

Role of Conformity and Flexibility in Organizational Strategy during Crisis:

A Case of Korean Venture Firms

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ABSTRACT

This research discusses organizational strategies from the role of conformity and flexibility. This research identifies conformity and flexibility as key determinants of organizational performance. Also, a perceived effect of economic crisis is introduced as a moderator. The specific case of the Korean venture firms is examined. A high level of uncertainty such as during an economic crisis threatens organizational performance and survival. In emerging markets, the uncertainty is high. An important role of the conformity and flexibility is to reduce the uncertainty. Therefore, conformity and flexibility are key determinants of organizational performance during the economic crisis and in the emerging markets. Emerging markets are imperfect, and the institutional environments such as governments are powerful in the markets. In terms of organizational adaptation, conformity is placed at determinism, which emphasizes external forces to adapt. In contrast, flexibility is placed at strategic choice, which emphasizes internal forces to adapt. Therefore, conformity is a much powerful strategy for organizational performance in emerging markets. Implications and suggestions for future research are provided as well.

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INTRODUCTION

Organizations interact with diverse elements. There are some controllable and uncontrollable elements. In general, it is not easy for organizations to manipulate an external element rather than an internal element, because the external element is unpredictable and uncontrollable. Market turbulence such as can economic crisis is one of the external elements. A small while growing body of research studies organizational strategies during a crisis, because its high uncertainty threatens organizational performance and survival. This research examines organizational strategies that could reduce uncertainty and enhance performance during the crisis. Conformity and flexibility are introduced as key determinants of organizational performance during the crisis. The specific case of the Korean venture firms is examined more closely. Following this introduction, this paper introduces the case of Korean venture firms. After discussing theoretical backgrounds of conformity, flexibility, and crisis management, we provide propositions on when conformity and flexibility are appropriate for organizational performance under the economic crisis.

KOREAN VENTURE FIRMS

Industry structure is shifting from simple mass production towards multi-product and flexible manufacturing systems. Due to the rapid speed of technological development, labor-intensive industries are giving way to technology-based industries. Technological change and demand diversification shorten product life cycles. These shortened life cycles require a more flexible business structure that can make correct decisions and act on those decisions quickly. The appearance of Korean venture firms was motivated by the changes in the market. According to Longman's definition, venture is "new business activity that involves taking risks" (Longman dictionary). Also, a venturer is defined as someone who takes great risks, esp. someone who risked their life, ship, etc. in distant places in former times (Longman dictionary). Thus, venture firms can be defined as organizations having the characteristics of venturer. In Korean economy, venture firm is defined as the technology-intensive enterprises that are invested by venture capital firms or investment clubs or enterprises whose R&D investment out of sales turnover meets the government's requirements (Sohn, 1997).

Traditionally, conglomerate and mass-production based patterns developed Korean economy. Quantitative growth was a key of Korean economic model. At the same time, however, Korean economy loses its effectiveness in re-invigorating the economy and supporting its sustained expansion due to the quantitative growth model. Chaebols represent well the traditional Korean economic model. Korean conglomerates called chaebols rooted in the pre-war Japanese Zaibatsu are Korea's massive business conglomerates. Researchers agree that the strong government policy on exports fuels the chaebols to develop the Korean economy (Reynolds, 1999). In 1996, 40 percent of

Korea's total output was accounted by the 30 largest chaebols such as Samsung, Hyundai, Daewoo, and LG (Chang & Hone, 2000). Among diverse factors, the government policy based on centralization and export-driving was one of the critical factors for Korean corporations to be successful in the market. Also, the strong government policy contributes to the unique relationship between the government and corporations in Korea. However, Korean conglomerates with their economy-of-scale manufacturing strategies are finding it increasingly difficult to adapt flexibly to changing world markets and to overcome Korea's high-cost / low-efficiency industries. The industry structure was a critical cause of the worst condition within Korean economy after the onset of the last Asian economic crisis of 1997. The motivation of Korean venture firms was to change the weaknesses of the industry structure in Korea.

