances through the lens of the discrepancy and concerning the developmental stages of the alliance.	N/A	The likelihood of process discrepancies for partners from relationship-oriented cultures increases in the case of unfamiliarity with the partner's firm culture.	N/A	Cultural distance/unfamiliarity (+) x cultural stereotyping (+) → Partners' discrepancy (from relationship-oriented cultures) (+).
Glaister and Buckley (1999)	Explores the association between a set of characteristics that may serve as success predictors at the time of alliance formation and a set of variables that arise throughout the operation of the alliance. Subjective measures of alliance performance are compared to these variables.	Sample: UK partner firms in 51 equity joint ventures and 22 non-equity joint ventures with partners from developed market economies. Data collection: Questionnaire. Measurement: Satisfaction, cost-benefit, cultural distance, prev. relationships, depth of analysis, partner activity compete. Data analysis: Regression.	Within the alliance, cultural differences do not always lead to negative outcomes. While the success of an alliance may require linking with a partner of similar culture, choosing a partner with a dissimilar culture can improve learning.	The cultural distance was measured using a composite index derived from the computation formula of Kogut and Singh.	Cultural differences of alliance partners (+) → learning (+) Perception of cultural difference (+) → learning process (+) and strength of the alliance (+).

Goerzen and Beamish (2005)	Examines the impact of alliance network diversity on multinational enterprise economic performance.	<p>Sample: 580 managers at large MNEs.</p> <p>Data collection: Survey database.</p> <p>Measurement: economic performance, alliance network diversity, product diversity, geographic diversity, network size, and industry profitability.</p> <p>Data analysis: SEM.</p>	Except in the case of very high levels of alliance network diversity, relative firm performance weakens as diversity rises.	Alliance network diversity was seen as affected by the national cultural diversity of alliances using the following items: Number of unique local partners, number of unique Japanese partners, and number of unique industries of partners.	<p>Alliance network diversity (+) → Alliance economic performance (-)</p> <p>Alliance network diversity (beyond the sample mean point) → alliance economic performance (+)</p>
Handley and Angst (2015)	Examines the influence of Individualism-Collectivism and Uncertainty Avoidance, respectively) on the interaction between relational and contractual governance, as well as their impact on opportunism in outsourcing relationships.	<p>Sample: 102 dyad relationships between customer and service provider responses.</p> <p>Data collection: Questionnaire.</p> <p>Measurement: national culture (individualism-collectivism; uncertainty avoidance), contractual governance, relational governance, service provider opportunism.</p> <p>Data analysis: Regression.</p>	<p>In high individualism cultures, the negative effect of contractual governance on opportunism is significant, albeit it is less so in more collectivist cultures.</p> <p>In collectivist cultures, relational governance has a stronger mitigating effect on opportunism.</p> <p>In high uncertainty avoidance cultures, contractual governance is less effective whereas</p>	National culture (individualism-collectivism; and uncertainty avoidance) measurements were based on Hofstede's cultural dimension scores.	<p>Contractual governance x individualism (+) and uncertainty avoidance (-) → opportunism (-)</p> <p>Relational governance x collectivism (+) and uncertainty avoidance(+) → opportunism (-).</p>

			relational governance is more effective in such cultures.		
Hennart and Zeng (2002)	Investigates whether national cross-cultural differences between JV parents lead to earlier JV dissolution.	<p>Sample: 97 joint ventures (23 Japanese-Japanese/ 74 Japanese-American).</p> <p>Data collection: Secondary database.</p> <p>Measurement: type of JV, size, age, number of the parties involved, and cultural distance.</p> <p>Data analysis: Regression.</p>	JVs between parents of the same country exhibit higher longevity than JVs between parents that come from different countries.	Hofstede's cultural dimensions scores.	The cultural distance of JV parents (+) → Longevity of IJV alliances (-).
Hsieh, Rodrigues and Child (2010)	Examines the implications of the risk perception by IJV partners on the configuration of control (in the post-formation governance of IJV)	<p>Sample: 71 managers of IJV.</p> <p>Data collection: Questionnaire.</p> <p>Measurement: 5-point Likert scale (assessing the domains of situational conditions, risk perception, and post-formation governance).</p> <p>Data analysis: Regression.</p>	The partner's perception of risk is attributed to the cultural differences.	Hofstede's cultural dimensions scale	Cultural differences (+) → Perceived risk by IJV partners (+).

Jean, Sinkovics and Kim (2010).	Analyzes the correlation learning in cross-border connections in the electronics industry, including its causes and performance outcomes.	<p>Sample: 246 managers.</p> <p>Data collection: questionnaire.</p> <p>Measurement: seven-Likert (firm's innovativeness orientation, trust, information technology advancement, and technological uncertainty are determinants of relationship learning).</p>	In both low and high contexts, the development of the relationship learning process within cross-border customer-supplier relationships can be shaped by national culture.	Communication culture (low or high context) was measured per Hall's (1976) approach.	In cross-border customer-supplier relationships, A supplier's innovativeness orientation (+) → Relationship learning (+).
Johnson, Cullen, Sakano and Takenouchi (1996).	Investigates the formation and outcomes of trust between partners in a specific form of strategic alliance,	<p>Sample: 225 senior managers in International Cooperative Alliances.</p> <p>Data collection: Questionnaire.</p> <p>Measurement: 6-point scale for (strategic integration between the two international cooperative alliance (ICA) firms, trust, cultural sensitivity, similarity, and complementarity).</p> <p>Data analysis: Regression.</p>	Greater cultural sensitivity in the focal firm results in higher levels of partner trust.	The measure of cultural sensitivity was based on items identified by Mendenhall and Oddou (1988) for effective cross-cultural training programs.	Cultural sensitivity (+) → Focal firm's strategic integration of ICA (+).

Kaufmann and O'Neill (2007).	Investigates how the partner companies' strategy decisions have helped them deal with the challenges brought on by their different cultural backgrounds.	<p>Sample: 89 senior manager joint ventures.</p> <p>Data collection: Questionnaire.</p> <p>Measurement: Joint venture type and cultural distance.</p> <p>Data analysis: Regression.</p>	<p>Culturally distant partners tend to choose joint venture with a marketing/supplier (more than culturally similar partners.)</p> <p>Culturally distant partners are less apt to enter into a joint venture with an innovation focus than culturally similar partners.</p>	The cultural distance was measured using the formula developed by Kogut and Singh (1988).	Cultural distance x domain focus → choice of alliance type
Kobernyuk, Stiles and Ellson (2014).	Investigates the effect of culture on the success of international joint ventures.	<p>Sample: 27 managers at international joint ventures.</p> <p>Data collection: Questionnaire/ interview.</p> <p>Measurement: Achievement of stated goals.</p> <p>Data analysis: Hierarchical cluster analysis.</p>	<p>The Russian partner often holds the majority of equity along with the management control.</p> <p>The dominant culture within an international joint venture tends to be that of the partner with the highest level of control and day-to-day influence.</p> <p>The notion of mutual trust in hybrid organizations appears more important to the success of IJVs than the adoption of a particular culture.</p>	National culture was operationalized by highlighting the value characteristics of Russians (Traditional Russians, change seekers, power-seekers, and altruists).	Culture dominance in IJV (+) → level of control and influence (+)

