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Diagnosing through Organizational Metaphors: Case Analysis of Korean Hidden Champion

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Abstract:

This research analysis organizational changes in the rapidly changing environment through metaphors. Theories are composed of their implicit images and metaphors, yet they are inclined to a single criterion that they are not appropriate for explaining the overall phenomenon. Therefore, this research applied various metaphors to explain the phenomenon of the real world through overall perspective. This case study has differed from existing research in that it interprets organizational changes by applying various theoretical perspectives and makes contribution by suggesting a new research method.

Keywords: Metaphor, organizational change, images of organization, Korean global SME

1. Introduction

The business environment confronted recently by corporations has uncertainty of being unable to see through technological changes and changes of consumer tendencies. Corporations adhering to previous managerial methods in the changing environment were unable to maintain their superior position in the market and failed. For instance, Nokia used to be an overwhelming No.1 in the mobile market, but continued its own products against change into the smartphone market. Currently, corporations that had low market share in the mobile market including Samsung and Apple are dominating the smartphone market. What the case of Nokia implies to us is that corporations that cannot adjust to changes will fail. In other words, adjusting to the new environmental changes is an important issue related to the continuance of the corporation as well as maintaining competitive advantage.

Research is conducted in various fields of relationship between the environment and strategies, relationship of corporate achievement, new strategic paradigm according to changes and carrying out strategies (Claycomb et al., 1999; Eisenhardt and Martin, 2000; Teece, 2007; Lawrence and Lorsch 1967; Kwon Goo Hyuk et al., 1999; Lee Jang Woo, 2009). However, these researches have limitations in that they are explaining how corporations are adjusting to environments based on a single theory. Therefore, various theories need to be integrated to investigate how corporations adjust to environments.

Organizational theory has its purpose in understanding and explaining phenomena occurring in organizations. These organizational theories and management methods are formed based on their unique implicit images and metaphors. Each has significance in observing and understanding organizations. Yet, they have limitations of providing a frame inclined to a single criterion (Morgan, 1980). In other words, theories developed based on metaphor helps in grouping an organization's phenomena in similar situations and understanding them, but have the hazard of distorting phenomena under limited perspectives to understand them.

Therefore, understanding the limitations of criteria is an important problem to scholars hoping to explain phenomena based on theory. Organizational theory and management methods were produced based on metaphor, and this characteristic causes limited perspectives in explaining phenomena as well as metaphor. Therefore, our task in explaining organizational phenomena is utilizing and understanding metaphor skillfully, and finding new methods (Morgan, 2006).

Cornelissen (2005) insisted that to interpret organizational theory in metaphor, phenomena should be seen not through a single metaphor, but phenomena should be viewed and integrated to deduct meanings in holistic approach. In other words, to be able to interpret practical phenomena occurring in organizations, the process of producing respective meanings of competitive metaphors and integrating them is needed (Morgan, 1980; Oswick, Keenoy, and Grant, 2002). To this, Morgan (2006) suggested diagnostic reading for comprehensive understanding in methods of interpreting the reality of the organization and critical evaluation of integrating them.

Therefore, this research has its purpose in analyzing through JVM case study on how corporations adjust to radical

environmental changes. Contributions anticipated through this research are as follows. Firstly, corporations' adjustment to environments with the increase of environmental dynamics is a main task for survival. Existing research hopes to explain how corporations adjust to environments from a single theory or perspective. This does have sufficient significance as a research and suggests insight, but has limitations in enabling biased interpretation. However, this research provides deep understanding of phenomena by interpreting and deducing meaning through various metaphors. Secondly, even if the existence and importance of metaphor are being emphasized in organizational theory, there are not many research analyzing through actual application. This research has significance in analyzing a single case through metaphors.

1.2. Theoretical Background

1.2.1. Role of metaphor in organizational theory

All organizational theories and managerial methods are formed based on their own unique implicit images and metaphors (Morgan, 1980). Theories developed based on metaphor are helpful in grouping organizational phenomena in similar situations and understanding them. On the other hand, it has the hazard of interpreting phenomena in distorted form under limited viewpoint. Therefore, understanding the limits of metaphor is an important point in explaining phenomena through theory. Theories are formed based on metaphor, and it signifies that theory may be restrained in explaining phenomena. Therefore, our task in explaining organizational theory is skillfully utilizing and understanding metaphor to find new methods (Morgan, 2006).

