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國際學碩士學位論文

**Measuring Cultural Differences in Korea
between Baby-boomers and Generation Y**

한국의 베이비 붐 세대와 Y세대 사이에
문화적 차이 측정

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조나스 르프랑스와

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Baby-boomers and Generation Y

A thesis presented

by

Jonas Lefrancois

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Seoul National University

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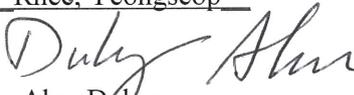
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Abstract

Measuring Cultural Differences in Korea between Baby-boomers and Generation Y

This paper focuses on measuring the evolution of business culture in Korea between generations using the OUI model (Openness, Uncertainty avoidance and Individualism). This model allows for a better linkage between culture and national competitiveness than previous ones. Its dimensions are sub-divided in six sub-factors, respectively: *Aggressiveness* and *Attractiveness*, *Disciplinism* and *Frontierism*, and *Reward* and *Responsibility*. Using proxies we found that Koreans are becoming more Individualistic, more Frontieristic but less Disciplined for UA, more Attractive but stagnating in term of Aggressiveness for Openness. This gives us hints on what part of the culture should be modified to increase the future competitiveness of the country. We also updated the empirical data done in the original OUI paper, and found that those overall positive cultural changes have not yet impacted the competitiveness of Korea, probably as younger generations have not yet the political and economic influence required.

Keywords: OUI model, Generations, Culture, Korea, Hofstede, World Value Survey.

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1. INTRODUCTION

From a Generation to another, people's environment changes, impacting the way people grow up, their worries and their goals in life... For example we can think of the baby-boomers who did not experienced World War II and did not have to experience scarcity and hardship, making them culturally different from their parents (Eisner, 2005). However cultures at the cultural level were seen so far as being the results of a long evolution. Consequently it was supposed to change really slowly (Hofstede, 1980, 2001). But this view is more and more challenged nowadays (Smith, 2002) and this might be due to the fact that modern societies are changing faster. In term of society with a fast changing environment South Korea is a good example. Since the Korean War, the country experienced an extremely fast economic growth, which means than in two generations the country went from poverty to being a developed economy. This growth means that people born nowadays are living in a totally different environment than those born forty years ago. We can then imagine that like in Western cultures there will be differences between Generations in Korea, and maybe larger ones.

Our interest in this paper is to see how those differences might impact the future economic growth of Korea. Moon and Choi (2001) developed a framework demonstrating which cultural dimensions impact the economic competitiveness of a country: *Openness*, *Uncertainty Avoidance* and *Individualism*. Focusing on those three

dimensions we will study if they evolved between Generations in Korea, and what those changes mean in term of future competitiveness for the country.

In a first time, we review the existing literature on Culture. We start by Hofstede, followed by the model developed by Moon and Choi in 2001, and we demonstrate that the critics of Hofstede's model on which it was based are still relevant a decade later. We conclude this first part by studying the existing literature on Generations, in general and the one specific to Korea. In a second time we explain the methodology and hypotheses. The third part consist of comparing the findings of this study with an update of the empirical study conducted by Moon and Choi (2001) to see where Korea is situated compare to other country. Lastly, we arrive to the conclusion that overall, those changes are going in the good direction for the *future* competitiveness of Korea but that they did *not translate yet* in an increase of it.

2. LITERATURE REVIEW

2.1 A Definition of Culture

In this paper we look at culture in the fields of international business and competitiveness, and the least we can say is that culture is an important concept in these fields. Hofstede (1994) entitled one of his articles "The Business of International Business is Culture." It means that people are the ones you have to deal with when you want to do business, and in order to do so you need to understand their behaviours, which are shaped by their cultures (Hofstede, 1994). Culture can distinguish people from different ethnicities,

nationalities, genders, ages... and evolves over time. But what exactly “culture” means is a broad question. There are many definitions of culture. Thus choosing one has “the” definition would be presumptuous and reflect only one approach to the understanding of culture. Nevertheless, as we need one on which to base this article we will use the definition used by Hofstede, who defines culture as “the collective programming of the mind which distinguishes the members of one group or category of people from another” (Hofstede, 1997), as it is the most widely used concept (Moon and Choi, 2001). In this definition the word programming shows that culture is something people acquire as they grow up, not something you have embedded in you when you are born.

2.2 Cultural Theories

Talking about culture in the field of management and international business means talking about Hofstede’s model, either to embrace or reject its main points (Smith, 2002), as this model caused “a true paradigm shift” (Hofstede, 1998). This model is well known, thus we will here only do an overview. Hofstede conducted from 1967 to 1969 a large survey on more than 88,000 employees from IBM in 72 countries, number reduced to 40 countries with more than 50 answers. From that survey Hofstede drew four dimensions at the country level factor analysis, on which he classified those 40 countries. This model was presented in the first edition of his book *Cultures Consequences* (Hofstede, 1980). Those four dimensions were the following.

Power distance: this is about the inequality between people in one society. It shows how inequalities in wealth, power and prestige are more or less important for social interactions depending on the society.

Uncertainty Avoidance: uncertainty is something that is part of human life, as no one can foresee the future. Some societies are more or less comfortable with it and thus will try or not to reduce uncertainty as much as possible using rules, norms and rituals.

Individualism vs. Collectivism: this dimension deals with the relative importance of the individual within the group. Some societies will accept more individuality, and give more importance to individuals wills, needs and desires, whereas other will put more emphasis on the needs of the group.

Masculinity versus Femininity: It concerns the predominance in a society of traditionally masculine or feminine values. In a society more masculine, both men and women will tend to prioritize goals such as work over family, look for more challenges... Whereas feminine societies look for more consensus and good interpersonal relationships for example.