Kogut and Singh (1988)	Analyzed the effect of cultural traits, such as attitudes toward uncertainty, on the choice of entry method into the United States.	<p>Sample: 506 firms.</p> <p>Data collection: Secondary database.</p> <p>Measurement: Firm-level variables, industry-level variables, and country-level variables (cultural distance, and uncertainty avoidance).</p> <p>Data analysis: Regression.</p>	The choice of entry mode is influenced by the cultural distance and national attitudes towards uncertainty avoidance.	The measures for uncertainty avoidance and cultural distance were derived from Hofstede's (1980) indices.	<p>Cultural distance → Choice of entry mode.</p> <p>Uncertainty avoidance → Choice of entry mode.</p>
Kogut and Singh (1988)	Tests the influence of a country's cultural characteristics, including attitudes toward uncertainty, upon the choice of the mode of entry into the United States.	<p>Sample: 506 firms.</p> <p>Data collection: Secondary database.</p> <p>Measurement: Firm-level variables, industry-level variables, and country-level variables (cultural distance, and uncertainty avoidance).</p> <p>Data analysis: Regression.</p>	Cultural distance and national attitudes towards uncertainty avoidance influence the choice of entry mode.	The measures for uncertainty avoidance and cultural distance were derived from Hofstede's (1980) indices.	<p>Cultural distance → Choice of entry mode.</p> <p>Uncertainty avoidance → Choice of entry mode.</p>
Lee (1998)	Creates and evaluates a model of the factors that influence exporters' decision to team up with their	<p>Sample: 105 export managers.</p> <p>Data Collection: Questionnaire.</p> <p>Measurement: 7-</p>	Cultural distance has a direct and positive impact on opportunism	The perceived cultural distance was measured using the four-item scale developed by Johanson and Vahlne (1977).	<p>Perceived cultural distance → opportunism (+)</p> <p>Exporters' economic ethnocentrism (+) → opportunism (+)</p>

	foreign exchange counterparts in strategic partnerships.	point Likert scale (decision-making uncertainty; Economic ethnocentrism; Cultural distance; Opportunism; Performance; relational exchange; Duration of the relationship; exporters' intention to form international strategic alliances). Data analysis: Structural relationship.			
Li and Ferreira (2008)	Investigates the antecedents of MNC partnership formation by ISAs in emerging economies.	Sample: 286 ISAs formed between a US MNC and a local firm in emerging economies. Data collection: Secondary database. Measurement: Prior alliance partner, technological commitment, governance structure, institutional distance. Data analysis: Regression	The selection of prior partners for international strategic alliances in emerging economies is associated with the institutional distance between home and host country.	The institutional distance is measured using the cultural distance index (Kogut and Singh, 1988)	Institutional distance → ISA partner selection.

Li and Zhong (2003)	Investigates the creation of global R&D alliances and partnerships, which aim to utilize partners' resources and skills to share or advance technologies.	<p>Sample: 276 international R&D alliances established in China.</p> <p>Data collection: Secondary database.</p> <p>Measurement: Location of R&D alliance, number of partners, nature of local partner, first-time R&D investment in China by a foreign investor, national origin of the foreign investor, and alliance structure, thus covering geographic, partner, and structural characteristics of international R&D alliance.</p> <p>Data analysis: Regression.</p>	The formation of research-oriented alliances nests on several factors such as location, number of partners, nature of local partners, and national origin of foreign partners.	The cultural distance was measured using Hofstede's indices and by following the methodology by Kogut and Singh (1988)	Cultural distance (+) → Formation of research-oriented alliances in China (+).
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Dong and Glaister (2009)	Investigates the determinants of managers' perceptions of national and corporate culture differences.	<p>Sample: 238 key informants at Chinese parent firms.</p> <p>Data collection: Questionnaire.</p> <p>Measurement: 5-point scale for perceived national culture difference and corporate culture difference;</p> <p>Culture-related management impediments in the ISAs; Chinese partners' cultural sensitivity; Chinese partners' cultural management; and cultural distance.</p> <p>Data analysis: Hierarchical multiple Regression</p>	<p>The perception of Chinese managers about national culture differences and corporate culture differences is related to their experience with culture-related management impediments.</p> <p>The perception of national culture differences is found to be negatively associated with the extent to which Chinese partner firms have adopted cultural management policies.</p>	<p>Indices of individual cultural dimensions were taken from Hofstede (2001).</p> <p>The cultural distance was then calculated using the formula by Morosini et al. (1998).</p>	<p>Perception of national culture differences (+) → culture-related management impediments (+)</p> <p>Perception of national culture differences (+) x cultural sensitivity (+) → culture-related management impediments (+)</p> <p>Perception of national culture difference (+) → adoption of cultural management policies (-)</p>
Li et al. (2012)	Examines the effects of cultural alignment on firm performance within industry symbiotic.	<p>Sample: 61 international firms in China with industry symbiosis.</p> <p>Data collection: Questionnaire and panel data</p> <p>Measurement: organization collectivism, symbiotic ownership.</p>	In societies with a collectivistic cultural value, there is a significant and positive impact of organizational collectivism on accounting and market performances.	The cultural distance was determined using Hofstede's indices and following the methodology by Kogut and Singh (1988).	<p>National collectivism (+) x organizational collectivism (+) → accounting performance (+).</p> <p>National collectivism (+) x organizational collectivism (+) → market performance (+).</p>

		Data analysis: Regression.			
Lin and Guan (2015)	Examines how partners' decisions on influence strategies in an international strategic alliance are impacted by relative power and shared commitment; it also looks at the moderating effect that national cultures have on this relationship.	<p>Sample: 122 managers in the US and another 106 managers in China.</p> <p>Data Collection: Survey.</p> <p>Measurements: Commitment and power.</p> <p>Data analysis: Confirmatory Factor Analysis (CFA).</p>	<p>Moving from low/equal power to a high-power position, a party's use of integrative communications decreased its influence significantly.</p> <p>When mutual commitment is low, the effect of relative power is greater than in the case of high mutual commitment.</p>	<p>Mode of exercising authority</p> <p>In-group/out-group consciousness (US vs China).</p>	<p>Relative power position (+) → coercive communication (+)</p> <p>The effect of Power is stronger in the US, while the effect of commitment is stronger in China.</p>
Majid and Aulakh (2012)	Examines formal and informal administrative mechanisms at the transaction level for resolving issues caused by cross-national differences in matching institutional structures (both formal and informal).	<p>Sample: 184 international licensing and distribution partnerships of large US firms.</p> <p>Data collection: Questionnaire.</p> <p>Measurement: Likert scales (Formal institutional distance, Informal institutional distance, and Relational governance).</p> <p>Data analysis: Regression.</p>	The more distant the informal institutional environments, the more beneficial would be the additional use of informal arrangements.	Kogut and Singh's (1988) index of cultural distance was used to assess the extent to which partners' informal institutional environments differ.	<p>Informal institutional distance (+) x informal arrangements (+) → Alliance performance (+).</p>

