

Between Compassion and Competition: Examining the Hybridization of Traditional Seth Koodu and High-Performance Work Systems in Sri Lankan Organizations

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ABSTRACT

This research critically analyses the multifaceted and sometimes conflicting phenomenon of hybridizing the traditional, indigenous, socio-cultural systems and the modern, imported management systems. In particular, it explores the adoption of Western-based High-Performance Work Systems (HPWS) in the peculiar socio-cultural environment of the Sri Lankan organizations, where the traditional conception of Seth Koodu, a Sinhalese word that describes mutuality, humane intervention, and social cohesion, is still a strong informal phenomenon. This study examines the dynamic relationship between the performance-focused, meritocratic logic of HPWS and the relationship-focused, compassionate logic of Seth Koodu through a qualitative, multi-case study design that involves interviewing and analyzing documents in the chosen Sri Lankan companies. The results show that the integration is not a smooth combination but a place of constant negotiation and tension. Although there were examples of positive synergy, in which the trust HPWS practices, such as teamwork, were encouraged by Seth Koodu, in more cases, there were core value contradictions. The tensions here are the managerial dilemmas between the use of performance measures and generous leave, friction between the universalistic reward regime and specific duty, and an overall dissociation between impersonal effectiveness of HPWS and the ethical concern of social embeddedness. The research concludes that the emerging hybrid system is by its very nature unstable, and puts both the manager and employee under a dual pressure of having to deal with competing logics of compassion and competition. The study is essential to the cross-cultural management debate because it questions the perceived universal nature of HPWS and the importance of deep-rooted, informal cultural establishments in determining the adjustment and eventual success of international management practices. It proposes the creation of a more culturally conscious model of high performance that respects and carefully intersects, instead of repressing, these indigenous values.

INTRODUCTION

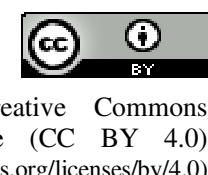
Globalized organizations in Sri Lanka have a dilemma of being required to contend with global competitiveness and thus attempting to evade the collectivist traditions that were practiced in the country. Dilemma is quite acute at the productive extremities of human resource management because the system still holds on to high levels of hybridity in modes of practice. High-Performance Work Systems (HPWS) are well-known and specifically include

intensive training, flexible systems, and multilateral decision-making structures. The socio-cultural stratification of the modes of practice, other than that, the concept of the helping hand is predominantly Sinhalese and the spirit of mutual responsibility, Seth Koodu. It is an idea of a massive community humanitarianism-solidarity network, which energizes support systems. The focus of this study will be to analyse the inconsistencies of the traditional culture,

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KEYWORDS: *Hybridization, Traditional Seth Koodu, High-Performance, Sri Lankan.*

Seth Koodu, and in the contemporary world, what systems are operating as the HPWS.

Modern organization in Sri Lanka finds themselves in an aporetic situation where it is trying to preserve some elements of the cultural tradition and at the same time struggle to adapt to a world economy that is increasingly economically liberal. In this case, the imported High-Performance Work Systems (HPWS) and the native cultural practice of Seth Koodu are used to explain this paradox in the area of human resource management (Thavakumar, Jayasekara, & Rathnayake, 2024).

HPWS - Strategic Human Resource Management

HPWS exemplifies strategic human resource management - organizational resource frameworks, which postulate synergies of optimum productivity of both the firm and its human capital. In most cases, however, such Systems are characterized by organizational 'meritocracy' under competition and individualistic 'Take, Make, Dispose' systems emanating from the West. It is the degree of Selective Hiring, Steep Training, Performance-Based Pay, and Power to the Employees which, in the West, is referred to as 'High Performance Work Systems'. On the other hand, the word Seth Koodu, by which the Sri Lankan native population refers to the act of bestowing favors, implies a more intricate web of obligations and reciprocity undergirded by social empathy, partnership, and the spirit of community. In a more clinical approach, it is the practice of clientelism in which managers will 'employ' certain relatives and offer a measure of self-indulgent discipline during crisis periods, thus weaving a web of obligations and loyalty which can, at times, surpass the standard performance guidelines (Wickramasinghe, & Liyanage, 2013).