Recently, the Korean government has enthusiastically supported the venture industry. Korean government's venture firm policy encourages all companies in all business sectors to move toward venture firms in more technology intensive and knowledge intensive fields (Hong, 2001). Table 1 shows how many venture type and other type SMEs were made and gone yearly in Korea. Also, Table 2 shows perceptions of Korean venture firms about their organizational development stage. Over 90 percent of Korean venture firms think that their development stage is still growing.

Insert Table 1 and 2 here

Recently, the Korean government has implemented steps to facilitate the growth of the venture firms with top priority of the national agenda (Hong, 2001). Unlike the U.S. government, the Korean government designates venture firms by specific law if they satisfy one of four conditions. Following factors are the composition for designated venture firms (Bae, 2000).

- Venture-backed companies (more than 10% share from venture capital): about 20-25%
- Companies with high R&D ratio (more than 5% of sales): about 30%
- Companies with major products based on intellectual property: about 40%
- High tech companies that carry out government R and D projects: about 5-10%

Due to the strong governmental support, Korean ventures have developed dramatically. In 1997, the number of venture firms in Korea reached approximately 1,700, a 70 percent increase compared to 1994 (Hong, 2001). Moreover, in 2000, the number of registered venture firms reached 10,000 (Hong, 2001). Specifically, sales growth rate of venture firms in Korea increased from 22% (1998) to 71% (1999) (Bae, 2000). Second, average number of employees per venture firm increased from 59 (1998) to 35 (1999) (Bae, 2000). Third, average percent of R&D investment to sales increased from 24% (1998) to 34% (1999) comparing to the case of large firms (2.1%) (Bae, 2000). Export growth rate was 61.5% (1998). It was relatively higher than those of other type firms.

INSTITUTIONAL THEORY AND STRATEGIC CONFORMITY

Institutional factors make up a large part of a firm's environment. They include regulations, organizational norms, individual norms, cultures of the customers, country cultures, and governmental policies. Like market turbulence, the institutional environment is an unpredictable and uncontrollable external element that organizations interact with. Institutional theory discusses organizational conformity with the institutional environment. The theory presents how organizational behaviors (organizational process and decision making) are determined in terms of interactions with institutional factors (Hoskisson, Eden, Lau, & Wright, 2000; Scott, 1995). DiMaggio and Powell (1982) argue that homogenization of organizations is a result of structuration of organizational fields; such that once a field is well established, there is an unstoppable thrust towards homogenization (DiMaggio & Powell, 1982). Consequently, organizations become similar to one another (DiMaggio & Powell, 1982). Isomorphism, which is the process by which units resemble other units in the population that face the same environment conditions, can explain the homogenization (DiMaggio & Powell, 1982). Also, the motivation of mimetic isomorphism is conformity, and the result of conformity is legitimacy (DiMaggio & Powell, 1982). This lays the foundation of the institutional theory.

Institutional theorists argue that there are three levels of institutionalized activities: the individual level, the organizational level, and the population level (Oliver, 1997). One example of an individual-level activity is when an employee conforms to managers' norms or habits (Berger & Luckmann, 1967). An example of an organizational-level activity is when departments within a corporation conform to

corporate culture, shared belief systems, and political processes (Oliver, 1997). An activity at the population level is when similar corporations respond to government, industry alliances, and social expectations in the same general way (Oliver, 1997). Institutional theorists examine institutions from both economic and sociological perspectives. The initial institutional theorist focused on the sociological perspective (DiMaggio & Powell, 1982; Berger & Luckmann, 1967; Scott, 1987; Zucker, 1989; Hasseelbladh & Kallinikos, 2000; D'Unno, Succi, & Alexander, 2000; Selznick, 1949; Oliver, 1991). Recently, a few institutional theorists have tried to examine institutions from the economic perspective (Biggart & Guillen, 1999; Casper, 2000; Hoskisson, Eden, Lau, & Wright, 2000). Early institutional theorists emphasized the assumed character of institutional rules, myths, and beliefs (Berger & Luckmann, 1967; Selznick, 1949). Contemporary institutional theorists emphasize the nature and variety of ways that individuals and institutions can interact at different levels (DiMaggio & Powell, 1983; Meyer & Rowan, 1977; Zucker, 1989).