Malik and Yazar (2016)	Examines how the negotiator's power, the explorative–exploitative purpose, and cultural distance interact in the negotiation for an IB alliance formation.	N/A	The mediating effects of cultural distance on explorative alliance will be stronger than those of exploitative alliance.	N/A	Cultural distance (+) → individual executive power (-) Cultural distance mediates the factors of the explorative alliance more than those of exploitative alliance do.
Malik and Zhao (2013)	Examines the role of cultural distance in the duration of an international alliance in a high technology sector.	Sample: 286 dyadic alliances. Data collection: Secondary database. Measurement: Duration of the alliance, Power distance, I-C, Masculinity–femininity, UA, Long-term orientation. Data analysis: Regression.	The duration of the alliance gets prolonged as cultural diversity widens. Cultural distance is positively related to alliance stability and performance. Alliances between similar partners reduce the scope for new sources of knowledge and learning. Where cultural distance is high, managers tend to take precautions and prepare for future anomalies.	The cultural distance was taken from Hofstede's scores.	Cultural distance (+) → duration of alliance (+) Cultural distance (+) → alliance stability (+) Cultural distance (+) → alliance performance (+) Cultural distance (-) → complacency (-) Cultural distance (-) → knowledge acquisition and learning (-) Cultural distance (+) → precautionary management (+)
Nielsen (2007)	Attempts to integrate components from ISA performance metrics and multidimensional measures to achieve a more thorough knowledge of the factors that	Sample: Danish partner firms engaged in 48 equity joint ventures and 70 non-equity joint ventures with partners from around the world.	Cultural distance is negatively related to alliance performance.	Based on Sirmon and Lane (2004) cultural distance was measured as a multi-item construct.	Cultural distance (+) → performance (-)

	influence the performance of international alliances.	Data collection: Questionnaire. Measurement: 7-point Likert (Pre-alliance formation factors, post-alliance formation factors). Data analysis: Regression			
Nielsen and Gudergan (2012)	Demonstrates that exploration and exploitation within ISAs are separate strategies with different antecedents and performance consequences.	Sample: Managers in 120 international strategic alliances. Data collection: Questionnaire. Measurement: Alliance performance, prior experience with partner, cultural distance. Data analysis: PLC Regression.	Cultural distance between alliance partners decreases exploitation fit.	A reflective scale for cultural distance was used.	Cultural distance (+) → exploitation fit (-)
Park and Ungson (1997)	Conceptualizes the complementarity of joint venture partners in light of their congruence in their economic motivations and similarities in some organizational factors.	Sample: 186 joint ventures. Data collection: Secondary database. Measurement: Duration of a joint venture, cultural diversity of other nationalities, size differences, age distance.	The wider cultural distance is, the more tendency of joint ventures to dissolve.	The cultural distance was measured using the Kogut and Singh (1988) model.	Cultural distance (+) → Duration of alliance (-). Duration of U.S. local JV < duration of U.S. IJV.

		Data analysis: Regression.			
Patel (2007)	The focus is on viability (rather than the success of international alliances) by explaining both the viability and failure of Indo-French alliances.	<p>Sample: 48 interviews with employees at different levels in Indo-French alliances.</p> <p>Data collection: Ethnographic interviews and participation-observation.</p> <p>Measurement: Solidarity.</p> <p>Data analysis: Ethnography.</p>	<p>Fatalistic solidarity</p> <p>Hierarchical solidarity</p> <p>Competitive solidarity</p> <p>Egalitarian solidarity</p>	National cultures were assessed through the Indian and French interviewees in terms of defining the behavioral preferences of individuals	Cultural plurality (+) → Viability (duration) of international alliances (+).
Powell (2017)	<p>Examines the influence of foreign investment goals on correlations between cultural distance and foreign subsidiary ownership structures.</p> <p>Investigates potential modifying factors in the link between cultural distance and foreign subsidiary</p>	<p>Sample: 881 foreign subsidiaries.</p> <p>Data collection: secondary database.</p> <p>Measurement: ownership equity, cultural distance, motivation behind individual subsidiaries.</p> <p>Data analysis: Regression.</p>	The relationship between cultural distance and the odds of a majority-ownership increases in the case of a manufacturing subsidiary.	The cultural distance was measured using Kogut and Singh's (1988) scores.	Cultural distance (+) x manufacturing → majority-owned foreign subsidiary ownership structures (+).

	ownership structure.				
Pesch and Bouncken (2017)	To describe how perceived cultural distance prompts task discourse that aids employees of alliance partners in appreciating and utilizing cultural differences as complementing potentials for problem-solving.	<p>Sample: 246 CEOs from international alliances in the global manufacturing industry.</p> <p>Data collection: a survey.</p> <p>Measurement: perceived cultural distance, task discourse, inter-organizational trust, knowledge combination, firms' product innovativeness, and speed to market within international alliances.</p> <p>Data analysis: SEM.</p>	<p>The greater the perceived cultural distance within an international non-equity alliance, the greater the task discourse will be.</p> <p>The extent of perceived cultural distance does not influence the inter-organizational trust within an international non-equity alliance.</p>	Perceived cultural distance.	Perceived cultural distance (+) → Task discourse (+).
Sirmon and Lane (2004)	builds on research on national, organizational, and professional cultures to propose a concept of cultural differences and international alliance performance to clarify the conflicting findings regarding the impact of national culture differences on	N/A	Differences in international alliance partners' national cultures increase those differences in partners' organizational cultures and employees' professionals.	National culture was addressed through its effect on historical local management practices.	<p>National cultural differences of ISA partners (+) → organizational culture differences (+)</p> <p>National cultural differences of ISA partners (+) → differences of partners' employees' professional (+)</p> <p>Complementarity of partners' resources (+) x national differences (-) → the</p>

	alliance performance.				primary value-creating activities of the ISA (+).
Streesma, Marino and Weaver (2000)	This study answers two inquiries: (1) examines whether entrepreneurs generally accept cooperative techniques and queries whether entrepreneurs from particular cultural groups view cooperative strategies more positively than entrepreneurs from other cultural groups as a route of success. (2) It takes into account the control systems for fostering cooperation between partners.	Sample: 1846 entrepreneurs in seven different countries. Data collection: Questionnaire + interview Measurement: Acceptance of cooperative strategies, the importance of contractual safeguards, the importance of partner commonality, and national culture. Data analysis: Regression.	An entrepreneur's acceptance of cooperative strategies can be impeded by masculinity. Individualism has a negative influence on appreciation for cooperative strategies, but has a positive and significant effect on the emphasis on contractual safeguards. The importance of partner commonality decreases in the presence of masculinity.	The cultural distance was measured using Hofstede's (1980, 1991) cultural dimensions.	Masculinity (+) → Acceptance of cooperative strategies (-). Masculinity (+) → Importance of partner commonality (-). Individualism (+) → Acceptance of cooperative strategies (-). Importance of contractual safeguards.
Teegen and Doh (2002)	Explores the relationship between authority, trust, and performance outcomes of alliance negotiations between U.S. and Mexican firms.	Sample: 55 managers from Mexican firms allying with U.S. firms. Data collection: Questionnaire + interview. Measurement: Authority balance, authority advantage, trust, and performance. Data analysis: Moderated Multiple	A lack of trust among alliance partners (of different national cultures) worsens the negative impact of authority advantage on alliance performance.	The cultural distance was measured using Hofstede's (1980) index.	Trust (-) x Cultural distance (+) → International alliance performance (caused by authority advantage) (-)

		Regression Analysis (MMRA).			
Yeniyurt, et al. (2009)	Focuses on mimetic and experiential learning concerning the propensity to engage in international marketing.	<p>Sample: 793 alliances from 317 US pharmaceutical companies.</p> <p>Data collection: Secondary dataset</p> <p>Measurement: The density of international marketing alliances of US pharmaceutical companies; experience with culturally distant partners.</p> <p>Data analysis: Regression</p>	<p>The cultural distance experience from a company's previous alliances has a positive effect on new international alliance form.</p> <p>Engaging in culturally distant alliances is positively impacted by cultural distance experience.</p>	The cultural distance was computed using (Kogut and Singh 1988).	<p>Cultural distance experience (+) → International alliances form (+).</p> <p>Cultural distance experience (+) → Engaging in culturally distant alliances (+)</p>

Source: Prepared By The Author.