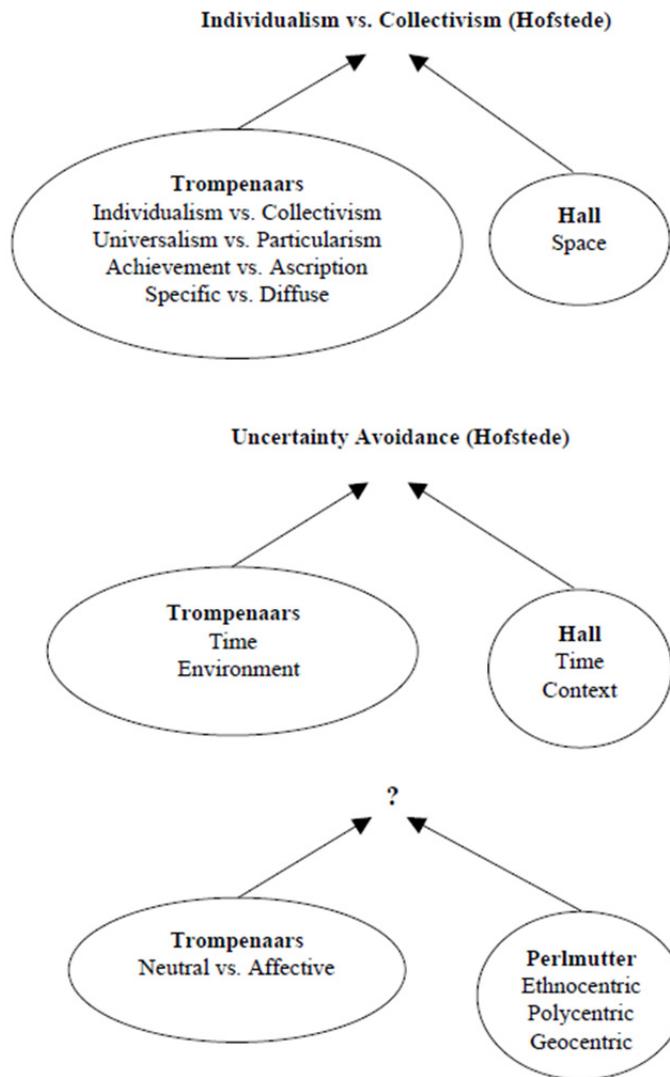
Latter, Hofstede (1991) introduced a fifth dimension called *Long-term versus Short-term orientation*. This dimension is also called *Confucian dynamism* and was initially based on Michael Harris Bond's work (Bond, 1987) and developed further by Hofstede and Bond (1988). In long-term oriented societies, future reward is important and thus those societies will foster pragmatic traits such as perseverance and savings, whereas short-term

oriented societies focus more on past and present virtues like respecting traditions, national pride...

Hofstede model, even if it had far greater impact than other cultural theories (Sivakumar and Nakata, 2001), is not the only one, and other models exist. Moon and Choi reviewed the main ones in their 2001 article. Those model include Perlmutter (1969) EPG model, for Ethnocentricity (Home country orientation), Polycentricity (Host country orientation) and Geocentricity (World orientation). There is also Trompenaars (1998), whose model includes seven fundamental dimensions of culture - universalism vs. particularism; individualism vs. collectivism; neutral vs. affective; specific vs. diffuse; achievement vs. ascription; time (sequential vs. synchronous); and environment (internal vs. external control); and Hall (1990) who defines culture in the contexts (high or low contexts), in the time (monochromic or polychromic) and in space (proxemics).

Moon and Choi (2001) realized that those models were overlapping and decided to reorganized them under the five dimensions of Hofstede's model, as it was the most inclusive and popular one. However, as we can see in figure 1, some of the dimensions of these other models could not be included under any of the five dimensions of Hofstede.

Figure 1: Restructuring of the Cultural Models



Source: Moon and Choi (2001)

2.3 The OUI Model

Hofstede's model, as mentioned earlier, is the most important theory in the field of intercultural management. However it is of course not perfect and faced a large number of critics over time. It was criticized for having reduced culture in a too simplistic conceptualization, having a sample limited to a single multinational corporation, failing to take into account culture's changes over time, and for ignoring the heterogeneity of culture within countries (Sivakumar and Nakata, 2001).

Moon and Choi, after reorganizing the main cultural models as we saw in Figure 1, raised their own critics and answered them by introducing a new analytical framework: the OUI model, for *Openness, Uncertainty Avoidance* and *Individualism*.

The first critic raised by Moon and Choi was to ask if Power distance and Individualism vs. collectivism did not overlap. They concluded that in fact, we could consider that power distance depends of individualism and thus we could replace Power Distance and Individualism vs. Collectivism by only Individualism, with low individualism meaning a collectivist society.

Concerning Masculinity vs. Femininity, the authors argued that it was not an appropriate factor for measuring cultures as some incoherencies arise, like the case of Japan which is the most masculine society while displaying strong feminine attributes such as consensus. They also showed that actually Masculine values were close to Individualistic ones, and that the same was true for Feminine and Collectivist's values.

