Beyond bias in performance measurement and rewards practices: The role of informal networks in social inequality within Global Professional Service Firms

Abstract

Purpose – This paper examines how institutional complexity shapes unintended changes in performance measurement and rewards practices within the subsidiary of a global professional service firm operating in the Middle East. Using an institutional logics lens, it examines how macro-level contradictory logics influence the reproduction of these practices at the micro-level.

Design/methodology/approach – The paper utilizes a single case study research design and inductively examines the enactment of centralized performance measurement and rewards practices diffused by the global, Western-based headquarters.

Findings – It shows that actors predominantly invoke informal institutional logics to navigate formal performance measures and achieve targets. This dynamic realigns performance measurement and rewards practices with local institutional norms, transforming them into mechanisms that systematically reproduce social inequality among employees. The latter emerges from the misalignment between local cultural norms and global management accounting practices, rather than from organizational actors' (un)intentional efforts to manipulate performance management and measurement systems.

Research limitations/implications – The paper contributes deeper insights into the how and why unintended consequences of performance measurement and rewards arise in emerging markets. It extends the literature by introducing the concept of decoupled complementarity, which explains how formal practices are maintained in appearance but strategically reshaped by informal institutional logics in contexts dominated by informality.

Originality/value – Contrary to existing research that suggests informality undermines formal management accounting practices, this study reveals that their implementation in emerging markets depends on informal interventions aligned with broader socio-cultural and institutional contexts. While these interventions help achieve organizational objectives, they also unintentionally reinforce social inequality by embedding management accounting practices within these frameworks.

Keywords: Management accounting; performance measurement and rewards; MCS; unintended consequences; *wasta*; informal institutions; institutional logics; Middle East

1. Introduction

In recent decades, the literature on performance management and management control systems (MCSs, hereafter) within the management accounting field have amassed a rich body of knowledge across various contextual settings (e.g., Kramer & Maas, 2020; Pfister et al. 2023; Fehrenbacher et al., 2018). Within this literature, performance measurement and reward practices are seen as core components of performance management and MCSs, serving as key mechanisms of organizational control (Malmi & Brown, 2008). While prior studies have examined these practices in GPSFs operating in Western contexts (e.g., Pierce & Sweeney, 2005), and in emerging markets (e.g., Tawfik & Hegazy, 2015; Hegazy et al., 2022), the focus has largely been on design and implementation challenges. Less attention has been paid to how these practices are interpreted and enacted, particularly in emerging markets where informal networks shape daily organizational life. This is particularly notable given the diffusion of global and centralized practices in subsidiaries operating in emerging markets, where informal institutions remain dominant (Darwish et al., 2024b; Melhem et al., 2024; Kanagaretnam et al., 2017). While this oversight may be attributed to the human capital-intensive nature and limited physical infrastructure of GPSFs (Suseno & Pinnington, 2018), it does not negate the relevance of management accounting systems, including KPIs, performance measures, and budgets. GPSFs possess distinct organizational structures compared to conventional firms (Suddaby et al., 2008), and with global operations generating over a trillion dollars in revenue and employing millions across countries (Research and Markets, 2025; Empson et al., 2015), they increasingly adopt strategic controls, accountability mechanisms, and centralized systems to ensure consistency across locations (Brock et al., 2012). Although rooted in professional ethos (Alvehus, 2018), globalization and technological advancement have heightened the need for standardization and centralized control. As such, management accounting practices play a critical role in GPSFs and merit closer examination across institutional contexts.

Much of the management accounting literature conceptualizes practice and its components as outcomes, akin to a black box, offering a static view that implies a deterministic role in providing information for planning, control, and behavioral alignment (Kramer & Maas, 2020; Fehrenbacher et al., 2018; Burns & Scapens, 2000). Within the MCSs scholarship, particularly performance measurement, considerable research has examined the balance between financial (objective) and non-financial (subjective) performance measures (e.g., Alves & Lourenço, 2023; Bezuidenhout et al., 2023; Ferreira & Otley, 2009). Subjective measures enhance performance assessments by incorporating non-contractible information (Fehrenbacher et al., 2018), but they also introduce risks of (un)intentional bias and unintended consequences, thereby undermining effectiveness (Franco-Santos & Otley, 2018; Uddin et al., 2021). Intentional biases include favoritism, gaming, deliberate misrepresentation of performance information, and the strategic inflation or deflation of ratings to serve personal interests (Prendergast & Topel, 1993; Moers, 2005; Graf et al., 2019; Kalgin, 2016). Unintentional biases involve leniency, centrality, spillover effects, and a focus on short-term targets at the expense of long-term priorities (Fehrenbacher et al., 2018; Bol & Smith, 2011; Kerpershoek et al., 2016).

While these outcomes are well documented, our understanding remains limited regarding how unintended consequences are socially constructed at the micro-level and how they reshape performance measurement and rewards practices. This paper explores how actors respond to institutional complexity by drawing on salient local cultural scripts to translate performance measures and attain targets. Specifically, we examine how the informal norm of *wasta*, a salient informal institution in Jordan and the broader Middle East (Haak-Saheem & Darwish, 2021), corrupts actors' translation of GPSFs performance measurement and rewards practices at the micro-level. *Wasta*, akin to favoritism and informal networking, involves leveraging personal connections with with individuals in positions of power or authority to secure preferential treatment and gain benefits, such as jobs or promotions (Melhem et al., 2024; Alsarhan et al., 2021). *Wasta* is comparable to informal networks observed in other emerging market cultures, such as *guanxi* in China and *yongo* in South Korea (Nadeem & Kayani, 2019). *Wasta* undermines bureaucratic controls and facilitates the advancement of underqualified individuals (Melhem et al., 2025). Consequently, it constitutes a form of bias that profoundly affects objective and subjective performance measures. Thus, Jordan provides a suitable context for understanding how unintended consequences arise in performance measurement and rewards practices, as it exemplifies a setting where formal organizational systems coexist with deeply rooted informal institutions. Despite the presence of GPSFs and standardized performance systems, informal practices such as *wasta* remain highly influential in shaping workplace processes and outcomes (Haak-Saheem & Darwish, 2021; Melhem et al., 2024). Examining how *wasta* is incorporated in performance measurement and rewards within this broader framework underscores its pivotal role in shaping organizational behavior in emerging markets. In light of this argument, we raise the following question: *What role does institutional informality play in shaping performance measurement and rewards practices at the micro-*

level, and how does this lead to unintended consequences of their implementation in globally diffused management accounting practices?

We answer this question using an institutional logics perspective (Thornton et al., 2012), which enables us to uncover the micro-processes of change and variation in performance measurement and rewards practices in GPSFs. The study draws on evidence from a leading GPSF with a long-standing presence in Jordan as part of a global network operating in the MENA region since the early 20th century. In Jordan, the firm provides financial and accounting consulting services to clients across various industries. We examine how competing bureaucratic, professional, and informal *wasta* logics are translated into micro-level actions, shaping performance measurement and rewards practices. While performance management and MCSs encompass various formal and informal mechanisms such as budgeting and strategic control (Pfister et al., 2023; Strauß & Zecher, 2013), our focus is on performance measurement and rewards, where the tension between formal and informal logics is most pronounced. Specifically, we investigate how formal performance measures, including KPIs, and reward systems, which are the most salient in GPSFs, are enacted and reinterpreted within the firm.

The findings show how performance measurement and rewards practices are reshaped through informal dynamics such as *wasta*, enabling well-connected employees to secure preferential assignments and inflated ratings. This enables well-connected employees to secure preferential assignments and inflated ratings, thus more easily meeting targets. In contrast, high-performing employees without such connections are often marginalized and denied access to rewarding opportunities. This dynamic reinforces systemic inequalities and undermines the core purpose of performance measurement which is to align behavior with organizational goals, identify underperformance, allocate resources effectively, and ensure rewards reflect objective contributions (Merchant & Van der Stede, 2017). Similar patterns have been observed in transitional economies, where KPI regimes are reinterpreted through subjective manipulation and symbolic compliance (Uddin et al., 2021). Our analysis shows that *wasta* not only introduces bias but also drives systemic shifts in how performance practices are enacted. It reorients these practices around local informal logics, weakening their alignment with global organizational norms. As a result, these practices are repurposed to reinforce informal social hierarchies and perpetuate inequality among employees. These unintended consequences highlight the broader implications of transferring management accounting practices aimed at influencing employee behavior, such as performance measurement and rewards, across divergent institutional contexts. While this framing reflects the perspective of global headquarters and the market and professional logics embedded in formal performance measurement and rewards systems, such consequences may be anticipated or even strategically leveraged by well-connected employees operating under local informal logics such as *wasta*.