APPENDIX 2: Cultural Variables in IB Relationships

Study	Objective	Cultural variable used	Main findings	Nature of relationship
O'Keefe and O'Keefe (2004)	To compare and contrast the business behaviors typically found in each Brazil and the USA for a better understanding of the major sources of misinterpretations that are likely to hinder the growth of business relations.	Jeitinho	<ul style="list-style-type: none"> Unlike Americans, Brazilians tend to avoid uncertainty; they employ 'jeito' as a social and network tool to control processes to evade potential risks. 	General IB
Hutchings and Weir (2006)	To investigate the implications of internationalization for guanxi and Wasta and the effect of trust, family, and favors in setting the basis for guanxi and Wasta.	Guanxi/Wasta	<ul style="list-style-type: none"> Within both Wasta and guanxi, trust between business partners is fundamental for the sustainability of successful business transactions. The primary Wasta channel within various business functions in the Arab World is family. Individual emotional responses and enhancing face can both be stimulated by doing favors – a key concept in each of Wasta and guanxi. especially during difficult economic periods, and may be an effective solution outside the law. 	General IB
Khakhar and Rammal (2013)	To discover the role of main socio-economic, cultural, and political factors in the negotiation process between Arab and non-Arab managers.	Wasta.	<ul style="list-style-type: none"> Wasta continues to be accepted in the Arab world in business negotiations as an effective bargaining tool through the incorporation of business and social networks. 	General IB.

			<ul style="list-style-type: none"> • During political uncertainty and social turmoil, Wasta acts as a “social glue” to sustain existing relationships. 	
Barnett et al. (2013)	To explain the social function performed by Wasta, its offerings, and the reason behind its persistence.	Wasta	<ul style="list-style-type: none"> • Wasta originates back to when Arab tribes resorted to mediation to resolve conflicts within their society. • It later evolved into a tool benefitting individual gains rather exclusively collective gains due to the competition brought by globalization. • Nowadays, the contemporary or “new Wasta” has lessened the role of the traditional intermediaries such as the elders and leaders of the tribe. • The persistence of Wasta in Arab societies is attributed to the economic gains that past colonial powers used to offer to their tribal allies. • Findings, such as Williamson's (1985) model, assert that the gains from within-tribe specialization (e.g. common culture, language, history, and hierarchy) can be much more valuable than from market contracting. Thus, as long as the gains from specialization (Wasta) outweigh those from market contracting, the scope of Wasta remains. 	General IB

Hawkins et al. (2014)	To shed light on the use of electronic reverse auction and its effects in an EM, by studying e-RA use in a MENA context.	Wasta	<ul style="list-style-type: none"> • Opposite to what e-RA does represent, a Wasta is a potential option for some suppliers seeking shortcuts within the MENA culture where integrity is not guaranteed, i.e., transparency and procedural fairness). 	General business relationship
Abosag and Naude (2014)	To examine the driving factors of two prominent forms of relationships that exist in Eastern countries, Guanxi (China) and Et-Moone (Saudi Arabia).	Guanxi and Et-Moone	<ul style="list-style-type: none"> • The relationship between social reputation and interpersonal liking is more significant in Chinese society than in the Arab world. Similarly, the relationship between doing a favor and interpersonal liking is stronger in Chinese society. • Interpersonal liking and trust have a dynamic two-way relationship between each other, especially over a long-term interaction. This interrelated relationship is significantly presented in the Saudi context. • Trust is a vital antecedent for the development of guanxi or et-moone relationships. • The role of interpersonal liking for the development of et-moone in Saudi business relationships is greater than that for guanxi relationships, albeit, in both cases trust moderates the effect of interpersonal liking. 	General business relationships.

Calle et al. (2015)	To present the similarities between Wasta, guanxi, and the Latin American Compadrazgo for a better understanding of business practices in these relationship-oriented cultures.	Guanxi, Wasta, and Compadrazgo.	<ul style="list-style-type: none"> • Within the Chinese and Arab societies, traditional kinship and ritual relationships have been rendered less significant these days in the favor of colleagues, neighbors, and acquaintances. • Family relations are utilized for job security and advancement within the Arab World. Additionally, the extended family structure influences business behavior and the utilization of power. Thus, relations within the religious context have been surpassed by intrinsic utilitarian objectives. Similarly, relationship networks are used to unravel organizational problems in China. • The Latin Compadrazgo is a cultural-specific construct that is similar to the Arabic Wasta in which both influence individuals at the social, economic, and political levels. • Within Hofstede's cultural dimension: <ul style="list-style-type: none"> - Under the power distance dimension, the three studied culture-specific variables (Wasta, Guanxi, and Compadrazgo) are similarly manifested by gaining access to upper levels of 	General IB
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			<p>society within relevant networks due to the unequal distribution of power in their respective cultures.</p> <ul style="list-style-type: none"> - Under the individualism dimension, all three cultures corresponding to Guanxi, Wasta, and Compadrazgo, are considered collectivist cultures, implying a considerable influence of group members such as family, friends, and work affiliates to affect the individual's decision. - Under the masculinity dimension, highly masculine and success-oriented societies such as the Chinese and Latin (with Arab society being moderately masculine with strong sex-role distinction), utilize their respective culture-specific variable to succeed and have the upper hand for competitions aimed toward out-groups. 	
Abosag (2015)	To study the key antecedents and consequences of Et-Moone in B2B relationships in Saudi Arabia.	Et-Moone.	<ul style="list-style-type: none"> • Interpersonal liking is a prerequisite for Et-Moone, and its influence is amplified when the interpersonal liking affects the nature, level of trust, and commitment in the B2B relationship. • Within a developed et-moone relationship, trust 	General business relationships.

			<p>should be based on interpersonal liking.</p> <ul style="list-style-type: none"> • Commitment is found to be more important than trust within et-moone. • Et-Moone generates greater cooperation in the relationship, indicating further intentions for the involved partners to contribute to the relationship. • Partners within an established et-moone relationship will be granted flexibility, security, and space to request and expect greater cooperation. 	
Berger et al. (2015a)	To develop a Wasta measurement scale consisting of Mojamala, Hamola, and Somah by attempting to build and authenticate a multi-dimensional model from an Arab perspective.	Wasta	<ul style="list-style-type: none"> • Somah (the indigent side or cognitive component of Wasta) and Hamola (the conative component of Wasta) are significant predictors of relationship performance, unlike the emotional element of the formation of Wasta (Mojamala). • Satisfaction is found to have a mediating effect on the relationship between Hamola and performance, while also having a partial mediation effect on the Somah-performance relationship. • Hamola has a significant direct effect on relationship satisfaction and performance as well. Furthermore, Hamola enhances the effect of Somah on satisfaction and performance. 	General IB.