In general, the institutional theorists regard such environments as constraints for organizations, which increase transaction and information costs. Peng and Heath (1996) contend that the growth of corporations in transitional economies is limited by the institutional constraints. Palmer, Jennings, and Zhou (1993) identify the institutional constraints on strategies in U.S. firms. Oliver (1997) argues that economic choices are constrained not only by the technological, informational, and income limits but also by institutional factors such as social norm, habits, and customs. However, organizations can perceive the institutional environment as an opportunity depending on their attitudes to the environment (Oliver, 1991). Zukin and DiMaggio (1990) argue that the

institutional view extends beyond economic optimization. In other words, the institutional environment has two faces: an opportunity and a constraint, which is decided depending on organizational attitude to the environment. Therefore, strategic conformity is necessary for organizations to make the institutional environment an opportunity rather than a constraint.

Oliver (1991) ties strategic conformity with the institutional environment. He classifies the strategic conformity to the institutional environment into five categories: acquiesce, compromise, avoid, defy, and manipulate (Oliver, 1991). Oliver (1991) also classifies institutional factors into five categories: cause, constituents, content, control, and context. Oliver (1997) argues that strategic conformity to social expectations rewards organizations with increased legitimacy, resources, and survival capabilities. DiMaggio and Powell (1982) argue that the greater the extent to which organizations transact with agencies of state, the greater the extent of isomorphism.

In emerging markets, the strategic conformity to the institutional environment is particularly important for organizational performance and survival, because the markets are imperfect and unstable. Also, institutional environments such as governments are powerful in the emerging markets. Interestingly, Carroll and Hannan (1989) combine the institutional theory with population ecology theory. Carroll and Hannan (1989) argue that legitimacy is asserted to increase density at the early stage of organizational development. The table below shows a summary of key articles that study the institutional perspective with sociological and economic orientations.

Insert Table 3 here

According to the above summary of key articles on institutional perspective, the initial institutional theorist focused on the sociological perspective. However, recently, many institutional theorists have tried to examine institutions from the economic perspective. Since Oliver (1991), a strategic aspect has been emphasized in the institutional perspective. Also, some recent articles such as Hoskisson, Eden, Lau, and Wright (2000) discuss the role of institutional perspective in emerging markets. Based on the literature review, this research therefore proposes the following:

Proposition 1: Strategic conformity is positively related to firm performance

STRATEGIC FLEXIBILITY

Effective strategies are key determinants for organizational competitive advantage and performance. There are diverse prerequisites of effective strategies: flexibility, improvisation, market driving approach, and dynamic approach (Bowman & Hurry, 1993; Sanchez, 1995). Among them, this research focuses on the strategic flexibility as a key determinant of organizational performance. Strategic flexibility is defined as an organizational ability to responds promptly to market opportunities and changing technology (Sanchez, 1995). Also, “strategic flexibility represents the organizational

ability to manage economic and political risks by promptly responding in a proactive or reactive manner to market threats and opportunities” (Grewal & Tansuhaj, 2001, p.72).

On the importance of the strategic flexibility, Bowman and Hurry (1993) argue that options should be kept opened in organizations, for maintaining flexibility, which then gives sustained performance, competitive advantage, the intuitive of managerial sense making, and the inimitable resource. Evans (1991) argues that strategic flexibility is an expedient capability for managing uncertain environment. and suggests four archetypal maneuvers (pre-emptive, protective, exploitive and corrective) as means to achieve different forms of strategic flexibility. His conceptual framework integrates the temporal and intentional dimensions of flexibility.