This study contributes to the literature on unintended consequences in performance management, particularly for performance measurement and rewards practices (Malmi et al., 2023; Welter & Ensslin, 2022; Franco-Santos and Otley, 2018), by introducing the concept of *decoupled complementarity*, to explain how formal performance measurement and reward practices, while officially maintained, are informally reinterpreted through *wasta*. This mechanism highlights how formal and informal controls, rather than complementing each other in ways envisioned in the existing literature, become intertwined in a way that preserves organizational profitability but undermines the meritocratic purpose of formal systems. In this context, informal logics do not merely adapt formal systems but actively redefine them, illustrating a more dynamic and conflict-laden form of complementarity that has significant consequences for the operation of performance measurement and rewards practices in emerging market contexts. Additionally, the study bridges the macro-micro link between institutions and management accounting practices (Damayanthi & Gooneratne, 2017) by illustrating how macro-level institutional logics influence the micro-level enactment of performance measurement and rewards practices, reshaping globally diffused practices to align with local norms. By examining these dynamics in an emerging market context, the study sheds light on the sensitivity of performance measurement and rewards practices to broader institutional forces and provides a nuanced understanding of how these practices evolve and produce unforeseen outcomes.

The remainder of our paper is structured as follows: First, we present the theoretical framework on institutional logics in relation to management accounting practices in emerging markets, with a focus on GPSFs. Next, we review the existing literature on the unintended consequences of performance management. We then outline the methodology and present our main findings. Finally, we discuss the findings and highlight their practical and theoretical implications.

2. Theoretical Framework

2.1. The Institutional Logics Perspective for Management Accounting in Emerging Markets: a focus on GPSFs

The institutional logics perspective provides a context-sensitive lens for understanding how global management accounting practices evolve and adapt when transferred across institutional contexts. Institutional logics are defined as the "socially constructed, historical patterns of cultural symbols and material practices, including assumptions, values, and beliefs, by which individuals and organizations provide meaning to their daily activity, organize time and space, and reproduce their lives and experiences" (Thornton et al., 2012, p. 5). These logics serve as both formal and informal guiding and organising principles that regulate and constrain actors' actions, influencing their sensemaking and behaviors (Alvehus & Hallonsten, 2022; Smets et al., 2015; Darwish et al., 2023; Melhem et al., 2024). The institutional logics perspective acknowledges actors' agency as active, emphasizing how they translate institutional cultural symbols and material practices into actions at the micro-level (Thornton et al., 2012). GPSFs operate at the intersection of multiple and contradictory institutional logics, primarily professionalism and bureaucracy (Alvehus, 2018; Bévort & Poulfelt, 2015). The logic of professionalism emphasizes autonomy, merit-based authority, and informal, collegial relations (Saqib & Allen, 2024; Alvehus, 2018), closely aligning with informal controls. Conversely, the bureaucratic logic relies on formal structures, standardized procedures, and hierarchical authority, underpinning formal controls (Bévort & Poulfelt, 2015).

This duality highlights the institutional complexity of GPSFs, enabling them to balance commercial success with professional integrity while reconciling competing demands (Melhem et al., 2024; Suddaby et al., 2008). While market logic is central to their operations, as in all for-profit firms, it is shaped by professional norms that emphasize service quality, technical competence, ethical conduct, and reputational safeguarding (Freidson, 2001). These professional considerations, in turn, influence how performance measurement and rewards are enacted and evaluated within these firms. Paradoxically, the contradictions between logics provide flexibility, allowing organizations and actors to navigate institutional constraints by coupling, compartmentalizing, and selectively drawing from a repertoire of cultural symbols and material practices (Siti Nazariah et al., 2024; Alvehus & Hallonsten, 2022; Thornton et al., 2012). For instance, the professional logic allows for professional meritocracy, autonomy and adaptability in addressing client needs, while the bureaucratic logic ensures accountability and alignment with organizational standards. This balance is critical for GPSFs, which depend heavily on relational and revenue-driven strategies that extend beyond measurable performance metrics and formal controls (Melhem et al., 2024).

However, when GPSFs transfer practices from home to host contexts, the dual institutional configuration that informs management accounting practices inevitably shifts due to the distinct institutional setups of these contexts. This shift is particularly evident when Western practices are transferred and implemented in emerging markets, where institutional logics rooted in informality dominate (Melhem et al., 2024). These logics are deeply embedded in localized cultural scripts for action, often centered on achieving goals through informal relationships, examples include *wasta* in the Middle East, *yongo* in Korea, *guanxi* in China, and *sifarish* in Pakistan (Nadeem & Kayani, 2019). Although culturally specific, these informal logics share a common tendency to pull management practices toward local institutional fields, reshaping globally diffused practices into localized adaptations (Melhem et al., 2024).

In Jordan, the context of this study, the institutional logic rooted in informality, exemplified by *wasta,* exacerbates institutional complexity by providing actors with a new repertoire for interpreting and enacting management accounting practices. The logic of *wasta* emphasizes personal networks, mutual obligations, favor reciprocation, and social capital, where informal relationships can override formal hierarchies and procedures (Alsarhan et al., 2021; Haak-Saheem & Darwish, 2021). Additionally, *wasta* serves as a key source of legitimacy and authority, shaping the informal hierarchies that coexist alongside formal organizational structures (Melhem et al., 2024). While *wasta* fosters trust and flexibility in organizational relationships, it complicates the institutional context by undermining bureaucratic procedures and contravening the meritocratic ideals of the professional logic (ibid.). This is particularly relevant for practices transferred from GPSFs' home contexts, which are characterized by formalized rules and standard operating procedures that prescribe a defined scope of actions for achieving organizational objectives (Darwish et al., 2024a). Consequently, in contexts where institutional informality is present, even if not dominant, management accounting practices in GPSFs are not merely guided by formal and professional norms; rather, they are shaped to varying degrees by local informal logics. In Jordan, for instance, research has found that *wasta* can challenge merit-based principles, rules, and standardized procedures by favoring actors with strong informal networks (e.g., Alsarhan et al., 2021; Melhem et al., 2024), thus creating pressure points that undermine the effectiveness of transferred practices. This makes the Jordanian context particularly well-suited to address recent calls in the management accounting field to explore *why* and *how* unintended consequences arise in performance management and measurement practices (Welter & Ensslin, 2022).

This underscores the importance of examining management accounting practices from an institutional logics perspective, particularly in culturally distinct contexts where institutional informality plays a dominant role. By focusing on the interplay of multiple and conflicting logics, this perspective enables researchers to uncover, in-depth, how macro-level institutional norms, cultural scripts, and power dynamics shape the translation of global practices into localized micro-level actions. In doing so, it reveals the mechanisms through which practices are adapted, negotiated, and transformed in complex institutional environments (Thornton et al., 2012).

2.2.Unintended consequences in performance measurement and rewards practices

Performance measurement and rewards practices are central to both performance management and MCSs, serving as key mechanisms for aligning employee behavior with organizational objectives (Malmi & Brown, 2008; Franco-Santos et al., 2007; Grabner & Moers, 2013). Notably, performance management and MCSs tend to be used interchangeably in contemporary management accounting research as they refer to similar or closely related concepts (Pfister et al. 2023). Performance measurement provides structured assessments of individual and team contributions, while rewards reinforce desired behaviors by linking outcomes to incentives. These mechanisms not only evaluate performance but also function as motivational and control tools, shaping decision-making and effort allocation within firms (Ferreira & Otley, 2009). Depending on their design and implementation, they can empower employees by offering clear direction and resources or constrain them through rigid procedures and sanction-reward structures (Merchant & Van der Stede, 2017).