			<ul style="list-style-type: none"> • Individuals are no longer seeking primarily social gratitude and respect out of their Wasta relationship, but rather seeking materialistic gains, even when the relationship evolves about kin or relatives. 	
De Waal and Frijns (2016)	To investigate whether the United Arab Emirates (UAE) business context as described in the literature still matches the UAE business context in practice.	Wasta	<ul style="list-style-type: none"> • UAE individuals perceive Wasta as a form of relationship and networking through an influential family, position within the government/business world, or the respect of others for individual achievements. • For Emiratis, a Wasta can be considered as “negative” in case the benefiter fails to meet the expectations or cause damage to his/her position. However, Wasta can still be considered as positive in case the benefiter displays positive performance. 	General business relationship.
Houjeir and Brennan (2017)	To explore the significance of culture generally, and Arab culture in particular, for the development of trust in business-to-business (B2B) banking relationships.	Wasta	<ul style="list-style-type: none"> • Tribal traditions (tribalism) are a fundamental cultural phenomenon in the UAE culture as further antecedents to trust of kinship, altruism, and Wasta materialize. • Among the Emiratis, the most effective means of resolving problems and closing business deals are through personal relations and face-to-face. The same cannot be said for relationships between 	General business relationships.

			<p>Emiratis and non-Emiratis.</p> <ul style="list-style-type: none"> • Wasta is utilized as a business catalyst or facilitator in UAE to hasten the process of document handling, achieve access to decision-makers or influencers, and gain priority among clients. • Although non-Emiratis are less likely to use status and position to gain Wasta, they can attain it through their networks and contacts. Still, they abide by the law and regulations when dealing with their counterparts. 	
Sefiani et al. (2018)	To investigate the impact of networking on the business performance of SMEs in Tangier by uncovering particular and significant methods of pursuing business connections.	Wasta	<ul style="list-style-type: none"> • Wasta presents an important tool for SMEs as it can then access current information, get financial resources (trade credits), and recruit. However, some businesses have expressed their worries that Wasta could have negative connotations, giving rise to concerns about business ethicality. 	General IB.
Brunner et al. (1990)	To acquaint Westerners with the concept of guanxi, explain its dynamics, and illustrate how it may be used to facilitate and develop an appreciation of the art of guanxi as it is currently practiced in the People's Republic of China.	Guanxi	<ul style="list-style-type: none"> • Within the Chinese society, the various guanxi a person has is considered more important than his efforts for his success. • Guanxi is mainly composed of three components: a Guanxi base (e.g. Economic base), an affective component 	Foreign Direct Investments

			<p>(ganqing), and its usefulness.</p> <ul style="list-style-type: none"> • A guanxi network is similar to those in the Western world, but it further includes close ties and obligations to others. • Initially, guanxi passes through an incubation period before evaluating the sincerity, cordiality, and personalities of the relationship counterparts. • Gift-giving and doing favors are crucial within guanxi. • Close guanxi may be strengthened by utilizing it for one's benefits, but with limits. • Westerners are encouraged to make use of commercial guanxi to enhance the managerial performance of their Chinese counterpart. 	
Abramson and Ai (1997)	To compare the efficacy of two styles of buyer-seller relationships (relationship marketing vs. transactional approach) normally practiced by American companies.	Guanxi	<p>Chinese managers still consider guanxi relationships as crucial within China as a long-term relationship.</p> <ul style="list-style-type: none"> • Recently, guanxi has become less important due to recent economic reforms and weakened political influence, and interference in the freer Chinese market. • Building relationships based on trust and shared goals are becoming increasingly adopted over classic guanxi 	General IB.

			<p>(gift-giving, favors, and influence).</p> <ul style="list-style-type: none"> • Guanxi-style buyer-seller relationships provide American sellers a better experience in terms of environmental uncertainty and better performance outcome in China. 	
Chadee and Zhang (2000)	Investigates how New Zealand exporters perceive guanxi to affect the performance of their export activities to China.	Guanxi	<ul style="list-style-type: none"> • New Zealand exporters are more likely to use the domestic trade promotion body and usually resend exchanging gifts with their business partners since they perceive it as a potential form of bribery. As a result, their need for Guanxi is greatly diminished. • Nevertheless, indirect social investment does influence export performance through business negotiation and problem solutions. • Overcoming frequent bureaucratic difficulties when doing business in China can be achieved by establishing relationships with personal contacts with government officials in China. • The presence of relationship commitment and trust is central to successful relationship marketing. Trust, in turn, produces outcomes that promote efficiency, 	Importer-Exporter

			effectiveness, and productivity.	
Gale and Lou (2004)	To examine key factors leading to the success of Joint Ventures at the formation stage by comparing perceptions and attitudes of Chinese and foreign executives from 160 construction Joint ventures (JV) in four provinces.	Guanxi	<ul style="list-style-type: none"> Two main factors differentiate Chinese and foreign managers in successfully forming joint ventures: <ol style="list-style-type: none"> The long-term commitment to cooperation is expected by the Chinese counterpart rather than short-term profit. Foreign counterparts express more concerns about compatibility with a partner's management culture at the operation stage. Nowadays, the earlier need for reliance on the guanxi of local partners is giving way to more rational processes based on transparency and legal process in China. 	Foreign direct investment.
Lee and Dawes (2005)	This study examines the antecedents and outcomes of trust at both the individual and the organizational levels in a different culture, specifically the Chinese culture.	Guanxi	<ul style="list-style-type: none"> The instrument components of guanxi are the face and reciprocal favor, but both do not contribute to the buying firm's trust in a supplier's salesperson, whereas, the expressive or emotional part of guanxi represented by effect does contribute to the development of salesperson trust. Affect-based trust is more flexible to changing conditions, forming a bond that is more difficult to break than in the case of a cognition-based trust 	General IB.

			<ul style="list-style-type: none"> • The closer a guanxi relationship gets the more personal a relationship becomes due to the affective components of guanxi. • Guanxi is a latent or second-order factor, composed of three subfactors: affect, face preserving, and reciprocal favor. • Only the affect component was found to foster personal trust, implying that guanxi functions well only in close guanxi conditions, i.e. through interpersonal relationships (mainly in in-group relationships). • The instrumental component and the expressive component of guanxi act in totality. This understanding of guanxi contrasts with Western relationships in which material exchange and affectionate feelings occur separately. 	
Buckley, Clegg and Tan (2006)	To examine cultural awareness in knowledge transfer to China.	Guanxi and Mianzi	<ul style="list-style-type: none"> • For a successful establishment of new business ventures and effective day-to-day management of Chinese enterprises: <ul style="list-style-type: none"> a- Managers should effectively develop and use guanxi while respecting mianzi as well. Partners should establish mutual trust, comprising technical trust and personal trust, 	Joint venture partners.