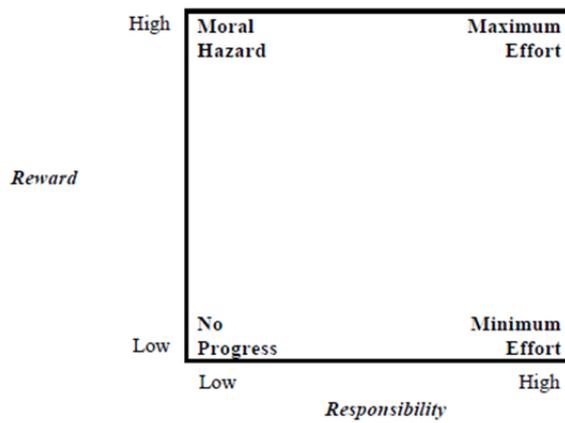
For Short-term vs. Long-term orientation, the authors noticed that this dimension, also called Confucian dynamism, includes some morality principles that are close to collectivist principles, such as obeying to the group, perseverance and so on. Thus it is not really an independent dimension.

Finally for Uncertainty Avoidance, technology, law and religion were the three means of security that were used to measure it (Hofstede, 1983). In this case technology was related to controlling nature. Thus of these three types, only law was deemed relevant for business, which was the main concern of Moon and Choi's paper and he thus decided to only consider laws, principles and rules as the three avenues for security. Since our paper is also business oriented, this interpretation works for us too.

After re-organizing Hofstede's dimensions from five to two: *Individualism* and *Uncertainty Avoidance*; the author added a new dimension, *Openness*, which includes previous models' dimensions that could not be included under one of Hofstede's. It reflects the different dimensions of openness to the world of the EPG model and toward other people of the neutral vs. affective dimension of Trompenaars.

Those three dimensions were each subdivided into two sub-variables to measure culture more precisely. *Individualism* was divided into *Rewards* and *Responsibilities* that people are given. If individualism in a society is high, it means people are fully responsible for their work and also fully rewarded for its success, encouraging them to give a maximum effort. If only one of the two sub-factors is emphasized the output is likely to be not satisfactory, as we can see in figure 2.

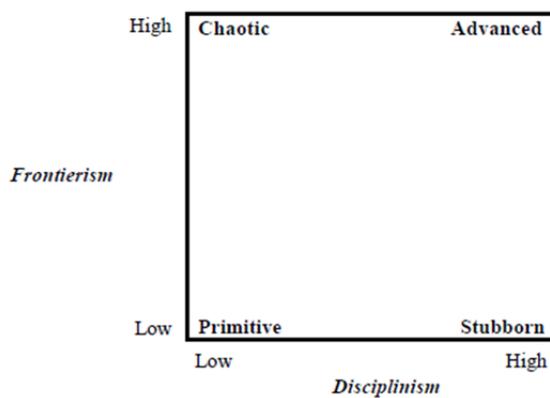
Figure 2: Individualism



Source: Moon and Choi (2001)

Uncertainty Avoidance was categorized into *Disciplinism*, which focuses on preserving the actual state and avoiding damages and risks through laws and regulations, and *Frontierism*, which focuses on building a more certain future through innovation and investment. Once again, those two sub-factors should be high to obtain the best outcome.

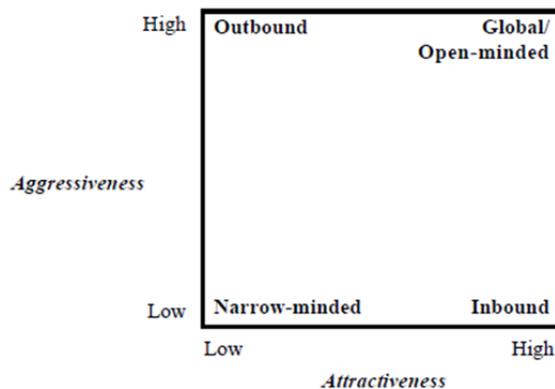
Figure 3: Uncertainty Avoidance



Source: Moon and Choi (2001)

The value that was added to the existing ones is openness. *Openness* reflects the capacity a culture has to accept and understand other cultures. It was divided into *attractiveness* and *aggressiveness* as it is the two ways a country can open to the world. *Attractiveness* reflects the country capacity to create an environment that attracts foreigners, foreign goods and foreign investment whereas *aggressiveness* reflects country tendencies to go toward other through emigration, exports and outward investments. Here as well, the best outcome is reached when both sub-variables are high.

Figure 4: Openness



Source: Moon and Choi (2001)

Using this OUI model the authors performed an empirical study that proved the correlation between those three dimensions and the economic development at the country level. Using survey questions included in the IPS National Competitiveness Research of 2001 as proxies, they demonstrated that developed countries tend to have higher score than less developed countries. Countries showing a strong economic growth like

Singapore and Hong Kong had also higher score than countries like Japan that are experiencing slower growth. Thus it proved that this model allowed to effectively evaluate differences between countries in term of business culture and showed that those three cultural dimensions are linked to economic development. The results also showed an upward trend between the two sub-variables of each dimensions, indicating that both sub-variables have to be developed in balance to achieve economic development. With this new model proving the impact of culture on economic development, and allowing measuring which dimensions are “good” or “bad” for further growth, it also means for the authors that we should start thinking how to change or adapt our culture, at the country or at the company level.

However, in 2001 the 2nd edition of Hofstede’s book *Cultures Consequences* was also published, and we are going to review below the critics that followed to see if Moon and Choi’s arguments remained valid or if Hofstede’s answered there critics.