Performance measurement and rewards practices encompass both formal (objective) and informal (subjective) controls. Formal controls are closely tied to bureaucratic structures and typically include standardized procedures, policies, and regulations that guide behavior to meet organizational goals (Merchant & Van der Stede, 2017). Examples include budgeting systems, structured performance evaluations, and explicitly defined performance metrics. Informal controls, in contrast, rely on cultural and personal elements such as shared beliefs, norms, and organizational values to influence behavior (Bezuidenhout et al., 2023; Sihag & Rijsdijk, 2019; Strauß & Zecher, 2013). Researchers caution against viewing these control types as separate; rather, they are dynamic, complementary, and interdependent, embedding organizational values and norms into employee behavior (Chenhall et al., 2017; Pfister et al., 2023). Although formal and informal controls are often associated with objective and subjective performance measures respectively, the relationship is not one-to-one. Formal controls typically rely on objective measures, such as KPIs, but may also involve structured subjective assessments (Grabner & Moers, 2013; Malmi & Brown, 2008). Informal controls influence how both objective and subjective performance measures are enacted and interpreted in practice (Pfister et al., 2023; Malmi & Brown, 2008). Hence, subjective and objective performance measures are embedded within the broader formal and informal control dynamics that shape employee evaluation and rewards (Pfister et al., 2023).

The literature highlights the importance of balancing formal and informal controls, framing them as complementary elements essential to the effective implementation of performance management (Cardinal et al., 2017; Sitkin et al., 2020). Rather than treating formal and informal controls as mutually exclusive, effective performance management and MCSs integrate them to balance standardized procedures with cultural and relational considerations. Empirical studies have demonstrated that informal controls play a crucial role in reducing dependence on formal controls (Bezuidenhout et al., 2023; Dimes & De Villiers, 2021). Other studies underscore the necessity of balancing between these controls to successfully embed performance management and MCSs (Bezuidenhout et al., 2023). Informal controls often enhance the effectiveness of formal mechanisms by fostering a supportive environment (Salemans & Budding, 2024), though the institutional context significantly influences how these controls are interpreted, interacted with, and enacted by actors, particularly those in positions of power (Melhem et al., 2024).

Despite their potential, even well-designed performance measurement and rewards systems can lead to failures and unintended consequences, potentially harming the organization (Welter & Ensslin, 2022; Franco-Santos & Otley, 2018). Unintended consequences often arise from managerial intentional and unintentional biases. For example, unintentional biases in performance measurement and reward practices such as leniency, centrality, and spillover biases occur when subjective performance measures misrepresent actual performance levels (Fehrenbacher et al., 2018). Similarly, selective attention to short-term goals or an illusion of control can undermine long-term organizational priorities (Kerpershoek et al., 2016; Mannion & Braithwaite, 2012). More recently, Malmi et al. (2023) extend these discussions to hyper-competitive contexts, as evidenced in their study on Nokia's decline, demonstrating how embedding performance management and MCSs with outdated managerial cognitions can lead to unintended consequences, such as delaying necessary actions, reinforcing inertia, and hindering innovation.

Intentional bias, on the other hand, stems from employees' self-seeking behaviors. Studies have shown a positive relationship between close subordinate-supervisor relationships and intentional rating bias (Melhem et al., 2024; Moers, 2005). Further intentional biases include gaming formal performance measurements, where organizational members alter their behaviors to meet targets, sometimes violating ethical norms (Graf et al., 2019). For instance, it has been reported that managers often feel tense and threatened during evaluations, which drives them to engage in gaming behaviors to improve their performance targets (Welter & Ensslin, 2022; Siverbo et al., 2019). Additionally, members may manipulate performance information deliberately by misrepresenting, misinterpreting, or reclassifying them (Kalgin, 2016). Lastly, some empirical studies suggest that the implementation of performance measures can alter social relationships within organizations (Malmi et al., 2022), diminishing trust, creating inequalities, and promoting transactional relationships (Franco-Santos & Otley, 2018). However, while numerous studies acknowledge the presence of unintended consequences, there remains limited clarity and explanation regarding the conditions and the mechanisms under which they arise (Siverbo et al., 2019), particularly those stemming from intentional bias (Welter & Ensslin, 2022; Franco-Santos & Otley, 2018). Additionally, the literature suggests that when performance measurement and rewards practices are introduced in emerging markets, they often reorient toward local institutional contexts, resulting in either resistance or modifications that better align with the host context (Andersen & Lueg, 2017). These contextual shifts underscore the need for a deeper understanding of how local informal institutions shape the design and enactment of performance measurement and rewards practices in emerging markets, contributing to unintended consequences. For instance, Uddin et al. (2021) illustrate how the implementation of KPI-driven performance measurement systems in a Czech manufacturing firm resulted in significant unintended consequences. Although KPIs were introduced as part of a formal control system aimed at enhancing accountability and efficiency, they were symbolically complied with, gamed, and selectively interpreted by employees. These behaviors were shaped by the legacy of socialist norms and informal practices that persisted in the post-privatization period. The study shows how institutional context can subvert the intended disciplinary function of performance measurement systems and lead to decoupling, ritualistic use, and behavioral resistance.

Additionally, most behavioral empirical studies on performance management and MCSs have primarily focused on the individual and organizational levels, often overlooking the broader institutional and cultural dimensions that significantly influence the design and evolution of performance management (c.f., Pfister et al., 2023). This limited focus overlooks the profound role of national cultures and institutional contexts, particularly in emerging markets, in shaping the central components of performance management and MCSs in unique ways. Moreover, much of the literature tends to view culture through the lens of organizational practices and interactions, overlooking the exploration of its deeper layers, such as assumptions, beliefs, norms, and values. Rather than being conceptualized as a control mechanism itself, culture functions as a lens for interpreting control mechanisms within organizations, highlighting the need for a more nuanced understanding of its impact (Damayanthi & Gooneratne, 2017; Merchant & Van der Stede, 2017). As Pfister et al. (2023) emphasize, understanding performance management and MCSs requires examining the meaning of these systems within the contexts in which they are produced and reproduced, as well as considering their sociological aspects. Uddin et al. (2021) further highlight how such systems are not only shaped by organizational design or managerial intention but are deeply influenced by legacy cultural scripts and informal social norms. In their case, KPIs were embedded in a system where individual and collective behaviors were already conditioned by non-market logics, leading to outcomes that were inconsistent with formal policy aims. Such findings echo the importance of interpreting performance measurement and rewards practices as situated within overlapping and often conflicting institutional logics. Thus, incorporating institutional logics into the analysis shifts focus to the sociological aspects, demonstrating how these macro-level structures shape and influence micro-level behavioral dynamics, highlighting how their sociological aspect feeds into actors' behavioral outcomes.

Thus, in this study, we adopt the institutional logics perspective to explore how performance measurement and rewards practices in GPSFs operating in emerging markets are transformed in practice. Rather than assuming a deterministic diffusion of management accounting tools, we focus on the mechanisms through which actors repurpose these practices under conditions of institutional complexity, where contradictory logics coexist and interact. This approach allows us to investigate how performance measurement and rewards practices are not only influenced by formal organizational imperatives, but also reinterpreted through informal logics that facilitate personal gains. By tracing how actors translate competing institutional logics into micro-level actions, we provide a more contextualized and dynamic account of the adoption, institutionalization, and evolution of these practices.

3. Methodology

*3.1.**Research context***

This study follows an inductive inquiry and adopts a single case study research design (Yin, 2014). The selection of the case followed a purposeful sampling strategy to collect "the most relevant data about the phenomenon under investigation" (Strauss & Corbin, 1990: 181). The focus is on a GPSF subsidiary 'Consultco' operating in Jordan, with the company name serving as an alias to protect the anonymity of the participants. Headquartered in the UK, this multinational firm has a widespread presence across various countries globally. Within the Middle Eastern region, it has presence in multiple offices across 15 countries. Consultco is a prominent player in the professional services sector, contributing to the region's economic development through its extensive range of services. The company serves a diverse client base, including large corporations, government entities, and SMEs, fostering financial transparency and enhancing corporate governance across the region. It operates within a highly regulated industry governed by rigorous professional standards and ethical codes. Previous research suggests that such companies aim to standardize performance management and measurement practices and controls, both formal and informal, across their global subsidiaries (Boussebaa, 2009). By doing so, they adhere to traditional bureaucratic structures to maintain professional standards. One of the main core activities for the sampled company is exporting best management control practices to clients. Thus, this company plays a pivotal role in the expansion and setting of global management control standards. The company adopts international management accounting practices, encompassing formal budgets, both formal and informal management controls, and globally applicable performance measures and KPIs.