			<p>as the foundation of cooperation.</p> <p>b- Joint venture partners should have a shared mindset indicating their possession of a common understanding of aspects concerning the development of the firm.</p> <p>c- Foreign managers should realize the importance of establishing guanxi and giving mianzi on a reciprocal basis when dealing with the Chinese, as this will lead to the establishment of trust that can save transaction costs and reduce uncertainty.</p> <p>d- Relationships built on guanxi and mianzi can enhance foreign investors' chance of constructing a favorable environment and strengthening their bargaining position in dealing with the government. Additionally, it can also influence the decision-making in government through active lobbying.</p> <p>e- At the personal level, foreign investors need to establish personal as well as technical trust in Chinese employees based on active communications and respect for mianzi. Likewise, at the corporate level, guanxi building and respect for mianzi should be</p>	
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			<p>applied to establish shared mindsets.</p> <p>f- Foreign investors should treat the government as an important partner instead of a rival when operating in China by setting up active communication channels between the foreign-invested firm and the government based on personal guanxi and personal trust.</p>	
Yen, Yu and Barnes (2007)	To investigate, in a business-to-business context, the similarities, and differences associated with Western and Chinese approaches in terms of the operational attributes, and the day-to-day management of business relationships.	Guanxi, Mianzi, Ganqing.	<ul style="list-style-type: none"> • Augmenting relational exchange among Western and ethnic Chinese business counterparts requires trust that is also fundamental for sustaining complex business networks. • Harmony is considered by the Chinese as the essence of interpersonal relationships, unlike Westerns who consider explicit confrontation and disagreements as a strategy for integrating individuals with different perspectives. • Unlike Westerns, conflict is not valued between the Chinese, and aggressive confrontation is regarded as being rude and ill-mannered. • Immediate and extended family are the basics out of which further business affiliates and 	General IB.

			<p>the open market can stem.</p> <ul style="list-style-type: none"> • Conversely, within Western society, the market forces are the main reason behind lateral relationships among parties. • Similar to the exchange in Western culture, Chinese-based reciprocal behavior (Ganqing) only takes place if the mutual benefit is involved. Nevertheless, reciprocation in Chinese relations is not expected to be equal, compared with that practiced in the West, and there is less hesitancy in being the first and greater beneficiary. • To succeed in Chinese markets, Western firms should: <ul style="list-style-type: none"> a- Adopt long-term measures since the Chinese consider the development of appropriate relationships as an investment for the future. b- Be influential with governmental officials as well. c- Place more emphasis upon trust than legal and contractual documentation through ‘mianzi’ – the fear of losing face, which often drives the Chinese party to fulfill their obligation. • For Chinese businesses wanting to 	
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			<p>establish a presence in Western markets, they should:</p> <p>a- Adopt a more direct approach to business, stressing value in terms of price, compatibility, and process adaptation.</p> <p>b- Need to consider establishing business contracts as a mechanism for developing trade.</p>	
Zhou, Wu and Luo (2007)	To examine the mediating role of guanxi-related social networks in the relationship between internationalization and performance.	Guanxi	<ul style="list-style-type: none"> • Guanxi networks are considerably useful to both export performance and profitability performance. However, guanxi networks only enhance sales performance in the case of outward internationalization in which the firm is the seller. • Guanxi networks fully mediate the performance impact of outward internationalization on profitability growth. However, Guanxi partially mediates outward internationalization and export performance. • Except for the relationship of the performance impact of internationalization on export growth, the mediating effect of guanxi utilization on other performance measures may vary, depending on the outward or inward internationalization orientation. 	General IB.

			<ul style="list-style-type: none"> • There exist no mediating effect of guanxi networks on the relationship between internationalization and sales performance for either outward or inward internationalization orientations. 	
Chua, Morris and Ingram (2009)	To investigate the extent to which the two types of trust (affective-based and cognition-based) are intertwined in business relationships for Chinese vs American managers.	Guanxi	<ul style="list-style-type: none"> • Affect- and cognition-based trusts are more tangled in Chinese executives' network relationships. • American managers have less affect-based trust in individuals on whom they are economically dependent, and are more likely to derive affect-based trust from friendship. • Embeddedness within one's network increases cognition-based trust for Chinese managers but not for Americans. 	IB relationship.
Wilkinson, Thomas and Hawes (2009)	To describe how U.S. executives can improve product quality when working with Chinese producers by better managing business relationships with executives from China.	Guanxi	<ul style="list-style-type: none"> • To better understand their Chinese partners in their international joint ventures, Western managers should be aware that: <ul style="list-style-type: none"> a- The interaction between managers in Chinese firms is highly personalized and based upon cohesion (Guanxi) rather than adherence to the mutual gain of the Win/Win paradigm. b- Guanxi must be both understood and managed by the Western joint venture partner as it involves social obligations aside 	Joint venture partners.

			<p>from several advantages.</p> <p>c- Chinese capitalism does not function in tandem with democratic institutions as it does in Western nations.</p> <p>d- For Chinese managers, control and predictability are on top of their priorities, while concerns regarding profitability and new opportunities are of lesser urgency.</p>	
Gao, Ballantyne and knight (2010)	Reports specifically on a study of Chinese–Western intercultural collaborations to highlight paradoxical situations perceived by actors when working together.	Guanxi	<ul style="list-style-type: none"> • Throughout developing business relationships, Western business actors acquire hidden market information and obtain access to local customers and organizational resources within the Chinese hierarchy. Such opportunities come with limitations on Western business actors such as the frustration by the distrust of the Chinese counterparts, and private time for socializing and doing favors. These constitute the first B2B network paradox. • Chinese companies and their Western counterparts tend to influence each other. Both sides have to accept their influence on each other because of their contradicting business norms. Hence, all the contextual factors are critical in guiding interactions between individual actors (e.g., who is in the 	General IB.

			<p>network, their relationships with others, and personal resources of these connected relationships).</p> <ul style="list-style-type: none"> • Chinese business actors want to steer the direction of developing intercultural business relationships toward local guanxi actors (e.g. local suppliers) while Western actors prefer using Western suppliers. • The closer the intercultural relationships get to local guanxi networks, the less innovative and more complicated the intercultural business relationships will be. On the other hand, the closer the intercultural relationships get to Western networks, the less flexible and more rigid actors become in Chinese markets. • Foreign managers face such guanxi-associated dilemmas when approaching the intercultural middle circle as they carry outsider orientation and Western cultural norms with them to some extent when stepping into this middle circle. 	
Barnes et al. (2010)	The purpose of this investigation is to shed light on the issue of opportunism in cross-border business relationships.	Mianzi and Renqing.	<ul style="list-style-type: none"> • Renqing has a significant moderating role in the link between satisfaction and a long-term orientation, 	Exporter-importer relationship

	It also examines the moderating role of two Chinese-related constructs on associations between certain constructs of the model.		<p>mainly in the low renqing group.</p> <ul style="list-style-type: none"> • Mianzi has a significant effect on the association between satisfaction and a long-term orientation, mainly, when face giving is low. 	
Wilson and Brennan (2010)	To examine the extent to which guanxi is strategically important to UK parent companies engaged in UK-Chinese joint ventures.	Guanxi	<ul style="list-style-type: none"> • The role of guanxi is more fundamental for SMEs than multinational companies throughout the development of joint ventures. • The majority of UK parent companies operating in China consider guanxi to remain strategically important when doing business. • China's market development is the main reason behind the diminishing strategic role of guanxi. Thus, guanxi opens doors but does not cause relationships to flourish. 	Joint venture partners' relationship.
Barnes, Yen, and Zhou (2011)	To illustrate how aspects of guanxi, namely Ganqing (an affective element), Renqing (reciprocation and favor), and Xinren (personal trust) can leverage inter-company facilitation in terms of greater cooperation and coordination, which in turn lead to greater satisfaction and improved performance.	Guanxi (ganqing, xinren, renqing)	<ul style="list-style-type: none"> • Ganqing, renqing, and xinren were all found to influence exporter-importer business relationship satisfaction by improving cooperation and coordination. • Renqing and xinren have an indirect influence on performance through coordination, whilst ganqing can only influence performance via 	Importer-exporter relationship.