Key studies about how metaphor expresses organizational reality (e.g. Daft and Wiginton, 1979; Morgan, 1980) had their focus on revealing how metaphor exists in theory. As part of such efforts, recent theories admit the existence of metaphor and researched how metaphor applies to organizational theory (Bacharach, 1989; Weick, 1989). Morgan (1980, 1983) emphasized the importance of metaphor in the beginning of theory development even if it acknowledged that metaphor has ambiguity due to abstract expressions. Therefore, metaphor must be differentiated from practical theory and explicitly systemized theory (for instance, natural science), and it was argued that it contributes to expansion of research as a starting point of theory development and formulation in organizational theory (Bacharach, 1989).

1.2.2. Analysis model through metaphor

As the existence of metaphor was acknowledged in organizational theory, discussions on how metaphor should be applied to explain phenomena were carried out as well. The first attempt was made by Morgan (1980, 2006), and their study is categorized into the step of diagnostic reading of summarizing the phenomenon by utilizing all applicable phenomena and critical reading according to research purpose. On the other hand, Oswick et al, (2002) suggested a comparison model of explaining phenomena through comparing the applicable concepts of metaphor and characteristic of sharing original concepts of metaphor. However, this method is only useful in the beginning stage of theory development that this study uses methods suggested by Morgan.

1.3. Selection of research subject and research method

1.3.1. Selection of case and research method

JVM is a company established in 1978, and works in the field of pharmacy automation. After developing manual drug packaging machinery at the early stage of its development, it converted into a legal corporate in 1996 and produced ATDPS, and from 2002, after gaining US ATDPS patent, it entered the global market. In 2013, JVM had the market share of 75% in Europe and 71% in US in the ATDPS market (JVM Business Report, 2016). It was able to achieve market share of No.1 in Korea, US and Europe, but not the Japanese market (JVM Business Report, 2016). This research chose single case research method in carrying out the case study, and this is because single case study is more appropriate compared to multiple case study for longitudinal research (Yin, 2014).

1.3.2. Phenomenon Description

JVM is a company producing and selling drug dispense and management automation system for hospitals and pharmacies. This corporation was established in 1978 by the vice chairman Kim Jun Ho. In 1996, it started to produce ATDPS system after becoming a legal corporation. Currently, it is taking part in management automation system construction as well as drug dispensing.

The main product of JVM is ATDPS, and showed steady growth in sales until launching a new product in 2016. Also, ATDPS renewed its revenue system through MRO business, a business of after-care service and selling consumables. It is recording steady growth in sales through complementary product (VIZEN) related to ATDPS. As operation method of pharmacies and hospitals produce two goals of enhancing drug dispensing error and cutting costs, demand of the ATDPS market grew. Based on such market changes, JVM is recording market share of No.1 (approximately 70% or more) except for in the Japanese market through aggressive investment and marketing, and is enhancing its technology and launching new products.

JVM, which grew based on its technology carries out continuous large-scale R&D activities, and has an operating

system prioritizing customer satisfaction with system and service reflecting customer's voice in product development (Kim Gyu Tae · Kim Byung Goo, 2015). The research and development activities of JVM is managed at the research institute of JVM, an organization managing research and development, and has organizations managing each function. The research planning room within the research institute manages planning new products (hardware and software) and the research and development headquarter focuses on enhancement of new products and technological management though it does participate in development of new products as well (JVM Annual Report, 2016).

JVM became a leader in the pharmacy automation system market based on its technology and customer base. Currently, to cope against the continuously changing environment, it created not only the core product market but drug management automation system market and is planning future projects through linking two projects.

2. Case Analysis

2.1. Diagnostic Reading

To read and evaluate the flow of the incidents occurring at JVM, various metaphors and theories could be used. Each metaphor and theory has its validity, and to accurately analyze the phenomenon, this research conducts diagnostic reading to gain comprehensive understanding. The metaphors used in the analysis were metaphors suggested in Morgan (2006), and each metaphor describes organizations in the metaphors of machinery, organism, brain, culture, political and psychological prisons, flow and conversion, and tools for dominance.

Metaphor	Definition
Mechanical Metaphor	Autonomous technological development around customer-oriented culture
Organic Metaphor	Development and integration of new technology according to changes of external environment.
Cultural Metaphor	Maintenance of customer-oriented culture from early stage of business
Political Metaphor	JVM integrated under the strong and adventurous leadership of the entrepreneur
Brain Metaphor	Technological development is autonomous but each does not show holographic characteristic

*Table 1: Diagnostic Reading of JVM's Case
Inappropriate Metaphor among Metaphors Suggested by Morgan (2006) Were Excluded.*

Metaphors of machinery signify describing an organization into tools or instruments helpful for carrying out specific activities for effective organizational operation. JVM, suggested in this case is a corporation emphasizing technological superiority and creativity than operation efficiency and effectiveness that it cannot be described as machinery. On the other hand, case of rapid technological development and product launch according to external environment (e.g. INTIPharm) shows that JVM is an appropriate case for organic metaphor propelling toward a direction appropriate for environmental change.