The formal MCS in Consultco includes well-defined components for performance measurement and rewards. Performance is measured through a set of standardized global KPIs, including client satisfaction, project profitability, billable hours (utilization rates), and professional development milestones (such as international mobility and training completion). These KPIs are formally assessed on an annual basis through structured performance evaluations conducted by line managers, partners, and human resources. Performance evaluation processes involve formal meetings where KPI achievements are reviewed, and employees are ranked according to predefined categories that align with global standards. Rewards, including bonuses, promotions, and access to prestigious client assignments, are formally linked to these KPIs. High performers are expected to receive higher bonuses and to progress along the career ladder, moving from associate to senior, manager, and partner levels. The formal system prescribes that promotions should be strictly based on achievement of KPIs, especially client satisfaction and profitability, and employees are ranked relative to peers in a competitive process. These formal controls are intended to ensure meritocracy and fairness in career advancement. Line managers, who directly oversee employees' work, are responsible for conducting initial performance evaluations, which are then reviewed and moderated by partners and HR to ensure consistency.

These practices are predominantly integrated into state-of-the-art global software, designed to standardize strategic management accounting and control practices across its global subsidiaries. Additionally, GPSFs place significant emphasis on professional autonomy, hence, the company underscores the importance of informal controls and subjective performance measures, with execution primarily dependent on managerial discretion in interpreting employees' professional performance. However, recently, such GPSFs, where partners share in the company's profits, started to pay more attention to profitability, reflecting an evident transition from a focus on professionalism to a greater emphasis on profitability (Hinings et al., 2012). This would likely influence management accounting practices in several ways. Firstly, there may be a greater focus on financial and non-financial performance measures and metrics that directly impact profitability, relegating fairness and equity to the background. Second, there may be increased pressure to achieve financial targets to satisfy partners expectations to maximize profit sharing. Finally, there may be a greater emphasis on informal networking and relationships in decision-making and resource allocation within the organization. Concurrently, the culture of Jordan, as the host context and broader environment for management accounting interactions, is collectivist (Melhem & Darwish, 2023). Here, organizational practices are deeply rooted in the national culture, which emphasizes collective efforts and informal networking over individual performance. Additionally, the informal institution of *wasta* holds significant influence, prioritizing informal relationships in attaining personal ends over formal organizational objectives and processes (ibid.).

3.2.Data collection

22 semi-structured interviews were conducted with nine managers and thirteen non-managerial employees between November 2023 and February 2024 (refer to appendix A for more details about the study participants). We followed a purposive sampling approach and employed snowball sampling to identify additional participants through referrals from initial respondents (Strauss & Corbin, 1990). We continued this process until no new themes or insights emerged from the interviews, indicating sufficient depth and breadth to address the research question. The selection criteria focused on individuals actively engaged in management accounting practices and possessing substantial knowledge of these practices and the national cultural context. Managers were chosen because they play a critical role in implementing, and monitoring management accounting systems, while non-managerial employees from junior and senior levels were included to capture their perspectives as subjects of these practices. This dual perspective allowed us to gather comprehensive insights into both the giving and receiving ends of the practices. The interviews lasted between 45 minutes and 90 minutes, providing rich, nuanced data for analysis. Including participants from different hierarchical levels and perspectives offered a well-rounded understanding of the dynamics of performance measurement and rewards practices and the cultural scripts influencing them. This methodological approach ensured that our findings are grounded in diverse experiences and viewpoints, enhancing the validity and robustness of the study. The interview schedule contained naturalistic questions (Alvehus, 2018) about the role of *wasta* in several management accounting practices such as budgeting, management control, and performance measurement, with a focus on the latter. Furthermore, in line with the case study research design (Yin, 2014), we collected archival data which was used to corroborate participants' accounts. These data included global rules templates, employee performance evaluation standard operating procedures, professional and ethical codes of conduct, performance feedback templates, rating grids and criteria, performance measures, and KPIs-related documents.

3.3.Data analysis

We organized the data using NVivo 12 and adopted a process-oriented methodological approach to explore how performance measurement and rewards practices are interpreted and enacted through everyday interactions. A process approach explores how a phenomenon unfolds, evolve, and changes over time (Langley, 1999). It considers time ordering and process temporality and conceptualizes management accounting practices as comprised of interrelated and coordinated micro-level sub-practices, such as budgeting, controls, and performance measurement. Their temporal accomplishment reflects the overall achievement of management accounting. Therefore, this perspective examines individual micro-level processes not in isolation, but as part of the management accounting process ecology, where there is a spillover influence between coordinated management accounting activities. This methodological approach pays empirical attention to actor's actions to analyze how processes unfold at the micro-level. By taking into account a process methodological approach, we analyzed the data thematically (Marshall & Rossman, 2014). This included data organization, categorization, theme development, and assigning and interpreting codes. We began by conducting line-by-line coding, followed by axial coding (Strauss & Corbin, 1990), and then we categorized the emergent codes according to their respective parts of the management accounting practice. For instance, “managing tight budgets for projects with low profitability is always a challenge, but it pushes us to be more creative and resourceful in finding cost-effective solutions.” was given “budgets oriented towards maximizing profitability” as a first order code. Similarly, “lacking informal relationships, we're often assigned to projects that don't yield much profit, but we're expected to make them work somehow because of the low budget they hold” was given “employees lacking *wasta* are assigned to low-profitability projects.” Following that, these two first-order codes were categorized under the budgeting process. This step facilitated the organization of data into manageable categories for each central management accounting sub-process mentioned by participants, enabling a clearer understanding of the coordination between these subprocesses. To further understand the relationships between the generated codes, we constructed thick narratives that illustrate the procedural unfolding of events and their connections to (in)formal institutional logics. This step allowed us to analyze the relationships between first-order codes and facilitated abstracting them into second-order codes. Noteworthy themes and subthemes were categorized, covering aspects related to budgeting, performance measurement, and target achievement. The emergent themes were then scrutinized in relation to participants’ characteristics. Two patterns were uncovered, those relating to employees with strong *wasta* connections, and one for employees lacking *wasta*. By doing so, we were able to abstract second-order themes into third-order aggregate dimensions as shown in the data structure below.

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4. Findings

4.1. Performance Measurement and Rewards Practices Informed by Bureaucratic and Professional Logics

Performance measurement and rewards practices in Consultco are informed by bureaucratic and professional logics. Bureaucratic logics emphasize standardized processes and adherence to formal structures, while professional logics prioritize the application of expertise and the principles of meritocracy. In the dynamic context of GPSFs, the allocation of projects and distribution of rewards is mainly filtered through the budgeting process, informal networking, adhering to performance measures, and achieving performance targets at the micro-level. This reflects a delicate interplay between formal management accounting practices and informal networking dynamics (i.e., *wasta*). The following shows how these elements intertwine and shape management accounting practices.

In the context of formal management accounting practices within Consultco, budgeting plays a crucial role as remarked by this senior manager:

> "At our firm, budgeting isn't just about numbers; it's about strategic decision-making. We have to balance client expectations with profitability targets, and that requires careful planning and resource allocation." (Senior Manager, P4)

Formally, budgeting is tied to a broader performance measurement and rewarding mechanisms that incorporates both financial and non-financial KPIs. These KPIs are intended to align employee performance with organizational goals. They include client satisfaction scores, project profitability, billable hours (utilization rates), rate of assignment to key clients, and professional development metrics such as global mobility and international training completion. Each employee's performance is evaluated annually based on these KPIs, with input primarily from line managers. For example, client satisfaction scores are measured through client feedback surveys, while project profitability is assessed via budgeted versus actual profit margins. Utilization rates reflect the proportion of billable hours relative to total working hours, and international assignments reflect the employee's role in cross-border projects.