Johnson et al. (2001) emphasize market-focused strategic flexibility as a key determinant for organizations to gain superior performance. Courtney, Kirkland, and Viguerie (1997) contend that more flexibility is required for organizations in an uncertain market environment. Sanchez (1999) argues the importance of flexibility weighting much on new product design. Sanchez (1999) emphasizes flexible modular architecture product design, which leads being sensitive market demand. The foregoing literature review shows the importance of strategic flexibility, especially under an uncertainty. Current market environment is uncertain, complicated, and dynamic. Strategic flexibility helps managers to reduce the uncertainty. In other words, with strategic conformity, strategic flexibility is another indispensable determinant of organizational performance in uncertain market environment. The table below shows a summary of key articles that study the strategic flexibility

Insert Table 4 here

Interestingly, the strategic flexibility is also related with population ecology theory. Population ecology theory begins with this question; why are there so many kinds of organizations? (Hannan & Freeman, 1977). Population ecology theorists argue that social, economic, and political conditions affect the relative abundance and diversity of organizations (Hannan & Freeman, 1977). They also argue that subunits of the organizations, usually managers, scan the relevant environment for opportunities and threats, formulate strategic response, and adjust organizational structure (Hannan & Freeman, 1977). According to population ecology theory, strong inertial pressures limit organizational change (Hannan & Freeman, 1977). Inertia is divided as internal inertia (e.g. internal policy) and external inertia (e.g. public legitimation of organizational activity). The stronger the pressures, the lower the organizations' adaptive flexibility and the more likely that the logic of environmental selection is appropriate (Hannan & Freeman, 1977). Population ecology theorists argue that there is a positive relationship between the degree of maturity and the degree of inertia pressure in organizations (Hannan & Freeman, 1977). A young and less mature firm has low degree of inertia pressure, which can improve organizational capacity to change. In general, an organization that has high degree of flexibility is more changeable. As discussed earlier in Table 2, over 90 percent of Korean venture firms think that their development stage is still growing. In other words, the degree of inertia pressure in Korean venture firms is low. The result also shows that Korean venture firms are much flexible to adapt rather

than any other type firms. Based on the literature review, this research therefore proposes the following.

Proposition 2: Strategic flexibility is positively related to firm performance

MANAGEMENT DURING AN ECONOMIC CRISIS

A crisis is defined as “a low probability, high impact situation that is perceived by critical stakeholders to threaten the viability of the organization” (Pearson & Clair, 1998, p. 66). D’Aveni and MacMillan (1990, p. 635) define that crisis is “any event or condition that threatens the survival of organizations.” There are two kinds of crises: industry crises and economic crises (Grewal & Tansuhaj, 2001). Negative consequences of product consumption and industrial accidents that usually influence on a single firm at a time can be the industry crisis (Grewal & Tansuhaj, 2001). In contrast, the economic crisis influences on a country or a region (Grewal & Tansuhaj, 2001). The last Asian crisis is the economic crisis. This research discusses the economic crisis rather than the industry crisis. The specific case of the Asian economic crisis is examined more closely.

Organizations adopt diverse strategies to manage economic crises. Grewal and Tansuhaj (2001) argue that market orientation and strategic flexibility influence on the organizational performance after crisis. They found that market orientation affects negatively the performance after crisis, but strategic flexibility affects positively the performance after crisis (Grewal & Tansuhaj, 2001). Sharma (1999) emphasizes a systematic warning signal to anticipate the crises based on better understanding of the run-ups to crises past. Pearson and Clair (1998) contend that the psyche of managers, the

nature of crisis triggering events, organizational structures and processes, and environmental variables are critical to manage crises successfully. In the conceptual model of the crisis management process, they argue that organizational adoption to environment context such as institutionalized practices and industry regulations is an important variable to make success or failure of organizational crisis management (Pearson & Clair, 1998). Aggarwal (1999) emphasizes domestic and international economic reforms as a means to restore growth in Asia after the late Asian economic crisis.