Sri Lankan Context

Cumulatively, the culture of Sri Lanka has been dramatically impacted by the religion of Buddhism and the Sinhala people and by the Tamils, Hindus, Muslims, and Christians. A primary cultural element is the 'Janavakama' (kin/community ties) and 'Isthara' (influence through contacts) notions. These notions offer the fertile ground on which 'Seth Koodu' cultivates. The culture is collectivist in nature, and therefore, an individual's personhood is intimately connected to the family, the village, and the wider community. However, this engenders an ethical obligation on the part of patrons to support kin and community, which directly manifests in organizational behaviors such as employing family members or favoring people based on personal circumstances rather than merit. This Buddhist belief of compassion, or 'Karuna', serves to strengthen this

paternalistic 'servant leadership' practice in which relations take preeminent and obvious 'over' organizational boundaries as opposed to the cold and detached performance culture and output focus associated with High-Performance Work Systems (HPWS) (Thavakumar, Jayasekara, & Rathnayake, 2024).

The Problem Statement

The question of what shapes HR practices in the organizations of a given country relates to the convergence-divergence thesis of multilevel theories, with the emphasis on the 'convergence' school of thought. Convergence theorists argue that globalization flattens the world, that is, it gives rise to the 'missing' globalization of management and other practices. This school of thought, which finds its basis in the economic 'Darwinism' school of thought, so to speak, maintains that competitive imperatives, as well as isomorphic organizational phenomena emanating from multi-national corporations, and global-level consultancies and academia, necessitate the adoption of universal "best practices" (e.g., High-Performance Work Systems). The 'dominance effect' also explains how triad economic powers like the U.S. and Japan emerge as 'standard' producers that the rest of the world follows. On the other hand, divergence theorists argue that HR practices remain distinct and 'diverged' because they are deeply rooted in national institutional structures. The Societal Effect Approach and the Varieties of Capitalism thesis illustrate the extent to which national systems of education, labour, law, and industrial relations produce distinctive action logics that help protect a country from global homogenization or standardization.

Connecting the global and the national perspectives, the reverence thesis posits that the imposition and fusion of global and national factors uniquely influence HR practices, especially in the underdeveloped world. Moving beyond this macro debate, scholars such as Paauwe and the CRANET network have sought to build integrated models that incorporate organizational-level determinants. Paauwe's HR Contextualization Theory is a pioneering force-field model that depicts HRM outcomes as a product of the tension of competitive market and institutional legitimacy pressures. Within the field, organizational-level factors serve as mediating variables, such as the strategic decisions of the dominant coalition, organizational legacy, and systemic attributes such as size, ownership, and sector. The CRANET network augments this with rich empirical cross-national data that maps the actual configuration of HR practices, framed within a neo-institutional approach to examine the balancing acts organisations perform under competing pressures.

Research Questions

1. What is the presence and form of High-Performance Work Systems (HPWS) and the socio-cultural practice of Seth Koodu in medium and large-scale firms in Sri Lanka?"
2. In what ways do Sri Lankan firms resolve the schizophrenia of HPWS (meritocracy, standardization, competition) and Seth Koodu (empathy, espousal, give-and-take) in everyday HR practice?
3. What does the organization perceive the outcomes in the frame of performance, employee wellness, and social acceptance, of the hybrid models that combine elements of HPWS and Seth Koodu?

Research Objectives

1. To catalogue and analyze the different Seth Koodu manifestations and HPWS practices across a cross-industry sample of organizations in Sri Lanka.
2. Develop a typology of hybridization by examining the organization's blend, modification, or overcoming the conflicting logics of HPWS and Seth Koodu in principal HR domains like recruitment, performance management, and reward systems.
3. Assess the perceived effectiveness of various hybrid models, focusing on their competitive edge, employee retention, and organizational culture. Stakeholders include HR managers and employees, and their perspectives matter most.