JVM has the organizational culture of continuously monitoring and reflecting customer and market demand and has tendencies of carrying out their respective tasks in their own fields. On the other hand, political composition within a corporation shows form of being unified under the culture of customer orientation. The company is organized based on strong leadership. <Table 1> summarizes main diagnostic reading simply.

2.2. Critical Evaluation

To analyze organizational circumstance revealed through diagnostic reading, critical evaluation is needed. This research has its purpose in suggesting diagnosis and future tasks based on the case of JVM adjusting to changing environments. JVM maintained appropriateness according to the changing environment, becoming a global leader in the world market. Therefore, this research will develop a story line to form measures and methods of action needed for imminent projects to be successful in the rapidly changing market. Specifically, this research would like to set organic metaphor among the four metaphors, and carries out analysis by setting cultural, political and brain metaphors as subsidiary frames of interpretation. Specific content of analysis is suggested in <Table 2>.

Based on such analysis, the future tasks of JVM is how current technology and leadership could be more effective in the rapidly changing environment. JVM must be able to answer the following questions to these challenges. Firstly, is the current form of independent research development appropriate to the accelerated environmental changes? Secondly, how is the functional structure of research and development department achieve creative innovation? Thirdly, would merging with Hanmi Pharmaceuticals and expansion of management affect form of enterprising leadership? JVM would be able to solve new tasks by answering the above questions.

Organism Metaphor (Frame of dominant interpretation)	JVM was able to continuously monitor the market, Steadfastly adjusting to environmental change. The future project is how it could cope against rapidly changing environment.
Cultural Metaphor	JVM's adjustment to the environment is in customer-oriented technological development services. To cope against changing environment, continuous market research and customer-friendly management are needed.
Political Metaphor	It became more likely for organizational politics to occur from merging with Hanmi Pharmaceuticals and hiring new management. Therefore, control of political circumstances based on leadership would be needed.
Brain Metaphor	Previous technological development method was carried out by installing departments that manage each function within the research institution and share their tasks. However, to adjust to the rapidly changing environment, each member of the research and development team needs to have holographic characteristics.

Table 2: The Story Line of JVM's Case 'Adjusting to New Environment'

3. Conclusion

3.1. Research Summary

This research deducted future tasks by analyzing the case of JVM maintaining competitive advantage in the market difficult to maintain continuous competitive advantage. In dynamic environments, existing core competency may be changed to core rigidity, and it is likely that the organization may experience failure by not adjusting to the changing environment. Organizational change must be made, and it is linked to the survival of the organization.

Therefore, this research analyzed the case of JVM having continuous competitive advantage and deducted future project. As the result of analysis, JVM maintained customer-oriented culture, and was able to recognize changing customer demand to carry out new business. However, factors as merging with Hanmi Pharmaceuticals and changing of management structure question whether JVM would be able to continue to adjust to changing environments.

3.2. Implication of Research and Future Research Directions

The result of this case research suggests the following theoretical and practical implications. Firstly, this research sought to explain and interpret organizational change through metaphor. Theory is produced based on metaphor, yet existing researches lacked attempt to explain organizational reality through metaphor. However, this research contributed to expansion of research by explaining and analyzing organizational reality through metaphor.

Secondly, unlike existing case studies explaining phenomena through single theory or perspective, this research analyzed cases through various metaphors. This is a method being able to avoid narrow perspectives that may occur when viewing phenomena from single theory or metaphor, and has the advantage of being able to explain phenomena from holistic perspective.

Thirdly, this research analyzed the case of JVM through metaphor and suggested future research. This is a question of how JVM having competitive advantage may maintain that advantage. This research has practical contribution by suggesting related questions.

Despite such contributions, this research has limitations.

Firstly, this research carried out research through single case research method. Single case study method may be justified if the case has longitudinal characteristic and is an appropriate case for explaining the theory (Yin, 2014). The case of JVM satisfies these conditions, yet may not be an appropriate case for explaining phenomena through organizational change and metaphor.

Secondly, this research was carried out based on various sources of information including the Internet and public information. However, material collection methods as in-depth interviews aimed at enhancing validity of case study were not used. Therefore, future research should have metaphorical explanations for organizational reality as well as various sources of information.

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