It is difficult for organizations to manage economic crises, because they are unpredictable and uncontrollable. Uncertainty includes those characteristics of economic crises. Uncertainty increases transaction costs as well as information costs (Ingram & Clay, 2000). Beckert (1999) argues that institutionalizing prevails high uncertainty within an institutional field. Oliver (1991) contends that the higher the level of uncertainty in organization's environment, the greater the likelihood of organizational conformity to institutionalization. In other words, organizations can reduce the transaction costs and information costs through decreasing uncertainty with conforming to the institutional environments. Also, as we discussed earlier, strategic flexibility can reduce the uncertainty (Bowman & Hurry, 1993; Evans, 1991; Courtney, Kirkland, & Viguerie, 1997; Sanchez, 1999). Therefore, the strategic flexibility and the strategic conformity are critical determinants of organizational performance during the economic crises. The table below is a summary of key articles that study crisis management. Based on the foregoing literature review, this research therefore proposes the following:

Insert Table 5 here

Proposition 3: Economic crisis moderates the relationship between a firm's strategic conformity and its performance

Proposition 4: Economic crisis moderates the relationship between a firm's strategic flexibility and its performance

ORGANIZATIONAL STRATEGIES TO ENHANCE PERFORMANCE FROM CONFORMITY AND FLEXIBILITY IN EMERGING MARKETS

Carroll and Hannan (1988) argue that increasing legitimacy is asserted to increase density in early stage of organizational development. In Korea, recently, the number of new venture firms has increased relatively higher than any other type firms. Also, over 90 percent of venture firms agree that their development stage is still growing. This result shows that Korean venture firms are in the early stage of organizational development mentioned by Carroll and Hannan (1988). In addition, Hong (2001) argues that researchers agree that the Korean government's policy on venture firms encourages all companies in all business sectors to move towards venture firms. This argument represents that conforming to the institutional environments, particularly, the governmental policy is critical determinant of organizational performance in Korea. Thus, the case of Korean venture firms fits well with the strategic conformity of

organizations to the institutional environments. In Korea, the institutional environment is an opportunity rather than a constraint to organizations.

In emerging markets, both strategic conformity and strategic flexibility are critical determinants of organizational performance, because they play a critical role to reduce uncertainty in the markets. Bowman and Hurry (1993) contend that maintaining flexibility allows organizations to enhance performance under uncertainty. Evans (1991) argues strategic flexibility as an expedient capability for managing uncertain environment. Johnson et al. (2001) emphasize that market-focused strategic flexibility determines how an organization gains superior performance. Courtney, Kirkland, and Viguerie (1997) contend that more flexibility is required for organizations in the uncertain market environment. Also, as discussed earlier, strategic conformity to institutional environments can reduce uncertainty (Hoskisson, Eden, Lau, & Wright, 2000; Beckert, 1999; Oliver, 1991).

Therefore, we can conclude that both strategic flexibility and strategic conformity are critical strategies for organizational performance under the uncertainty. However, there are some differentiations between strategic flexibility and strategic conformity. Strategic flexibility emphasizes an organizational ability to responds promptly to market opportunities, threats, and changing technology to manage economic and political risks with a proactive or reactive manner (Sanchez, 1995; Grewal & Tansuhaj, 2001). Strategic conformity represents the motivation of mimetic isomorphism, which is the process by which units resemble other units in the population that face the same environment conditions (DiMaggio & Powell, 1982). In terms of organizational adaptation, conformity is placed at determinism, which emphasizes external forces to

adapt. In contrast, flexibility is placed at strategic choice, which emphasizes internal forces to adapt. In other words, strategic flexibility emphasizes the organizational adaptation encouraged by internal forces called as strategic choice. In contrast, strategic conformity emphasizes the organizational adaptation encouraged by external forces called as environmental determinism.

Korea is one of the emerging markets with China, India, Malaysia, Taiwan, and Thailand (Hoskisson, Eden, Lau, & Wright, 2000). In the emerging markets, strategic conformity is much important, because the emerging markets are imperfect, and institutional environments such as governments are powerful in the markets. Therefore, recently, more researchers have been using the institutional perspective to analyze emerging markets. Hoskisson, Eden, Lau, and Wright (2000) argue that new institutional economics focused on the interaction of institutions and firms resulting imperfection. Strategic flexibility is still a critical strategy for organizational performance in the emerging markets. However, strategic conformity is a much powerful strategy for organizational performance in an emerging market due to its market characteristics. Based on these theoretical backgrounds, this research therefore propose the following:

Proposition 5: A conforming firm performances better than a flexible firm

A CONCEPTUAL MODEL OF ORGANIZATIONAL STRATEGIES DURING AN ECONOMIC CRISIS

The figure below is a conceptual model of organizational strategy during an economic crisis from the role of conformity and flexibility, which is examined closely with the case of Korean venture firms.