The formal policy emphasizes that these KPIs directly influence annual performance evaluations and are linked to financial rewards (bonuses) and career progression (i.e., promotions to higher ranks such as senior, manager, and director).

> "In accordance with our global performance management policy, employees' achievement of KPIs, including client satisfaction, project profitability, and utilization rates, will form the basis of annual performance reviews. These KPIs will directly determine eligibility for financial rewards, including bonuses, and will be used to assess readiness for career progression to higher roles within the firm." (Internal Document, Global Talent and Performance Standards)

Performance evaluation processes are "*reviewed by HR and leadership to ensure objective assessments and fair reward distribution based on merit*." (Internal Document, Global Talent and Performance Standards). According to the formal process, high client satisfaction scores and strong profitability on projects should lead to higher performance ratings, which in turn determine bonus amounts and promotion eligibility. Conversely, employees who fail to meet KPI targets may be placed on performance improvement plans or overlooked for advancement. As one manager summarized:

> "Your KPIs drive everything — from your bonus to whether you get promoted next year." (Manager, P7)

Furthermore, access to high-profile clients and international assignments—important for career progression—is also formally linked to KPI performance.

> "Assignments to key clients and international engagements constitute core performance indicators and are integral to employees' KPI assessments and career development." (Internal Document, Global Talent and Performance Standards)

These formal mechanisms are intended to control employees' behaviour, uphold fairness, and reward professional competence, in line with global corporate standards.

Budgeting plays a central role in shaping these KPIs and performance targets, as it defines the financial parameters within which projects are evaluated and employees' contributions are assessed. In Consultco, budgeting operates on a project-by-project basis, with each project assigned its own budget allocation and profitability targets. Projects vary significantly in their profit margins, with some yielding high profits and others operating on narrower margins. Budgeting is strongly oriented toward maximizing profitability per project, prioritizing high-margin projects due to their substantial contribution to the firm's overall financial performance. While this focus on profitability aligns with organizational financial objectives, it raises concerns regarding fairness and meritocracy. Ideally, client allocations should be merit-based, considering employees' expertise, prior performance, and suitability for specific consulting domains. Such an approach not only aligns project assignments with organizational goals but also ensures equity, reflecting employees' professional competencies. Additionally, project assignments should provide all employees with equal opportunities to achieve performance targets, enabling them to meet KPIs and other evaluation metrics. These principles were consistently highlighted in managers' discussions about the espoused process, with an emphasis on aligning project assignments with meritocratic ideals.

> "We aim to match the right talent to tasks, giving everyone an equal chance to meet targets…this ensures fairness and balanced performance evaluations" (Manager, P6)

> "According to our company's global guidelines, project assignments should provide equal opportunities for all employees to meet their targets, and we try to follow this." (Senior, P10)

Given that projects differ significantly in profitability, project assignment decisions directly influence employees' ability to achieve KPIs and meet performance expectations, raising important concerns about fairness and equal opportunity. Ensuring fairness in project assignments is critical to maintaining trust and motivation within the organization. A merit-based allocation system not only upholds professional standards but also mitigates potential resentment among employees who may feel disadvantaged by informal networking dynamics such as *wasta*. However, as the interviews progressed, it became apparent that managers consistently prioritized profitability, often overlooking considerations of fairness and equitable distribution of projects or profits.

> "Sometimes we're tasked with projects that have slim profit margins. It's challenging to deliver quality results while keeping costs in check." (Manager, P6)

> "When you have a project-based budgeting system, you need to be strategic. There are projects with high-profit margins that give us wiggle room for costs, while on the other hand, there are projects with low profit margins, barely profitable. The most important thing is that we have to deliver value for clients for each project, while also keeping an eye on our bottom line. It's not as easy as it looks." (Senior Manager, P5)

Since project budgeting forms the basis of work distribution, employees' performance targets are directly tied to the success of these projects, linking individual KPIs to project-level outcomes. Approved formal budgeting targets feed into overall performance targets, achieved through both financial and non-financial measures at the micro-level. These performance measures, which align with budgetary goals, are critical to organizational profitability and success. Within Consultco, performance measures encompass both objective and subjective aspects, including client relationships and retention, profitability, rate of assignment, and global mobility. Among these, project profitability is an important KPI for employees and managers. However, evaluations extend beyond project delivery within budget and time constraints to include the ability to cultivate and maintain long-term client relationships. These relationships are vital for sustaining business and are weighted as heavily as project profitability.

> "Our success hinges on client satisfaction. Performance measures go beyond financial metrics in [Consultco]; they encompass maintaining client relationships." (Director, P1)

> "It's not just about finishing projects on time and within budget; we also look at how well employees build and maintain client relationships. Long-term client trust is just as important as hitting profitability targets because that's what keeps the business thriving." (Senior, P11)

> "…It's not just about staying within budget or meeting deadlines; building strong client relationships is just as important, if not more, when it comes to how we're evaluated." (Semi-Senior, P18)

Within Consultco, achieving both objective and subjective performance measures, as well as KPIs, is highly influenced by *wasta*. This is particularly evident since many of these measures, especially those related to client relationships and retention, are predominantly achieved through informal personal networks. The next section delves deeper into how these relationships, facilitated by *wasta*, play a central role in attaining performance measures and targets within Consultco.

4.2. The dominance of informal logics in performance measurement and rewards practices: Opportunities, Constraints, and social inequality

Wasta, along with the networks and relationships managers and employees bring to the company, greatly impacts client acquisition, retention, and the overall relationship with clients, hence, it largely feeds into subjective, as well as objective, performance measures. Client acquisition through *wasta* transcends formal contracts and extends to informal agreements and social exchanges. Interactions for parties connected through *wasta* are characterized by trust, returning favors, and mutual obligations. *Wasta* also enhances effective communication between company personnel and clients, providing direct access to employees and facilitating customized services. With *wasta*, managers and clients have the flexibility to negotiate terms beyond the constraints of formal contracts, tailoring agreements to meet both formal and informal client requirements.

> "In our line of work, having strong connections through *wasta* is crucial…*Wasta* opens doors to new clients and helps us maintain long-term relationships." (Manager, P7)

> "We rely on *wasta* to navigate the local business landscape. It's how we ensure that our clients feel valued and well taken care of. Without those personal connections, it's hard to compete in this market." (Manager, P9)

> "…*wasta* provides a personal touch that goes a long way in securing clients' loyalty" (Senior, P12)

Additionally, global mobility, such as the ability to work on international assignments, is often considered a measure of professional development and global exposure within Consultco, often a perk for those with strong *wasta* connections.

> "…we have a weird performance measure called global mobility that you can never access without having strong *wasta* with managers. They are the ones who allocate international clients to your portfolio, and they usually limit that to those who they [managers] have close relationships with." (Senior, P13)

> "Getting assigned abroad is supposed to be about professional growth, but honestly, it feels like it's reserved for those with connections. If you don't have *wasta*, you're not even in the conversation." (Senior, P14)

The allocation of projects in Consultco is significantly shaped by both formal and informal powerholders within the organization. Managers and directors, by virtue of their formal authority, have the official responsibility to assign projects, allocate resources, and ensure alignment with budgetary targets. However, employees with strong *wasta* also act as informal powerholders, exerting significant influence over these decisions. Their informal connections and networks often steer managerial decisions, creating a dual system of formal and informal authority that governs project allocation within performance management and rewards practices. Employees with strong *wasta* often rely on their connections to bring in new clients and nurture these relationships through personal ties. On the other hand, employees lacking *wasta* may struggle to attract lucrative clients. Consequently, the attainment of performance measures and alignment with both formal and informal KPIs becomes heavily contingent on *wasta*.

> "Having *wasta* definitely gives you an edge in this industry. You can pick up the phone, make a call, and boom, you've got a new client lined up. It's all about who you know and how well you can leverage those connections." (Senior Manager, P4)

> "It's frustrating to see how much *wasta* matters. Some people barely try, but their connections bring in the best clients. Meanwhile, the rest of us have to hustle just to get noticed." (Junior, P21)

Employees endowed with strong *wasta* and external networks possess the ability to bring in clients. Thereby, this positively influences their adherence to performance measures and target achievement. This advantage extends to other performance metrics, enabling them to meet targets more easily.