2.4 Debate and Critics about Hofstede’s Model Following the Second Edition

Before 2001, Hofstede’s model was facing critics like the ones mentioned previously. By publishing a 2nd edition of his book, he tried to answer to those arguments and to prove that his model remains valid by tracking those critics, reanalysing the data on which they were based and showing analytical deficiencies that led those critics to invalid his conclusions (Smith, 2002). Of course Hofstede’s analyses are still made based on the IBM data, but are better explained and report empirical relationships that were not

included in the first edition as they were made after its publication. Considering the amount of new analyses and studies included in this new edition Smith (2002) reviewed the most important critics that were made on the 1st edition to see if they remain valid after the 2nd. He focused essentially on how Hofstede's model was organized and at which level to use it and not on the validity of the model *per se*. Thus we are first studying arguments that questioned the way Hofstede approaches culture and that were not mentioned by Smith (2002). Then we will look into the design and application of the model itself. To do so we are reviewing below the debate between Hofstede (2001, 2002, 2003), Baskerville (2003, 2005), Myers and Tan (2002) and McSweeney (2002a, 2002b) following the publication of the second edition of *Cultures Consequences*. To give a more data-based "answer" to this debate we will briefly look at *A Quarter Century of Culture's Consequences* (Kirkman, Lowe and Gibson, 2006) to conclude this debate.

2.4.1 Did Hofstede misunderstood culture?

In the debate that occurred contemporaneously with the publication of the second edition, Baskerville, Myers and Tan and McSweeney formulated critics of Hofstede's research, critics that were not answered by the publishing of the second edition (Baskerville, 2005). Hofstede replied to Baskerville (Hofstede, 2003) and McSweeney (Hofstede, 2002). Baskerville (2005) wrote an article summarizing the commonalities between the critics formulated to give an overview of this debate. The table below presents the critics and their authors.

Table 1: Summary of the Critics of Hofstede’s Model by Baskerville, Myers and Tan and McSweeney

That the data which formed the basis of Hofstede’s analysis was not collected with this in mind; was not representative of people in those countries	Myers and Tan, Baskerville
That there is such a thing as “national culture”. The problem with the unit of analysis being a territorially unique nation-state	Myers and Tan, McSweeney, Baskerville
Nation states are a relatively recent phenomenon	Myers and Tan
Nation states are dynamic, and older states have major changes in population and ethnic composition	Myers and Tan, McSweeney
Nation states do not each have their own single and distinct culture; many nation states have multiple ethnicities	Myers and Tan, Baskerville
Hofstede’s view of culture is not supported from current anthropological perspectives; its foundation are no longer mainstream anthropology	Myers and Tan, Baskerville
The relationship between national cultural values and culturally-influenced work-related values; Hofstede credits national cultures with strong, or even absolute, causality	Myers and Tan, McSweeney
The simple model presented by Hofstede did not allow for the complex relationships between culture and economic indicators	Myers and Tan, Baskerville
That culture is not observable or recordable, but implicit, a type of mental programming	McSweeney, Baskerville
The claim of an immutability of cultures; that each has a discrete unique nucleus or core	McSweeney, Baskerville
That IBM has a single, uniform and monopolistic organisation culture	McSweeney, Baskerville
That national cultural ‘sharedness’ between individuals can be derived from a statistical averaging of heterogeneous components; a national norm	McSweeney
That the sample was only from IBM employees, with a single uniform organisational culture, challenging that this permits a demonstration of	Myers and Tan, McSweeney, Baskerville
That he had to assume a national uniformity of culture in order to find it	McSweeney

Source: Baskerville (2005)

One of the conclusions we can draw from this debate is that the 2nd edition did not answer to the core of the critics raised by the first edition (Baskerville, 2005). In that sense this confirms that the critics on which Moon and Choi (2001) based their model are not rendered obsolete by this second edition. However some critics that are summarized in Table 1 are worth looking at as they questioned Hofstede’s model as a whole by criticizing its basis and thus concern the OUI model as it is based on Hofstede’s dimensions. The goal of this paper is not to answer directly those arguments, only to see if they could invalid the OUI model. There are critics concerning the cultural heterogeneity of countries and arguing that nation states are not a good unit to study cultures because of this heterogeneity. Here we argue that since Moon and Choi are

looking at the competitiveness of countries (or the growth / economic development of countries), it makes perfect sense to use countries as the unit of analysis and thus this critic can be dismissed, at least when studying the relationship between culture and national competitiveness. As for Hofstede's model being too simple for the complex relationship between culture and economic indicator, we saw that the upgrade of this model into the OUI demonstrates well the correlation between cultural dimensions and competitiveness and thus the "lack" of complexity of this model does not prevent an explanation of this relationship.

As for the critics questioning the validity of Hofstede model as a whole, arguing that the assumptions behind the IBM survey led to a wrong approach of culture, it is worth mentioning an extensive review of existing studies done by Kirkman, Lowe and Gibson (2006). They reviewed 180 studies published between 1980 and June 2002 in 40 business and psychology journals as well as two international annual volumes. After conducting a complete review of all those studies, they answered to the question "Should Hofstede's cultural values framework continues to be used for cross-cultural research in the 21st century?". They arrived to the conclusion that overall those studies confirmed and amplified more than infirmed the validity of Hofstede's model despite some reserves on the methodology behind it. This is the same conclusion found by Smith and Bond (1999) who concluded that large scale studies "have sustained and amplified [Hofstede's] conclusions rather than contradicted them." Kirkman, Lowe and Gibson also found that Hofstede's model allows selecting countries that are culturally different in order to increase variance, and that most of differences predicted by the model were supported.

Thus even if the critics summarized by Baskerville (2005) might or might not be conceptually valid; Hofstede's model is working and therefore a correct "base model" for the OUI model.