The Significance

On the other hand, any organization that is purely and authentically governed by the principles of Seth Koodu will suffer from dreadful inefficiencies and an absolute inability to attract, retain, and nurture deserving global talent in a system completely devoid of meritocratic principles. This research, which maps the hybrid model, offers a simplified blueprint of a "best of both worlds" model that any high-performance organization is likely to have. Such an organization will have high employee loyalty, a strong, decent culture, and a positive disposition. This research offers solutions for contextualizing HR systems, change management, and leadership development to increase their effectiveness in Sri Lanka.

Literature Review

This area argues against the claim that management theories, primarily developed in the Western world, can be applied in the same way across the world. HPWS is often presented as a best-practice model that any organization should implement uniformly.

Sri Lanka is a developing country with ambitions of becoming a competitive knowledge-driven center in South Asia with over a 200 billion US dollar economy. This pressure extends to local conglomerates and MNC subsidiaries operating in the country. Their productivity, quality, and innovation levels are expected to improve in a globalized economy. This is accompanied with the government's FDI policies which provide international standards in the country. However, the local context in which Sri Lanka operates also consists of the large informal sector, state owned enterprises which are bastions of conservative business practices and a family dominated private sector (Abeyasinghe, and Paul, 2004).

This historical legacy is characterized by the introduction of a formal bureaucratic framework, an English-educated administrative-ruling class, and a legal system and institutions that support the current business landscape. In a different light, this imposition from the Western world did not completely dominate the prevailing indigenous systems. Instead, a dualistic society emerged, wherein a "modern" system coexists with, and is mostly in tension with, a "traditional" societal core. This socio-historical context is fundamentally why a Western model like HPWS is used in a workplace that still relies on pre-colonial relational logics (Appelbaum, 2000).

Theoretical Aspect

However, a theoretical and empirical gap exists, as these integrated models have primarily been developed and tested in Western, advanced economies. Their relevance to South Asian developing countries, including Sri Lanka, is comparatively under-researched. These contexts have specific features of their own, such as the absence of formal institutions, the presence of strong informal institutions like kinship ties, and the post-colonial legacies of dominion, which could change the impact of the determinants. Also, cultural value orientations, as expressed in works by authors such as Hofstede, add another interface to the shaping forces at play, alongside institutional and market competition. Hence, this research extends the multi-level models of Paauwe and CRANET, tailoring them to the specific institutional, cultural, and socioeconomic conditions prevailing in Sri Lanka. It aims to determine how globalization and Sri Lanka's particular context, alongside other organizational factors, create a distinct and locally relevant set of hybridized HR practices (Abrahamson, and Fairchild, 1999).

Paauwe's Contextually Based Theory

The core model for this analysis is Paauwe's contextually based theory of human resource management, which moves the analysis of divergence drivers from the national to the organizational level. However, that distinguishes competitiveness from institutional differentiation drivers, all of which originate internally. Such internal sources include managerial strategic decisions, firm-specific competitive dynamics, and organizational culture and structure. An important extension of this theory identifies management's active role in creating differentiation: systematically designing HR practices to compete in specific local markets, structurally aligning with organizational heritage and business goals, and ensuring internal alignment within the organizational framework (Akuratiyagamage, 2005).

Within the 'cultural' and 'institutional' brackets of the divergence perspective lie explanations for why HR practices differ across nations. Culturalists argue that the unique and deeply embedded national customs, values, and belief systems will counteract global convergence, for these differences will show up in the practices adopted by the organization. The etic approach to the study of cultures has had an enduring impact on business education and practices by using external models, such as Hofstede's cultural dimensions, to analyze cultural differences between nations systematically. This research will analyze existing cultural research on Sri Lanka, particularly using Hofstede's framework, to explain the impact of national culture on prevailing HR practices. It will not attempt to measure culture anew (Dayarathna, Dowling, & Bartram, 2020).