Insert Figure 1 here

Organizations at early stage of development and organizations in emerging markets are target objects of the conceptual model. Two independent variables are strategic conformity and strategic flexibility. The dependent variable is performance, and the moderator is a perceived effect of an economic crisis. As proposed earlier, the greater a firm's strategic conformity at early stage of its development, the higher will be the level of firm performance. And, the greater a firm's strategic flexibility at early stage of its development, the higher will be the level of firm performance. The relationships between each independent variable and the dependent variable are explained by the first and the second propositions. Also, the positive relationship between a firm's strategic conformity and its performance is stronger when there is a perceived effect of economic crisis. And, the positive relationship between a firm's strategic flexibility and its performance is stronger when there is a perceived effect of economic crisis. The effects of moderators are explained by the third and the fourth propositions. Last, different roles

of each independent variable to enhance organizational performance in emerging markets are compared by the fifth proposition.

CONCLUSION AND SUGGESTIONS FOR FUTURE RESEARCH

A high level of uncertainty such as during an economic crisis threatens organizational performance and survival. The important role of the conformity and flexibility is to reduce the uncertainty. The findings of this research identify strategic conformity and strategic flexibility as key determinants of organizational performance under uncertainty. Perceived effect of economic crisis has a positive moderating effect to the relationship between strategic conformity and performance and between strategic flexibility and performance. The specific case of the Korean venture firms is examined in this research. Emerging markets such as Korea are characterized as imperfection. In the markets, the institutional environments such as governments are powerful. In terms of organizational adaptation, conformity is placed at determinism, which emphasizes external forces to adapt. In contrast, flexibility is placed at strategic choice, which emphasizes internal forces to adapt. Therefore, we conclude that conformity is a much powerful strategy for organizational performance in emerging markets. Despite the findings, there are still many rooms for future research to analyze organizational strategies. We would like economic researchers to employ the conformity and flexibility perspectives to further examine management during a crisis and in emerging markets. Most of all, an empirical test of the findings is encouraged in future research.

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(Table 1)

Net numbers of newly made and disappeared venture type and other type SMEs

	Other Type SMEs	Venture type SMEs
1993	14185	315
1994	2508	426
1995	4830	488
1996	942	613
1997	-4997	870
1998	-12603	1286
1999	11612	2387
2000	6954	2971

(Data from Korean Bank and Korean SMBA: 1993~2000)

(Table 2)

Perception of Korean venture firms about their organizational development stage

	Development Stage	Percentage
Infant	856	11.0%
Early Growth	3832	49.2%
Growth	2429	31.2%
Mature	212	2.7%
Decline	459	5.9%
	7788	100.0%

(Data from Korean SMBA: 2001)

(Table 3)

Summary of key articles on institutional perspective			
Authors & Years	Critical issues being discussed	Data	Regions
DiMaggio & Powell (1983)	Basic concept of institutional theory with homogenization, isomorphism, and legitimacy. Hypotheses are specified that derive from the discussion of isomorphism, uncertainty, and field level predictors.	Literature review	General
Lee & Miller (1996)	Moderating effect of technological type to the relationship between conforming to legitimated technological norm and organizational performance	Primary survey	Korea
Scott (1987)	Reviewing both theoretical and empirical works on institutional theory. Several variants of institutional theory are presented: a value instilling process, a process of creating reality, a class of elements, and distinct societal spheres.	Literature review	General
Zucker (1989)	Critique to combining institutional theory and population ecology arguing that the substitution of legitimacy and competition with functions of density is not theoretically convincing.	Literature review	General
Oliver (1991)	Typology of strategic response to institutional pressures. Strategic responses to institutional processes are emphasized.	Literature review	General
Tolbert & Zucker	Specification of the process of	Literature review	General