> "If you've got *wasta*, you're set. You can breeze through those performance measures because you've got the clients, the projects, everything. It's like having a shortcut to success." (Manager, P9)

> "*Wasta* makes everything smoother—clients, projects, and targets just fall into place." (Senior, P12)

Strong *wasta* employees adeptly navigate organizational dynamics by invoking the cultural script of *wasta*, which allows them to advance within the company despite any shortcomings in qualifications or performance.

"I've seen it time and time again. Those with *wasta* get ahead, no matter what. They've got the connections, and the influence, and they know how to use it to their advantage. It's just the way things work here." (Manager, P6)

"I've seen colleagues with *wasta* move up the ranks quickly, even when their performance wasn't the best." (Senior, P10)

However, it becomes important to understand how such influence finds its way to organizational profitability and success. In Consultco, and to balance profitability and cost-efficiency, managers strategically utilize their formal authority to assign projects project based on employees *wasta* status. Employees with strong *wasta* are typically assigned to high-profitability projects, as their social connections enable them to maintain and nurture critical client relationships. This aligns with the managers' objective of achieving budgetary targets and enhancing profitability, as these employees' *wasta*-driven networks provide the social capital needed to sustain long-term business engagements.

"Those with strong [*wasta*] connections often land the best projects. It's not just about skills; it's about who you know inside and outside the company. In fact, those who lack [*wasta*] connections are often higher performing employees." (Junior, P21)

"…it's a tale of two worlds, those with *wasta* effortlessly handle high-profit projects, while the rest of us struggle through the less glamorous assignments." (Senior, P15)

Employees with *wasta* are accorded preferential treatment in fulfilling their requests or securing desired outcomes, as they are often the ones who recruited key clients through their personal connections. In this way, recruiting clients becomes a form of leverage for these employees to obtain preferential treatment. This is realized by being assigned to profitable clients, which ultimately contributes to their ability to achieve performance targets.

"Every client has the potential to be profitable for the company. However, to show appreciation to those who bring in clients, we prioritize assigning them to the most profitable ones." (Manager, P6)

"Imagine I bring money [through clients] to the company, only to be assigned to low profit clients or those requiring excessive effort. What's the point of leveraging my connections and going above and beyond to secure clients if that's the outcome?" (Senior, P13)

If these employees were not granted such preferential treatment, there is a significant risk that they could take their clients with them upon departure. It is important to note that in this context, characterized by informal relationships, networks, and mutual obligations, clients tend to demonstrate greater loyalty to individuals than to the company itself.

> "We have to tread carefully with employees who have strong networks. Their clients trust them personally, not the company. If they feel undervalued, they could walk away and take those clients with them. It's a delicate balance to maintain." (Senior Manager, P5)

> "In our context, relationships hold more importance than the company. I recall a time when a major multinational services company in Jordan experienced a split, and they suffered significant losses because employees took their clients with them to the new company. We cannot afford to have this scenario repeated." (Director, P1)

On the other hand, projects with lower profit margins are typically assigned to employees lacking *wasta*, who are expected to complete them quickly to maximize profitability with minimal complaints and resources, despite potential challenges and constraints.

> "Yeah, it's pretty clear how things work around here. If you've got *wasta*, you're golden. You'll get those high-profit projects handed to you on a silver platter. But if you don't have *wasta*, well, you're stuck with the scraps. Those low-profit projects that nobody wants, that's what you'll be dealing with." (Semi-Senior, P18)

> "…It's obvious how projects are assigned. Those with *wasta* get profitable and high-rewarding projects, while those without [*wasta*] are left with the tough, career stagnating, and low-profit ones no one else wants." (Manager, P7)

This differential assignment of projects based on *wasta* status contributes to disparities in workload and career advancement opportunities. It limits opportunities for employees lacking *wasta* while enhancing the chances for strong *wasta* employees to achieve performance measures. The influence of *wasta* cannot be overlooked in this context as organizational rewards in Consultco are mainly distributed based on the achievement of performance measures. Employees with strong *wasta* may find it easier to achieve performance targets due to their access to high-profit projects, client relationships, and opportunities for global mobility. However, Employees without *wasta* face challenges in achieving performance measures and meeting targets, limited by the nature of the low-profit margin project assigned to them. Their efforts are often limited to cost-saving measures, ultimately leading to project profitability despite its low margin. Despite their contributions, the distribution of rewards may disproportionately favor strong *wasta* employees, as their ability to achieve performance targets is often enhanced by their connections and influence within the organization.

5. Discussion

This study set out to investigate how performance measurement and rewards practices in GPSFs operating in an emerging market evolve in the presence of contradictory institutional logics, particularly when strong informal cultural scripts—embodied by *wasta*—intersect with bureaucratic and professional logics. Drawing on the institutional logics perspective (Thornton et al., 2012), our primary goal was to unpack *how* the locally dominant *wasta* logic reshapes globally diffused performance measurement and rewards mechanisms at the micro-level, resulting in unintended consequences.

Our findings make three notable contributions to the literature on the performance measurement and rewards practices as central components of performance management and MCSs (Pfister et al., 2023; Welter & Ensslin, 2022). First, by focusing specifically on how performance measures and reward formal structures are enacted in practice, we offer micro-level insights into how formal KPIs, such as client satisfaction, project profitability, and utilization rates, are reinterpreted through informal social networks. This extends knowledge on how contradictory formal and informal logics jointly shape the enactment of performance measurement and rewards practices, leading to systemic and unintended consequences. Second, we show that these unintended consequences are not isolated or random but reflect structural dynamics, as *wasta* enables actors to navigate performance measurement and rewards practices in ways that reinforce existing social inequities. In doing so, our evidence broadens the conceptualization of unintended consequences in performance management by emphasizing institutional imprints—in this case, the logic of *wasta*—as a key driver of systemic disparities that extend beyond individual bias or opportunism. Third, by focusing on the emerging market setting, we advance the performance measurement and rewards scholarship beyond Western-centric studies, showing how deeply rooted informal logics can redefine globally diffused management accounting practices. Thus, we challenge deterministic assumptions that attribute unintended consequences solely to individual behaviors (Pfister et al., 2023; Welter & Ensslin, 2022), instead revealing how macro-level institutional forces fundamentally shape the enactment of these systems.

The literature suggests that the logics of bureaucracy and professionalism are the main institutional forces shaping GPSFs at the macro-level (Alvehus & Hallonsten, 2022; Melhem et al., 2024). Our analysis uncovers how a third, the informal logic of *wasta* competes with and often supersedes these, reshaping the operation of performance measurement and rewards practices. Wasta functions not only as an informal logic but also as a mechanism of selective access to market opportunities and clients. Well-connected employees are more likely to receive lucrative client assignments and high-profile projects, effectively granting them an informal advantage in meeting KPIs and securing rewards. In contrast, those lacking such connections face restricted access to profitable projects, limiting their ability to perform and progress. While informal controls are traditionally conceptualized as complementary to formal mechanisms (Bezuidenhout et al., 2023; Sitkin et al., 2020; Chenhall et al., 2017; Kerpershoek et al., 2016), anchored to an organization's internal culture, values, and norms (Pfister et al., 2023; Strauß & Zecher, 2013), our findings reveal a critical divergence in emerging markets: informal logics do not merely complement but reconfigure formal structures, displacing meritocracy with relational dynamics.

In this context, the interplay of the logics of bureaucracy, professionalism, and *wasta* creates an institutional complexity that is difficult to reconcile. Consequently, as the findings show, powerful actors with strong informal connections become compelled to bypass formal performance measurement and rewards practices, streamlining their paths to organizational outcomes and personal advancement. Thus, performance measurement and rewards practices serve as a key site where *wasta*-driven informal logics and global meritocratic standards collide, reshaping both practices and outcomes. The logic of *wasta*, while aligned with broader goals such as profitability, undermines the intended meritocratic design of performance measurement and rewards practices. This is because the institutional setup provides an alternative frame of reference for achieving organizational objectives—one grounded in informal relationships rather than formal performance indicators. Informal logics, such as *wasta*, become the primary vocabulary of action for navigating complexity, enabling actors to pursue organizational goals while circumventing formal controls. Consequently, the enactment of performance measurement and rewards reflects national institutional norms and values, allowing actors with strong informal ties to exploit structural vulnerabilities, while marginalizing those without such connections.