The Cultural Impact

Cultural effects, as noted above, run deep, but institutional theory offers a complementary explanation by focusing on how organizations seek legitimacy within their particular institutional fields. Institutions—consisting of regulative, normative, and cultural-cognitive components—provide order to social structures and constrain conduct. From a neo-institutional perspective, organizations within the same institutional ecosystem become more homogeneous as they conform to particular expectations and meaning frameworks. Because of the need for legitimacy and survival, organizations tend to practice isomorphism, which produces convergence on the country level, but divergence relative to the global context. Therefore, both cultural programming and institutional influences construct and sustain distinctive national patterns of human resource management in organizations (Iddagoda, & Opatha, 2018).

Hybridization

The approach of hybridization is essential for understanding the global movement of HR practices. A cross-context practice adoption is never seamless. Hybrids are formed through incorporating the original practice's local institutional and cultural realities. Such practice reproduction is seldom identical, and customary localizing practice variation is fragmented. This often organizational and national repurposing practice strips originality and intent. Homogenization at the managerial level is a risk. It results in the loss of sustained competitive edge gained through contextualized, tailored, bespoke HR systems. However, this underscores why contextual adaptation and local mobility of best practices are so telling.

In Resisting and Creative Hybridization, the first case occurs when a subsidiary or local unit exerts influence and alters a practice dictated by the multicultural head office, even when a misalignment in culture exists. Contrary to this, in the case of Creative Hybridization, there is a more conscious integration in which a practice changes its cultural underpinnings and incorporates some of the local culture. This deliberate change indicates the regional actors' power to shape the design of HR systems (Amable, 2003).

These hybrid results have been examined using several integrated frameworks. Such frameworks seek to explain the competing forces of global integration and local integration. This strand of research is anchored on Paauwe's context-driven HR theory but also incorporates other influential constructs. For Mueller, the organizational role is key – he puts organizational structures and processes at the center of a 'force field' which is shaped by global and societal pressures. The framework by Smith and Meiksins differentiates the global convergence forces and the systemic effect of capitalism, the dominance effect of a leading economy, and the national societal effects (Wickramasinghe, & Liyanage, 2013).

Budhwar and Sparrow's Model

In Budhwar and Sparrow's model, the contribution is further advanced by specifying the influencing variables of culture and national-level institutions, and ownership, size, and strategy as organizational-level contingent variables. Within the multi-level framework of Paauwe's contextually based human resource theory, the model incorporates these elements into a cohesive force-field analysis, outlining the drivers of both convergence and divergence along competitive and institutional scales. It includes the factors of organizational heritage, dominant coalition strategy choice, and the overall alignment of the internal HR system. This model

illustrates that the configuration of HR practices within any organization is the result of the different weights attributed to competing and complementary drivers (Barney, 1991).

Methodology

In the previous chapters, already elaborated on the reasons why that chose to study the drivers of human resource (HR) practices in entities in Sri Lanka, as well as the techniques and used to address this gap. However, using a sequential explanatory mixed methods design rather than a pure quantitative or qualitative approach. Moreover, this is more suitable for a more comprehensive analysis. This approach enabled the author first to identify the predominant practices that are in place through the survey and then to dive deeper into the rationale of adoption through the focus groups.

Research Design and Data Collection

The HR landscape of Sri Lanka was described through a cross-sectional survey of HR practitioners employing the CRANET¹ survey for cross-module comparability as a template. This survey was sent over email to the 520 member organizations of the Employers' Federation of Sri Lanka, which serves as a proxy sample for medium to large multi-industry organizations. The total number of surveys completed was received was 98, which is a response rate of 18.6%.

Focus Groups

Once survey results were complete, other focus groups with HR experts were conducted. However, the purpose of this was to unpack the drivers and thought processes that underpinned the patterns identified in the first phase.

The Dependent Variable

The focus of the analysis was to understand the adoption of HR practices within the overarching framework of five central functions: recruitment, selection and employment, performance management, training and career development, remuneration and benefits and the industrial relations and employee communication.

In particular, the analysis was directed toward "high-performance" HR practices for organizations, which focus groups identified as those which were most beneficial in enhancing overall organizational performance.

Independent Variables

To analyze the dependent variable, a set of independent variables was identified, and these were split into organizational- and individual-level variables.