(1996)	institutionalization is presented. Three processes are identified: habitualization, objectification, and sedimentation		
Oliver (1997)	Explanation of sustainable competitive advantage in terms of institutional and resource-based theory	Literature review	General
Beckert (1999)	Developing an integrative concept of the connection of strategic agency and institutions. A dynamic model of institutional change and relationship between strategic agency and institutionalized practice are presented.	Literature review	General
Biggart & Guillen (1999)	Explanation development of auto industries of each country: South Korea, Taiwan, Spain, and Argentina in terms of institutional contexts.	Literature review & Published archival data	Korea, Spain, Argentina, Taiwan
Casper (2000)	Discussing the positive association between conforming to legitimated technological norm and performance with the case of Germany	Literature review & Published archival data	Germany
Hasselbladh & Kallinikos (2000)	Limitations of neo-institutionalism view are presented explaining and developing the practices and beliefs that lead to rationalization	Literature review	General
Hoskisson, Eden, Lau, & Wright (2000)	Strategy in emerging markets in terms of institutional, resource-based, and transaction cost theory	Literature review & Published archival data	General
Ingram & Clay (2000)	Three aspects of institutional theory are emphasized: the behavioral assumptions, operation of institutional	Literature review	General

	forms, and processes of institutional change.		
Grewal (2001)	Importance of the institutional environment in the current marketing channels research	Literature review	General

(Table 4)

Summary of key articles on strategic flexibility			
Authors & Years	Critical factor to manage crisis	Data	Regions
Moorman & Miner (1998)	Showing the relationship between improvisation and organizational performance with the moderator effect of organizational procedural memory.	Literature Review	General
Evans (1991)	Suggesting four archetypal manoeuvres (pre-emptive, protective, exploitive and corrective) as a means to achieve different forms of strategic flexibility based on a conceptual framework	Literature review	General
Bowman & Hurry (1993)	An option-theoretic perspective for organizational strategic management	Literature review	General
Sanchez (1995)	Investigating competition in dynamic products markets from combined resource base and strategic flexibility perspectives.	Two recent technological innovations: CADD and CIM	General
Courtney, Kirkland & Viguerie (1997)	A taxonomy of systemic feedback regularities is presented that helps	Literature review	General

	managers and consultants improve their dynamic strategic thinking and strategic foresight of firms.		
Moorman & Miner (1999)	Conceptualizing between improvisation and performance in terms of new product development	Two midsize technological firms.	The United States
Sanchez (1999)	Contending the importance of flexibility while weighting much on not marketing process but new product design. Especially, the author emphasizes flexible modular architecture product design, which leads being sensitive market demand.	Literature review	General
Dickson, Farris & Verbeke (2001)	Psyche of managers, the nature of crisis triggering events, organizational structures and processes, and environmental variables.	Literature review	General
Johnson, Lee, Saini & Grohmann (2001)	Emphasizing market-focused strategic flexibility playing a crucial role in gaining superior performance.	Literature review	General

(Table 5)

Summary of key articles on crisis management			
Authors & Years	Critical factor to manage crisis	Data	Regions
D' Aveni & MacMillan (1990)	Relationship between top managers perception to input and output of internal and external factors during crisis and the performances of their organizations.	Published archival data and primary survey	U.S. firms: 57 bankrupt firms and 57 mated survivors
Pearson & Clair (1998)	Psyche of managers, the nature of crisis triggering events, organizational structures and processes, and environmental variables.	Literature review	General
Aggarwal (1999)	Domestic and international economic reforms.	Published archival data	Asia
Sharma (1999)	Systematic warning signal to anticipate the crises based on better understanding of the run-ups to crises past.	Published archival data (IMF data)	Latin America, Asia, and Europe
Grewal & Tansuhaj (2001)	Market orientation and flexibility.	Primary survey	Thailand

(FIGURE 1)

**A Conceptual Model of Role of Conformity and Flexibility during an
Economic Crisis: A Case of Korean Venture Firms**