2.4.2 A review of the second edition

Hofstede's model being valid, we are now going to review the critics summarized by Smith (2002). We start by the question of the level of analysis. Here the concern is the level of analysis at which the model is applied, and not if country are a good unit to study culture, question we dealt with in the previous paragraph. Hofstede stated that when contrasting cultures, we need to do it at the culture level and not at the individual level. Hofstede always insisted that his model shouldn't be used to interpret behaviours at the individual level. However Smith discuss this position, and questions what interest there is to study culture if we cannot then use the models developed to study what goes on within the culture. Hofstede himself in the first edition (Roberts and Boyacigiller, 1984) and in the second edition (McSweeney, 2002a) makes interpretation at the individual level by stating for example that Weber "had to be" a German. For Moon and Choi (2001) this has no implication as they remain at the country level. However, to study generation we are going here to "unpack" culture. One of the reasons Hofstede doesn't want to do this is because he considers that cultures are rather strongly resistant to change since they are deeply embedded in individuals from an early age and thus there is no need to look at evolution within a culture as they are "homogenous". However Smith (2002) points out that modern national cultures are subject to more and more diverse trends and sources of influences. In his words he is "less impressed than Hofstede is by the integrity and

continuity of modern national cultures ». His opinion is that we need to use culture-level concepts to guide individual-level studies because of this growing heterogeneity. This is what we will do by using the OUI model to determine if Korean business culture is evolving or not.

Another critic of particular interest for us is the treatment of time. As written above, Hofstede assumes that cultures are slow to change. At the same time Smith (2002) points out that Hofstede acknowledge rapid changes in scores on the I/C dimension. This critic does not question the validity of the dimensions but the predictability of the IBM scores. Thus it shows the interest of doing new empirical studies like Moon and Choi did to have more recent results, as well as looking at the evolution within a cultures to see if the Individualism vs. Collectivism dimension is the only one changing fast.

Finally, some of the critics were addressed specifically to each dimensions of the Hofstede' model, which was the case for the critics that led to the OUI model. Thus it is particularly interesting for us to see if after the second edition those critics remain supported or if Hofstede managed to rebut them.

For the first dimension, Power Distance, Smith (2002) arrives to the same conclusion as Moon and Choi, which is that Hofstede failed to prove that Power Distance should be separated from Individualism vs. Collectivism. The defence by Hofstede is that once GNP is partialled out, the correlation between PD and I/C becomes insignificant. However Smith points out that it is impossible to be sure that wealth is a cause rather than a consequence of culture. Thus if we partial it out we might have to partial out other

factors like climate, which is also correlated with both PD and I/C. Smith then reaches the same conclusion than Moon and Choi: that PD and I/C should not be considered separately and that there is no valid reason to partial out only GDP.

For Uncertainty Avoidance, Hofstede made some clarification as, according to him, critics often misinterpreted this dimension. His clarification is that one can reduce risks either by taking risks to prevent future ones or avoiding them and thus countries can chose very different way to characterise UA. Here we can immediately see the parallel with *Disciplinism* and *Frontierism*: the first one minimizes risks and the other one reduces future uncertainty by taking risks in the present. Smith (2002) details how the UA dimension is giving confusing result, even among the ones mentioned in the second edition. This shows the interest of dividing UA into two sub-variables to obtain better results, and Hofstede explanation confirmed that Moon and Choi (2001) interpreted correctly how to sub-divide this dimension.

Concerning I/C, some problems remain, such as the rapid evolution of I/C in some countries, or the fact that I/C at the individual or at the societal level predicts really different results. In the end of his argumentation Smith (2002) acknowledges that “there is substantial value in Hofstede’s simplifying assumption that the level of a society’s I/C is a unitary quality”. It means that as long as we stay at the culture level Individualism and Collectivism are exclusive and if Individualism is high Collectivism as to be low. This is similar to the assumption made by Moon and Choi (2001). In the OUI model, the approach to individualism is oriented toward the work and business environment and the

outcome are at the societal level: what kind of responsibilities and rewards the society gives/consider acceptable or that people would like to receive/ to be acceptable. People cannot desire at the same time high and low responsibility. Once more the fact that I/C seems to be the dimension changing the fastest in some cultures is a good reason to see if there is a changing trend from a generations to another in the perception of the role individuals are given by the business culture.

Masculinity/Femininity is the dimension that was criticized and misunderstood the most (Smith, 2002). Thus in the second edition it was one of the chapter the most expanded by Hofstede. For him, a lot of authors made the confusion between collectivism and femininity, which was the argument raised by Moon and Choi: femininity includes collectivist characteristics. Here Smith (2002) agree with the latter by explaining that if the conceptual distinction is clear, a “data-based” distinction does not actually draw a clear line between the two concepts. In addition, Smith mentions the same example as Moon and Choi, which is the problem of Japan being at the same time the most masculine country and a country in which feminine values are strongly present, and argues that Hofstede does not give a convincing explanation of that problem.

Based on Smith (2002) review of the second edition, it appears clearly that the critics raised by Moon and Choi (2001) remain valid even after the publication of the 2nd edition of *Culture's Consequences* and that the authors interpreted correctly Hofstede's dimensions.

2.5 Cultural Differences between Generations

The OUI model was so far applied to compare countries, but there is other levels at which it can be interesting to apply it to measure cultural differences. We mentioned previously that for example gender and age groups can be considered as having different cultures. We also saw in reviewing existing literature that Hofstede's assumption that cultures evolve really slowly is challenged. Recently, modern cultures are seen as evolving fast especially in the case of I/C (Smith, 2002). For example increasing technological development virtually reduces physical distance leading to a cultural convergence (Czinkota and Ronkainan, 1998).