This dynamic highlights a paradox: while profitability and enhanced organizational performance are the ultimate objective performance management (Pfister et al., 2023; Strauß & Zecher, 2013), in this context, they come at the expense of the coherence and alignment between performance measurement and rewards and broader organizational values. Performance measurement and rewards, rather than functioning as cohesive mechanisms to guide behavior in line with organizational culture, become fragmented, as actors favor informal institutional norms over formal structures. Thus, the intended complementarity between formal and informal controls collapses, not simply because of individual opportunism, but due to a deeply rooted institutional context that reshapes the enactment of these systems.

To this end, this study contributes to the literature on performance measurement and rewards in performance management and MCSs by introducing the mechanism of *decoupled complementarity*, which captures the dynamic interplay between formal global practices and local informal logics. While the literature on decoupling highlights that formal systems may be maintained in appearance but operate differently in practice (Bromley & Powell, 2012), and the literature on controls complementarity emphasizes how formal and informal controls can reinforce one another (Bezuidenhout et al., 2023; Sitkin et al., 2020; Chenhall et al., 2017; Kerpershoek et al., 2016), our findings reveal a distinct mechanism that combines these two dynamics. We show that global practices, such as KPIs and formal reward structures, are officially maintained but are informally redefined through *wasta,* undermining their intended role. This form of complementarity is decoupled because, although formal and informal elements coexist, informal logics manipulate formal mechanisms to serve local ends. Thus, decoupled complementarity reflects a situation in which formal controls are not merely maintained in appearance or adapted to local contexts but are strategically reshaped, enabling profitability while undermining meritocracy. In other words, we reveal a unique mechanism where informal logics reshape formal mechanisms from within, maintaining their form but transforming their function. This concept allows us to better explain how global performance measurement and rewards practices are transformed when enacted in emerging market contexts dominated by strong informal institutional logics. Table (1) below illustrates this tension by summarizing the formal KPIs embedded in Consultco's performance measurement and rewards practices, alongside how these are informally reinterpreted through *wasta*. This comparison highlights the mechanisms through which (in)formal KPIs are reinterpreted through the informal logic of *wasta*, creating a dynamic of decoupled complementarity where formal measures coexist with and are reshaped into informal practices.

[Insert Table 1 Around here]

By highlighting this macro-institutional realignment of informal controls, our findings underscore the sensitivity of performance measurement and rewards to broader institutional contexts, particularly in emerging markets. This dynamic not only disrupts the intended complementarity between formal and informal controls but also facilitates the institutionalization of inequalities.

5.1.Beyond Bias in performance measurement and rewards: Institutionalized Inequality

Prior studies on performance measurement and rewards often emphasize the risk of bias, whether intentional or unintentional, when subjective measures complement objective ones (Welter & Ensslin, 2022; Fehrenbacher et al., 2018; Franco-Santos & Otley, 2018). While the literature has recognized that performance measures can give rise to unintended consequences such as gaming, rating biases, or altering the social structure (Welter & Ensslin, 2022; Graf et al., 2019; Franco-Santos & Otley, 2018), limited studies explored how these biases become structurally embedded to perpetuate inequality. Our study adds to this literature by showing how such biases are not merely a matter of subjective versus objective assessment but are embedded in the very mechanisms of performance measurement and rewards, as these are reshaped by informal logics like *wasta*. By examining how institutional logics are translated into actions at the micro-level, we reveal the processes through which systemic inequalities become embedded in performance measurement and rewards. By moving beyond the dominant individual-focused view of bias in the literature (Welter & Ensslin, 2022; Malmi et al., 2022; Franco-Santos & Otley, 2018), the study demonstrates how informal institutional and local cultural scripts like *wasta* drive institutionalized inequities within performance measurement and rewards practices.

The findings of this study demonstrate the contrasting experiences of employees with and without *wasta*. The reliance on *wasta* for client acquisition, resource allocation, and performance evaluations engenders an informal system that privileges personal connections. As a result, formal performance measurement and rewards, intended to reflect merit and KPI achievements, are filtered through informal relationships, reshaping access to opportunities and recognition. This study demonstrates that the logic of *wasta* is not merely an add-on but lies at the center of reproducing performance measurement and rewards practices in emerging markets. It fundamentally redefines success for employees with strong informal connections while simultaneously marginalizing those without, depriving them of equal opportunities to engage meaningfully with performance measures. In this context, social inequality becomes a systemic outcome of embedding global performance management systems in informal institutional environments. The findings show that *wasta* systematically channels lucrative projects, high-profit client assignments, and rewards to individuals with strong informal networks. It highlights the informal logic's dual role in reinforcing reciprocity for those with strong connections, while simultaneously marginalizing employees without such connections, all within a framework that ultimately secures organizational profitability.

The reciprocal nature of *wasta* sustains this dynamic, as employees leverage informal networks to benefit the organization, while managers reciprocate by granting access to high-profit projects (Melhem et al., 2024). Because project assignments are directly linked to KPI-based performance measurement and subsequent rewards, these informal allocations give *wasta*-connected employees privileged access to the means to excel under the formal system. Budgeting, traditionally intended as a tool for financial planning and resource allocation (Malmi et al., 2022), becomes a signal and a mechanism for favor-based project assignments. Our findings show that managers selectively use budgetary information to allocate high-profit projects to well-connected employees, while those without *wasta* are left with low-margin clients. Managers use their discretionary power to allocate low-margin projects to less-connected employees, ensuring performance targets are met while further marginalizing these individuals. Since performance measurement and rewards are formally based on meeting KPIs like project profitability, client satisfaction, and utilization rates, less-connected employees are systematically deprived of the opportunities needed to meet those targets, compounding inequality. Thus, budgeting and performance measurement practices together serve as informal mechanisms of exclusion for those lacking *wasta*. In this way, budgeting shifts from its original purpose of objective financial control to a tool that facilitates *wasta*-driven reciprocity, ultimately enhancing profitability. This reinterpretation of budgeting illustrates how seemingly neutral and objective components of MCSs can take on unintended roles within institutional contexts marked by informality. This dual system creates a stark disparity: employees with strong connections thrive, leveraging both formal and informal mechanisms, while others face constrained opportunities. However, this same dynamic also creates a synergy: the interplay of formal performance pressures (e.g., profit maximization) and informal relationships (e.g., reciprocity and loyalty) ensures that organizational objectives, such as profitability, are achieved. Yet, this synergy comes at the cost of perpetuating systemic inequalities, as MCSs, rather than serving as neutral tools, become vehicles for institutionalizing entrenched inequalities. Thus, our study contributes to the burgeoning body of work on the unintended consequence of inequality from embedding performance measurement and rewards practices in organizations (Haynes, 2024; Endrikat et al., 2017; Cugueró-Escofet et al., 2019). We do so by illustrating how contextual dynamics, namely institutional logics rooted in informality, cement structural inequities into performance management and undermine their formal elements.

6. *Conclusion*

This study examined how performance measurement and rewards practices adapt in GPSFs amid the institutional complexity of emerging markets, characterized by the interplay of bureaucratic, professional, and informal logics. The findings reveal a paradox: while these practices achieve profitability, their implementation in contexts dominated by institutional informality misaligns their formal and informal elements, perpetuating systemic social inequalities. These unintended consequences arise as performance measures and rewards realign with the broader informal institutional norms rather than organizational ones, undermining the complementarity of their formal and informal elements. This realignment reinforces the dominance of employees with strong informal networks while marginalizing those without such connections.