Organizational-Level Variables

These were split by Ownership Structure: locally owned, foreign-owned and joint-venture. This variable seeks to understand the impact of foreign direct investment and globalization of corporate governance over HR practices. This was recoded considering the country of ownership for foreign and joint-venture firms into Western (US, UK), Eastern (India, Japan), and Sri Lankan. This analyzes the "dominance effect" of different economic blocks.

This pertains to the economic domain (manufacturing, services, or hospitality) of the organization. This assesses the influence of competitive pressures and normative standards within a particular industry.

The size of an organization was gauged through the number of employees (medium: 30-149; large: 150+). This assesses the impact of the size of an organization along with its resources on the formalization of its HR processes. The years an organization has been operational. This tests the influence of founding circumstances of the organization and path dependency.

Individual-Level Variable (HR Decision Maker)

This was categorized into Human Resource Management, Business Studies, or Other (Law, Engineering). This assesses the influence of the decision-maker's functional background and specialization on the HR decisions.

This pertains to the dominant country whose educational frameworks shaped the qualifications of the HR manager (USA, UK, Sri Lanka, India). This analyzes the global influence of normative isomorphism and manager knowledge.

Data Analysis

Quantitative Analysis: Data from 98 surveys was analyzed in SPSS. Initial analyses employed the chi-square test to examine the relationships between the independent variables and the specific HR practices. Thereafter, backward modeling logistic regression was used to analyze the relationships between the independent variables and the dependent high-performance HR practices to determine the extent to which the independent variables advanced the dependent variable (Acocella, 2011).

Qualitative Analysis

Focused group discussions were echoed and transcribed and then analyzed thematically. It is evident that organizations do not passively adopt global "best practices" nor do they rigidly adhere to traditional systems. Instead, organizations are in the stage of translation and adaptation, designing new,

distinctive HR systems that interlace compassion and competition (Abeysekera, 2007).

Conclusion

The cultural clash of implementing a Western-style HPWS system is precisely consistent with the dispassionate focus on 'merit', 'individual responsibility', and 'one-size-fits-all' standard operating procedures. On the other hand, a workplace operating only under the particularistic and relationship-based principles of Seth Koodu Koodu is on a fast track to 'arsine' inefficiency, perceived nepotism, and a failure to engage competitors in the global marketplace. The most efficient and sustainable definition of quality organizations is those that remain 'uncomfortable' in purposeful and tactical equilibrium. It ought to be this way. High-quality organizations must leverage the caring, paternalistic, and collectivistic features of Seth Koodu to inspire a robust, high-performance work system.

It takes on different forms. However, they perceive it in the performance management system, where employees' targets are set, along with the discretion to manage them empathetically when warranted. We see it in team-based rewards, which align with collectivist principles while fostering productivity, and in formalized mentorship that captures the patron-client relationship of Seth Koodu and Koodu-systems in professional development. In this hybrid situation, the intense loyalty and social capital derived from positive Seth Koodu ethics fuel the implementation of HPWS. At the same time, the HPWS socio-technical system frameworks help to contain the negatives of Seth Koodu at the patron-client crony level, such as transparency and accountability.

Recommendation

The lessons gained from the experience of Sri Lanka with contextual intelligence serve as a case regarding the deficiencies of universal Western managerial frameworks. Moreover, this also highlights the importance of contextual, cultural, and institutional frameworks. The 'intentional, purposeful hybridization' approach will dominate the future of HRM in Sri Lanka, as well as in several developing economies. Ethos, character-neutral homogenization must be avoided in the name of efficiency; cultural tradition must not be sacrificed in the name of achieving the results that are wanted, either. The case should be promoted for the formation of 'strikingly' competitive as well as 'strikingly' humane organizations. Further, this will further strengthen the position that, in the prevailing socio-economic conditions, which are in sharp divergence from the commonly prevailing principles of the competition

paradigm, compassion and competition mutually exist, and can be fused into a more resilient, legitimate, and distinctly Sri Lankan organizational excellence.

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