When it comes to cultural changes in societies in the field of business, one of the current (or recurrent) topic in management is how to deal with the new generations that enters the work force, since their members always seem to have a different business culture. The name of the current headache being Generation Y that is following Generation X, there is an abundant literature on the topic of how to deal/manage Generation Y or Generation X... (Eisner, 2005; Crampton and Hodge, 2007; McCrindle, 2006). But this literature focuses mostly on explaining generations characteristics, if they are or are not different from previous generations and how to manage/attract/retain them. The commonalities of those publication, like Eisner (2005) or McCrindle (2006) is that first they are from a western perspective; second they are looking at the macro level only to give advice at the micro level on how to manage new generations. There is a lack of research looking at those differences to determine if it is positive or note for countries' competitiveness, as

well as a lack of research using theoretical frameworks to do these analyses. But this literature still gives us a good indication that some broad changes are occurring between generations over time (Eisner, 2005) and we can use it as a basis for our hypotheses. We find today four generations in the workplace, which are (Crampton and Hodge, 2007):

- Veterans/Traditionalist/Silent Generation: Born from 1925 to 1945.
- Baby Boomers: Born from 1946 to 1964.
- Generation X/Baby Busters: Born from 1965 to 1979.
- Generation Y/Nexters/Millennials/Trophy Generation: Born from 1980 to 1999.

There seems to be a broad consensus in the literature describing those four generations (Eisner, 2005). *“On the whole, it describes the coexistence of age-diverse workers in a transitioning workplace once characterized by long-term, mutually loyal, employer-employee relations that produced work through command and control management. That workforce is moving toward a 21st century workplace characterized by free agency. There, workers no longer expect long-term rewards, but instead negotiate each new job seeking the best overall working environment including opportunities for training and work-life balance”* (Eisner, 2005: 6). If we transpose this using the OUI dimensions, it clearly means more individualism and less disciplined.

2.6 Generations in Korea

As for a literature specific to changes created by new generations in Korea, the least we can say is that from a business perspective, there is not an abundance of papers on the

topic. For example if we take a comparison between Korean and American generation X by Turner, Mitchell, Hastings and Mitchell (2011) out of 32 references, only 4 are specific to South Korea and an additional one is about the Asian context. The other 27 are focusing on Western cultures. With an approach based on the Hofstede model, but focusing only on one dimension, we can mention *Individualism and Collectivism: Theory, Method and Applications* by Kim, Triandis, Kagitçibasi, Choi and Yoon (1994).

From this literature we can however draw a few interesting points that are specific to Korea. South Korea has been much influenced by its Western Allies, especially the special relationship with the US, but still retains many elements of its culture and heritage. It is one of the world's most densely populated countries, and at the same time one of the most homogeneous (which means culture score at the national level have a high predictive power). Despite the penetration of various religions, the Confucian philosophy is especially strong. The rapid economic development of the country means that standard of living has never been higher (Turner *et al.*, 2011).

The conclusion we can draw from this brief overview is that three important factors imply we can expect large differences between generations. First of all an extremely fast economic development means that new generations, starting from Generation X, were born in a economically developed country, or at least a fast growing economy for Generation X. It means that from this Generation onward, people have on average never known want (Bauer, Hastings, Mitchell and Richardson, 2010). Second, in addition to the development of communication technologies, South Korea has special ties to the US, and

thus new generation are likely to have a culture that has been influenced by the North-American one. Third, from the Generation X onward, South Korean have never known war (excluding incidents). This three factors could lead to more individualism as younger people were not bound together by adversity, less disciplined since they did not have to work hard all their life to secure a safe economic environment, more *Frontierism* as it is easier to take risk when you have no wants and a greater openness to foreign influence due among other things to the ties South Korea as with the US and the increased access to communication devices.

2.7 What Was Missing So Far

Has we saw through this literature review, before the OUI model, there were no appropriate model to study the link between business culture and competitiveness of a country. In addition, when it came to cultural changes between generations, the existing literature focus mostly on a managerial perspective not on the impact on the country's competitiveness, and often does so with a lack of clear analytical framework.

Since the interest of this paper is focused on the economic development and competitiveness of countries and our question is if cultural changes between generation are happening in the good direction, and not if they challenge managers, the OUI framework mentioned above allows us to analyse and quantify those changes in a more comprehensive way that what have been done so far. It allows to see if expected differences really exist and if they are going to have a positive or negative impact on the future competitiveness of Korea.

3. EMPIRICAL ANALYSES

3.1 Hypotheses

As we saw above, new Generations in Korea are likely to have a culture closer to the US culture. Based on Eisner (2005), it seems that we can distinguish a general trend among generations. It would be that new generation are more individualistic and want more responsibility in order to make their job more interesting, while being rewarded for it. Thus we expect Individualism to be higher in both sub-factors. Older generation in general perceived younger one as less respectful, whereas younger generation consider previous one as too reluctant to change. There is also as mentioned previously the fact younger generations have not known wants or the war. It means that for UA, we expect *Disciplinism* to be lower and *Frontierism* to be higher. Finally, as Korea become more connected and that technology allows a convergence of culture, it is likely that new generations are more open to foreign culture and we can expect an higher *Attractiveness*. The question remains if as Korea became more developed the will to go, invest or export abroad to enjoy more opportunities is still present. That is why we cannot predict, based on the literature reviewed, the direction in which *Aggressiveness* will change. Here is the summary of our expectations.

Table 2: Hypotheses

Variables	Sub-variables	Hypotheses
Openness	Attractiveness	Higher
	Aggressiveness	Unknown
Uncertainty Avoidance	Disciplinism	Lower
	Frontierism	Higher
Individualism	Responsibility	Higher
	Reward	Higher

3.2 Methodology

We adapt here the methodology used by Moon and Choi (2001). Each dimension of the revised cultural model has been measured for three age ranges. From 15 to 29, from 30 to 49 and 50 years old and older. The *World Values Survey 2005-2008*, which is the latest version available of the WVS, is the reference used in this paper except for the sub-variable *Aggressiveness*, for which we use hard data as explained latter.