			<p>cooperation and satisfaction.</p> <ul style="list-style-type: none"> • In the Chinese context, trust occurs at the individual level among people (xinren), whereas in the west, trust tends to be discussed more at a corporate or business level. • Unlike western reciprocity, renqing is not expected to be equal, and there is less hesitancy in being the first and greater beneficiary. <p>To obtain better cooperation from Chinese buyers, Anglo-Saxon suppliers are recommended to:</p> <p>a- Focus on cultivating and enhancing ganqing through increased social interaction.</p> <p>b- Familiarize themselves with the practice of renqing. Specifically, they are advised to practice renqing through exchanging favors and gift-giving.</p> <p>c- To invest time and effort in developing xinren (credibility and benevolence), and to honor any promises or agreements made during business meetings as well as social occasions.</p>	
Leung et al. (2011)	Proposes a model to explain how multi-national enterprise managers negotiate with their Chinese counterparts to	Mianzi, Guanxi (Renqing, Ganqing), Xinyong.	<ul style="list-style-type: none"> • Reciprocity (renqing) within joint venture partners can be established in the presence of a problem-solving attitude (PSA) among 	Joint venture partners' relationship.

	achieve effective outcomes under the unique Chinese cultural environment.		<p>joint venture partners and appropriate gift-giving.</p> <ul style="list-style-type: none"> • Renqing can enhance ganqing or affection within the Western-Chinese joint venture partnership, which in turn can lead to xinyong (personal trust) among the counterparts. • Xinyong can also be established by the presence of mianzi (face), which in turn, can positively improve negotiation outcomes. 	
Yen and Branes (2011)	<p>a) To develop an integrated framework that builds on the buyer-seller literature of an international nature; drawing on the pertinent strands of literature from both Western and Chinese perspectives.</p> <p>b) To report the findings of a survey among international agents and distributors, thus obtaining Chinese buyers' views of their working relationship with Western suppliers.</p> <p>c) To incorporate the relationship evolutionary process by specifically analyzing the similarities and differences associated with related attributes</p>	Guanxi	<ul style="list-style-type: none"> • Exporting firms wishing to make a significant impact on their Chinese Taiwanese buyer relations are advised to: <ul style="list-style-type: none"> a- Focus on enhancing coordination through processing orders accurately and smoothly, trying to maximize the service delivery component, and successfully executing jointly facilitated marketing programs. b- Develop effective social relations in a Chinese context. Specifically, export personnel is well advised to work on nurturing social ties with key partners, as these may be the key to greater prosperity and financial gains. • Newcomers aiming to penetrate Chinese markets are advised to deal with an 	Exporter-importer relationship.

	at different lengths and stages.		<p>intermediary who is known and trusted by the potential buyer for a long time as this could provide an ideal introduction.</p> <ul style="list-style-type: none"> • Western firms that have established business relationships with Chinese partners (before the maturity stage) should maintain their social efforts and be cautious if an employee considers leaving the firm or considering retirement since personal relationships cannot be easily transferred from one export sales manager to another. 	
Yen, Barnes and Wang (2011)	<p>(a) To develop and verify a measurement scale for ganqing, renqing, and xinren.</p> <p>(b) To assess the multi-dimensionality of guanxi in Anglo-Chinese business relationships.</p>	Guanxi (ganqing, renqing, and xinren).	The research has developed and tested an improved version of the original GRX scale for measuring the first-order constructs of ganqing, renqing, and xinren, and the second-order construct of guanxi based on empirical data collected from Taiwanese buyers.	Exporter-importer relationship.
Berger et al. (2015b)	To validate the original GRX scale both qualitatively and quantitatively and to extend its applicability in examining perceptions of guanxi building among Western firms doing business with their Chinese counterparts.	Guanxi (ganqing, renqing, xinren).	<ul style="list-style-type: none"> • In terms of renqing, Israeli managers see gift-giving as a type of bribery or “necessary evil” to conduct business. • Xinren is a prerequisite construct for building a business relationship in a weak legal environment. • For better access to classified information, 	Exporter-importer relationship.

			<p>overcoming complex administrative hurdles, and becoming on the receiving end of state funding, guanxi will continue to play a pivotal role in the absence of appropriate social and economic protection by the state.</p> <ul style="list-style-type: none"> • Western firms are urged to identify the constructs of guanxi, by referring to the updated GRX scale, and their relative strength for developing fruitful business relationships e to evaluate perceptions of how they are doing business with their Chinese counterparts. 	
Barnes et al. (2015)	This article builds on social exchange theory and cultural issues to provide a theoretical background relating to the area of interpersonal relations.	Sijiao, Xinyong, Ganqing.	<ul style="list-style-type: none"> • Western exporters are encouraged to work on developing interpersonal nuances—sijiao, xinyong, and ganqing— as facilitators for building organizational trust and interpersonal relationships rather than hastily promoting the company at the first opportunity. • Western exporting companies with limited resources to appoint highly selective personnel need to maintain their existing personnel with key contacts in the region for longer periods since it would be constructive in cultivating personal relationships with 	Exporter-importer relationship.

			their Chinese counterparts.	
Yen and Abosag (2016)	To develop a guanxi framework that examines the moderating impact of guanxi on the relations from favorable relationship constructs (trust, commitment, cooperation, and communication), and unfavorable relationship constructs (emotional conflict, task conflict, opportunism, and uncertainty) to financial performance and long-term orientation.	Guanxi	<ul style="list-style-type: none"> Chinese buyers perceiving better guanxi would consider emotional and task conflicts, supplier opportunism, and relationship uncertainty as less suspicious or damaging in case they perceive better guanxi with their supplier's representatives. They would also be more optimistic about their business collaborations and would ease trust between the organizations to achieve financial performance. 	Exporter-importer relationship.
Yen et al. (2017)	Investigate how Guanxi's dimensions, namely ganqing, renqing, and xinren, be employed to reduce conflict in Sino-US business relationships.	Guanxi (Ganqing, Renqing, Xinren).	<ul style="list-style-type: none"> Out of the GRX dimensions, only ganqing and xinren effectively reduce both emotional and task conflicts. Renqing might work best as a conflict management tool for more experienced employees. Xinren is more pivotal in decreasing conflicts in case the business relationships are relatively newer. The three dimensions of Guanxi could be employed individually by Western sales representatives to effectively reduce different types of conflict when dealing with Chinese counterparts. 	Exporter-importer relationship.