The study contributes to the literature on performance measurement and rewards within performance management and MCSs by introducing the concept of decoupled complementarity, which captures how formal global practices and local informal logics coexist, yet informal logics strategically reshape the function of formal mechanisms—such as KPIs and reward structures—undermining their meritocratic aims while maintaining their outward appearance. This highlights the sensitivity of performance measurement and rewards practices, and the broader performance management practices, to institutional contexts, where informal logics rooted in national culture reshape globally transferred practices. Additionally, the study expands the understanding of inequality as an unintended consequence in performance measurement and rewards by showing how systemic disparities emerge from institutionalized norms. These findings challenge deterministic assumptions in the performance management and measurement literature by emphasizing the role of institutional contexts and actors' agency in shaping outcomes. Instead of attributing unintended consequences solely to individual opportunism or managerial bias, this study highlights broader institutional forces that necessitate rethinking the design and implementation of performance measurement and rewards practices in emerging markets.

The study offers practical recommendations for management accounting practitioners in the Middle East and the broader emerging markets. Practitioners operating in environments influenced by informal institutions, such as *wasta* or similar cultural norms, must understand the dual impact—both positive and negative—of these norms on organizational practices. This understanding is essential for effectively managing the complexities of performance measurement and rewards and ensuring alignment with organizational objectives. Practitioners should aim to balance formal management accounting practices with the influence of informal norms like *wasta*. This involves leveraging formal controls where appropriate while adapting to informal practices that contribute to organizational performance. Multinational companies, in particular, should adapt management accounting practices to the cultural contexts of their local operations. This may include incorporating relationship-based practices alongside formalized procedures to mitigate the perpetuation of social inequality and promote fairness in areas such as project allocation and performance measurement, regardless of employees' *wasta* status.

While this study provides valuable insights, it has its limitations. First, the research is conducted within the specific context of emerging markets, focusing on Jordan, which is characterized by unique institutional setups and cultural norms such as *wasta* (e.g., Darwish et al., 2016). Thus, it may not fully capture the dynamics in other institutional and cultural contexts with distinct and culturally specific norms, limiting their applicability to the broader emerging markets. Future research could explore this phenomenon in other contexts with distinct informal institutional norms, such as *guanxi* in China or *yongo* in South Korea (Nadeem and Kayani, 2019), to understand how different informal logics interact with the formal elements of performance measurement and rewards practices. Second, while the findings are valuable in enabling us to understand performance management and MCSs, they are limited to the performance measurement and rewards components. Although these are central mechanisms within performance management and MCSs, the study does not address other elements such as budgeting, strategic control, and risk management. Future research could build on this study by examining performance management and MCSs as an integrated system to explore how different control mechanisms interact and how formal and informal logics shape them collectively. Third, the study is based on a single case study, a GPSF operating in Jordan, and employs a qualitative methodology, the insights derived from the interviews and analysis are contextually rich but may not fully represent the broader population of GPSFs or other organizations operating in emerging markets. Therefore, its findings cannot be generalized to other organizational settings and contexts, where the interaction between formal and informal controls may manifest differently. Future studies could expand the scope to multiple case studies and comparative studies across different firms, sectors, and contexts to enhance the generalizability and robustness of the findings.

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Figure (1): Data structure

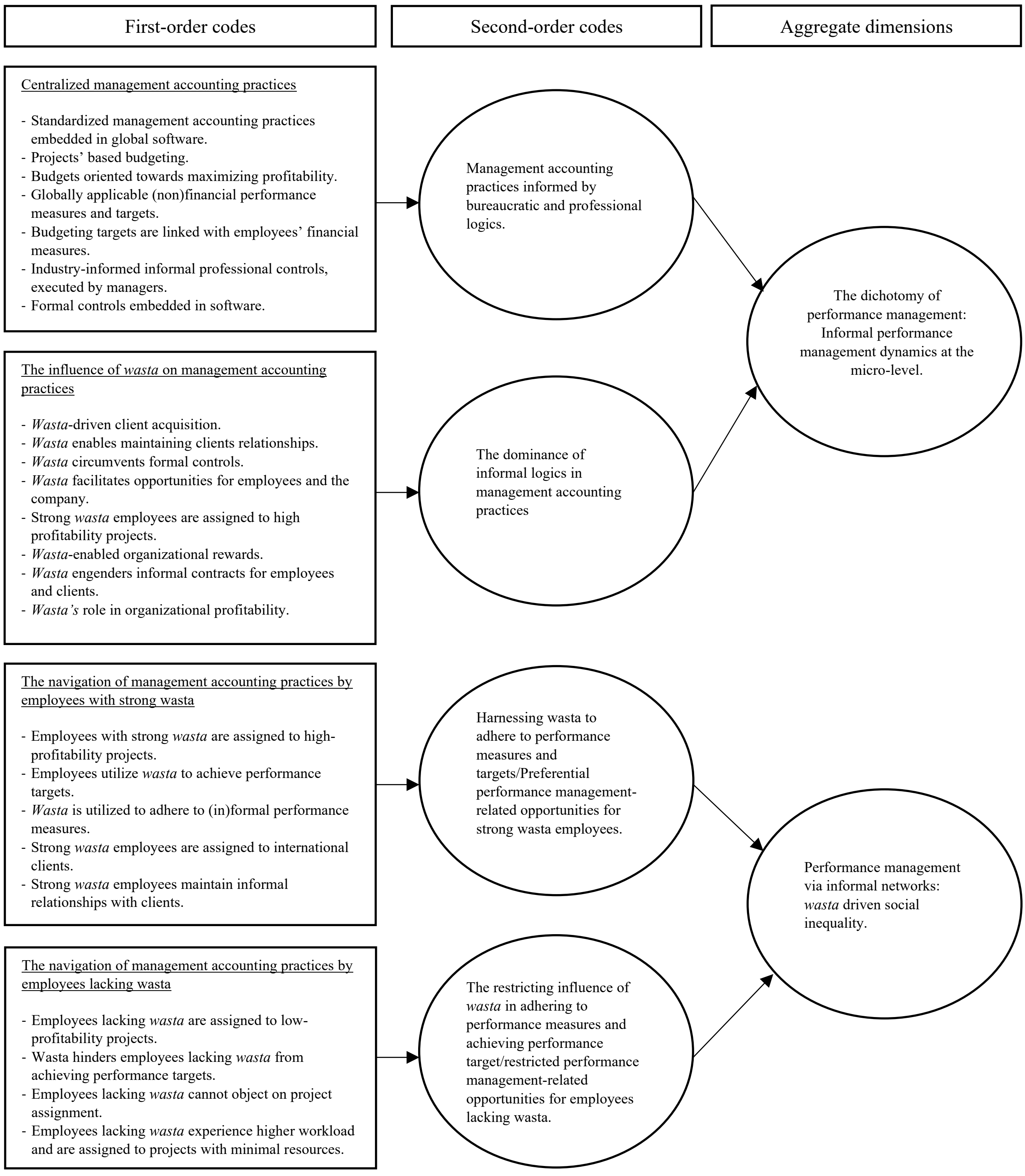

Table 1: Formal KPIs and Their Informal Reinterpretation Through *Wasta*

Formal KPI	Informal Reinterpretation via *Wasta*
Client satisfaction	Personal relationships with client partners override formal survey scores.
Project profitability	*Wasta* connections influence assignment to profitable projects.
Utilization rates (billable hours)	*Wasta* influences who gets easier, high-billing clients.
Professional development milestones	Access to international training/mobility based on *wasta*, not merit.
Compliance with global standards	Informally ignored if *wasta* connection provides protection from scrutiny.

Appendix A: Participants information table

Participant Number	Position	Gender	Years of experience	Interview Duration
P1	Director	M	18	01:08
P2	Director	M	16	01:12
P3	Senior Manager	F	15	01:03
P4	Senior Manager	M	13	01:07
P5	Senior Manager	M	15	01:18
P6	Manager	F	12	00:52
P7	Manager	F	9	01:14
P8	Manager	M	8	00:57
P9	Manager	M	9	01:22
P10	Senior	M	4	00:57
P11	Senior	F	4	00:46
P12	Senior	F	6	01:14
P13	Senior	M	5	00:58
P14	Senior	F	4	00:46
P15	Senior	M	4	00:38
P16	Semi-Senior	M	4	01:19
P17	Semi-Senior	F	4	01:23
P18	Semi-Senior	F	3	01:13
P19	Junior	M	3	00:49
P20	Junior	M	2	01:02
P21	Junior	F	3	01:13
P22	Junior	M	3	01:30