“The World Values Survey is a global research project that explores people’s values and beliefs, how they change over time and what social and political impact they have. It is carried out by a worldwide network of social scientists who, since 1981, have conducted representative national surveys in almost 100 countries. The WVS is the only source of empirical data on attitudes covering a majority of the world’s population (nearly 90%).”¹

¹ http://www.worldvaluessurvey.org/wvs/articles/folder_published/article_base_110. Accessed on October 26, 2011.

From this survey were selected three proxies for each sub-factor in order to measure them. Raw data are transformed to standardized indices in order to control different number of answer choice, with 100 being the highest possible score. Here it means that we classify the different answer choices to each question by giving a score from 0 to 100, 100 meaning the most desirable answer. For example for the sub-factor *responsibility*, one of the question used as a proxy is “I seek to be myself rather than to follow other” and the four possible answers to this question (and the points given for the index) were “Agree strongly”(100), “Agree” (66), “Disagree” (33), “Strongly Disagree” (0). Each score is then multiplied by the percentage of respondent. Then we calculate the average score for this sub-factor. An overall index for each of the dimensions is then calculated by taking an average of the standardized indices for all sub-factors within each main dimension. Below are the proxies we are using.

Table 3: Proxies

Variables	Sub-variables	Proxies
Openness	Attractiveness	<ul style="list-style-type: none"> - When jobs are scarce, employers should give priority to [NATION] people over immigrants - People from other countries coming to work. Which one of the following do you think the government should do? (let everyone come to prohibit anyone) - How much you trust: people from other nationality
	Aggressiveness	<ul style="list-style-type: none"> - Exports / GDP - OFDI / GDP
Uncertainty Avoidance	Disciplinism	<ul style="list-style-type: none"> - Justifiable or not: Someone accepting a bribe in the course of their duties - Justifiable: cheating on taxes - Hard work brings success
	Frontierism	<ul style="list-style-type: none"> - It is important to this person to think up new ideas and be creative; - Adventure and taking risks are important to this person; - Future changes: More emphasis on the development of technology. Good?
Individualism	Responsibility	<ul style="list-style-type: none"> - I seek to be myself rather than to follow others. - I decide my goals in life by myself. - Competition is good. It stimulates people to work hard and develop new ideas vs. Competition is harmful. It brings the worst in people
	Reward	<ul style="list-style-type: none"> - Two secretaries doing the same job, but one is more efficient and paid more. Is it fair? - Work should always come first, even if it means less spare time - Incomes should be made more equal vs. We need larger income differences as incentives

For *Aggressiveness*, the lack of useable proxies in the WVS and in other surveys covering leads us to use hard data. The problem encountered was that most surveys, like the WVS, focus on people opinions relating to openness to foreign influence, not their propensity to try to increase their own influence. And more “business oriented” surveys, like the IPS survey used by Moon and Choi (2001), tend to ask what “is” and not what “should be”, as well as not providing a classification per age / not covering a time span long enough. This is the main limitation of this study as hard data doesn’t represent directly people’s opinion on that matter, nor give an efficient representation of different generations.

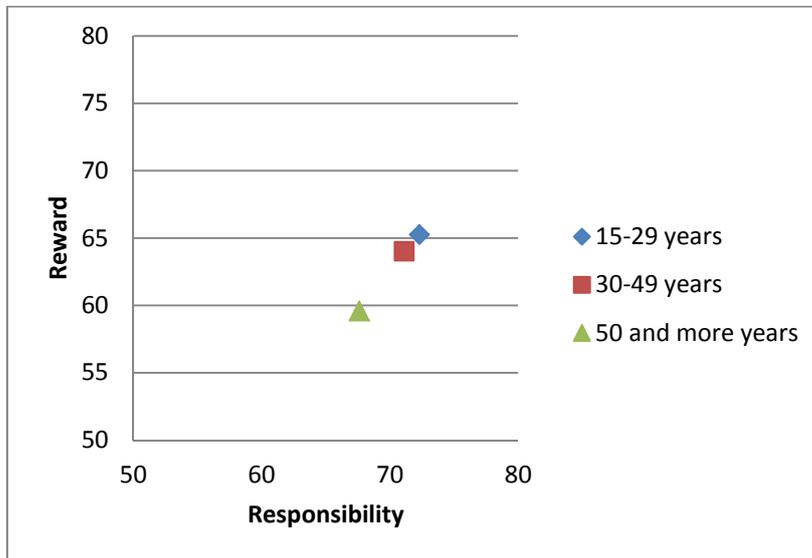
As mentioned in Moon and Choi (2001) *Aggressiveness* means the propensity of a nation to export, emigrate and invest abroad. For South Korea there is a lack of statistics in English covering a time span long enough for emigration, the best available statistics in English starting in 2000. Thus we had to use only two proxies for this sub-factor, Exports and Outward Foreign Direct Investment. Exports data were taken from the UN COMTRADE website and the OFDI from the OECD’s website. We of course don’t have a classification by age. Our data for FDI starts in 1985, with the years 2002 and 2005 missing. We thus had to remove those years also for the export statistics. As we wanted to see if the *Aggressiveness* is increasing or not, we divided those numbers by the GDP to exclude the influence of Korea’s development and to see if for each dollar of GDP, Korea’s exports and OFDI were increasing or not, which for us means if Korean became more *Aggressive* or not. A standardized index was then established, with 100 corresponding to the year with the most desirable outcome, and 0 the year with the least desirable. We then made an average from 1985 to 1993, 1994 to 2001 and 2003 to 2010

since we needed to have three periods as we have three age ranges. Of course we have to note that the way we calculated this index mean that the differences will be much bigger than the ones obtained for *Attractiveness* for which we use the WSV survey. Hard data also do not represent the opinion of the population, and evolution over time is affected by too many factors to make those proxies really reliable in term of evaluating the change in *Aggressiveness* between generations. As mentioned before, this makes this Sub-category the main limitation of this study and this sub-variable should not be considered as really representing the evolution of Korea's business culture.