Berger et al. (2017a)	To acquire greater insights into the Chinese Diamond industry to shed more light on how political, economic, and cultural forces shape market exchanges and business in China.	Guanxi (Xinren, Ganqing, Renqing)	<ul style="list-style-type: none"> • Firms with access to policymakers and business leaders are apt to utilize guanxi influence to obtain a competitive edge, as it aids them in the enforcement of extralegal contracts. • Nurturing guanxi networks relies on information about potential trading partners, especially in the case of the relatively new Chinese diamond merchants in China. Thus, Chinese diamantaires have a recent trading history (thus, credibility or Xinren) and have had little opportunity to build strong guanxi networks. • An effective social network based on trust reduces the likelihood that dealers will engage in opportunistic behavior, especially in a business environment where laws and law enforcement are weak. However, the system may break down in case the cost of maintaining such networks outweigh the perceived benefits (especially within the diamond industry). • Corruption is common in any typical economic system, albeit the guanxi system can deepen it within Chinese society. Consequently, Guanxi can lead to the disequilibrium 	Exporter-importer relationship.
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			between firms that have access to privileged information and sources of finance and those that do not, resulting in unethical behavior by firms seeking survival in their industry.	
Chen (2017)	To explain the role of guanxi for Chinese firms in overcoming their outsidership and in establishing trust in European business networks.	Guanxi	<ul style="list-style-type: none"> Chinese firms in developed markets face a Liability of Outsidership that manifests in potential clients' distrusting their performance, thus, hindering the Chinese firms' ability to establish a position in the Western business network. Establishing a successful guanxi-like relationship with executives of Western clients allows the Chinese firm to become an insider in the business network of the developed country and overcome the Liability of Outsidership. For this purpose, Chinese firms can apply some tactics at their disposal in the early stages, which can help offset the mistrust and establish cognitive trust with the decision-makers at the Western clients. At a later stage, affect-based trust and positive commitment can be built up to move toward a guanxi-like relationship with the Western executives. 	Headquarter-subsidiary relationship.

Guo et al. (2017) Interpersonal relations in China: Expatriates' perspective on the development and use of guanxi, IB Review.	To explore the perceptions and experiences of Western expatriates in developing, using, and maintaining guanxi networks to conduct business in China.	Guanxi	<ul style="list-style-type: none"> • Western expatriates need to understand the influence of the emotional factors related to Chinese traditional culture (such as face, favor, and affection) to build, develop, and maintain guanxi in China. • The time and effort invested by Western expatriates in building and maintaining guanxi are proportionate to the perceived market power the individual organization possesses. • Concerns about corruption and nepotism are likely to be higher when local agents are tasked with developing guanxi in China on behalf of Western expatriates. 	Headquarter-subsidary relationship.
Berger et al. (2017b)	To examine the underlying structure of Sviasi, treating it as a case of social capital-based business networks. Additionally, the study provides businesses with a usable framework to be able to better penetrate the Russian market.	Sviasi	<ul style="list-style-type: none"> • Due to the fear of corruption accusations, business behavior in Russia primarily relies on personal loyalty, social network allegiances, or sviasi for dealing with Russian tax authorities, customs offices, the banking sector, and regional administrations. • As in many Asian countries, such as China, affect-based trust is more likely to occur first in Russia before potentially developing into cognitive trust. Nevertheless, business relationships in Russia are more likely to rest on a 	General IB relationship.

			<p>rational, logical calculation, and voluntary individual action. Moreover, Russian business networks may be relatively more orientated toward the short term.</p> <ul style="list-style-type: none"> • Russian business networks are characterized by constant suspicion, thus, the owing of favors or knowledge relating to the other's dealings creates a type of 'hostage-taking' scenario leading to a win-win situation when both parties keep their agreements or lose-lose which is a common phenomenon if one cheats. • Interpersonal trust between business partners is a fundamental element of the Sviasi model. Specifically, trust is evaluated based on the extent to which an individual has kept his or her promises from previous exchanges. Thus, particularized trust (TA) has the strongest effect on satisfaction, leading to increased performance. • A strong negative relationship between reciprocity and generalized trust (TB) suggests that one does not usually give or ask favors from an outsider. 	
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Source: Prepared By The Author.

APPENDIX 3: Items Wording

Items	Label
<i>Institutional Dimensions</i>	
ImpVA	Voice and Accountability Distance
ImpPolStab	Political Stability Distance
ImpGovEff	Governmental Effectiveness Distance
ImpRegulQualit	Regulatory Quality Distance
ImpRuleLaw	Rule of Law Distance
ImpContrlCorr	Control of Corruption Distance
ImpPD	Power Distance
ImpIND	Individualism Distance
ImpMAS	Masculinity
ImpUA	Uncertainty Avoidance Distance
<i>Mojamala – reflective</i>	
M1	I often interact with the people with whom I do business, on a social basis outside of work.
M2	The people I do business with and I can talk openly as friends.
M3	If I were to change these business connections, the contact people, and companies I do business with, I would lose good friends.
M4	I consider the contact people and companies I do business with as being almost as close to me as family.
M5	I would consider whether my contact people's feelings and the companies I do business with would be hurt before I made an important decision.
<i>Hamola – reflective</i>	
H1	I feel a sense of obligation to the contact people and the companies I do business with for doing them a favor.
H2	I think that “calling” favors is part of doing business with the contact people and the companies I do business with.
H3	The practice of “give and take” (exchanging favors) is a key part of the relationship between the contact people of the companies I do business with and me.

H4	I would feel embarrassed if I was unable to provide a requested favor to the contact people and the companies I do business with.
H5	I know that it is bad business not to return favors to the contact people of the companies I do business with.
H6	I am happy to do a favor for the contact people of the companies I do business with when they request one.
<i>Somah</i> – reflective	
S1	The people I do business with have been frank in dealing with us.
S2	The people I do business with do not make false claims.
S3	I think the people I do business with are completely open to dealing with us.
S4	I think the people I do business with are not only concerned about themselves.
S5	I think the people I do business with seem to be concerned with our needs.
S6R	The people at my firm do not trust the contact people and companies we do business with.
S7R	The contact people and companies I do business with are not trustworthy.
<i>Relation Capital (RelCap)</i> – reflective	
RelCap1	The relationship between our exporter and us is characterized by mutual respect at multiple levels of both organizations.
RelCap2	The relationship between our exporter and us is characterized by mutual trust at multiple levels of both organizations.
RelCap3	The relationship between our exporter and us is characterized by high reciprocity.
RelCap4	In this relationship, we always treat each other fairly.
RelCap5	In this relationship, we have mutual trust in each other's competencies.
<i>Relationship Performance (Performance)</i> – reflective	
Perf1	We made significant cost savings as a result of conducting business with our exporter.
Perf2	Our profitability rose as a result of the exchange with our exporter.
Perf3	The business relationship with our exporter has assisted us in improving our profitability.

Perf4	Our exporter has led us to sales success in relation to previous aims.
Perf5	Our exporter has assisted us in achieving a higher market share in relation to our previous aims.
Perf6	Our association with our exporter has been a highly successful one.
Perf7R	Our exporter leaves a lot to be desired from an overall performance standpoint.
Perf8R	Overall, the results of our relationship with our exporter were far short of expectations.

Source: Prepared By The Author.