3.3 Results

The following tables allow us to draw the following conclusion. For *Individualism*, both *Reward* and *Responsibility* are evolving in the right direction, from the oldest group to the youngest. This is conform to our hypotheses. This is positive for the future competitiveness of Korea. We can note that the larger differences for both sub-factors occurred between the 50+ age group and the 30-49. The difference between the latter group and the 15-29 is much smaller. Historically it means that the first group that was born in a country experiencing rapid economic growth and that did not experience war became "much" more individualistic than the previous generation. The 15-29 was born experiencing the same rapid economic growth and in an even richer country, and are thus still more individualistic, but the difference with the previous group is not as striking.

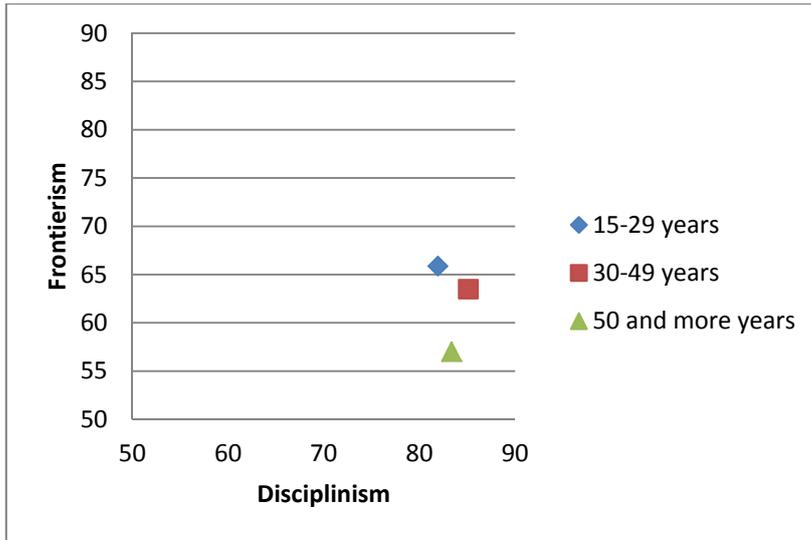
Figure 5: Evolution of Individualism in Korea



For *Uncertainty Avoidance* the evolution between the 50+ and the 15-29 groups is also conform to our predictions. The new generation is more *Frontierist* but slightly less *Disciplined* than our oldest group. If we look only at *Frontierism*, it evolved exactly as we expected it and in a way similar to Individualism. The 30-49 are more *Frontierist* than the 50+, and the 15-29 are more *Frontierist* than the 30-49. However, the pattern is a bit different for *Disciplinism*. We can notice at first that the amplitude of the evolution of this sub-factor is smaller. Then we have to realize that if the 15-29 are indeed less disciplined than the 50+, the 30-49 are more disciplined than both other groups. Thus there is a larger gap between the 30-49 and the youngest group than between the oldest and the youngest. Being born with everything, the youngest group probably considers that a strict discipline is not as important compare to previous group. Whereas the middle group, born in a fast growing society but not yet a “rich” society, might consider that by being even more

disciplined than previous generation, they could achieve everything they want and definitively secure wealth.

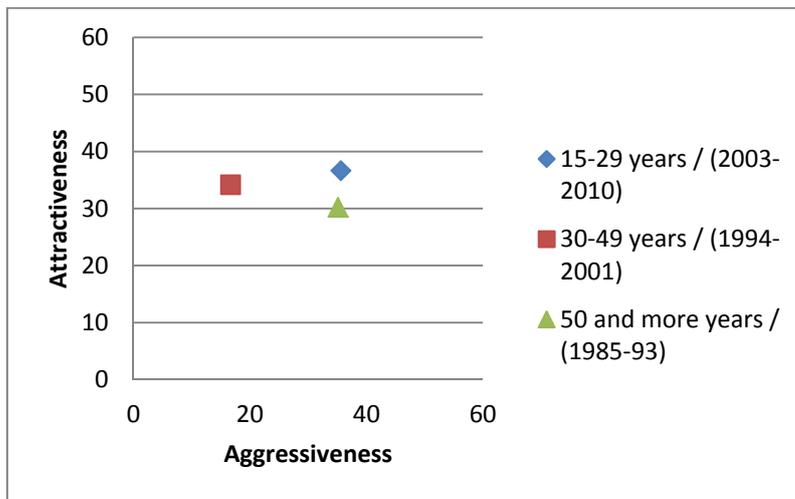
Figure 6: Evolution of Uncertainty Avoidance in Korea



In the case of Openness, as mentioned before the way we measured *Aggressiveness* is different that the way we measured *Attractiveness*. If we detail the latter one, we first remark that the results is conform to our hypotheses, with each age group being more open to what is foreign than the previous one. But by opposition to previous sub-factor showing a positive evolution such as *Reward* or *Frontierism* the difference between the 50+ and the 30-49 is not as striking compare to the one between the 15-29 and the 30-49. It seems that the evolution of this sub-factor is more uniform. At the same time, this sub-factor score for all groups is under 50/100, which indicates that most of the answers were more “bad” than “good” whereas for all sub-factors mentioned previously, including *Disciplinism*, the answers were on average above 50/100, more “good” than “bad”. For

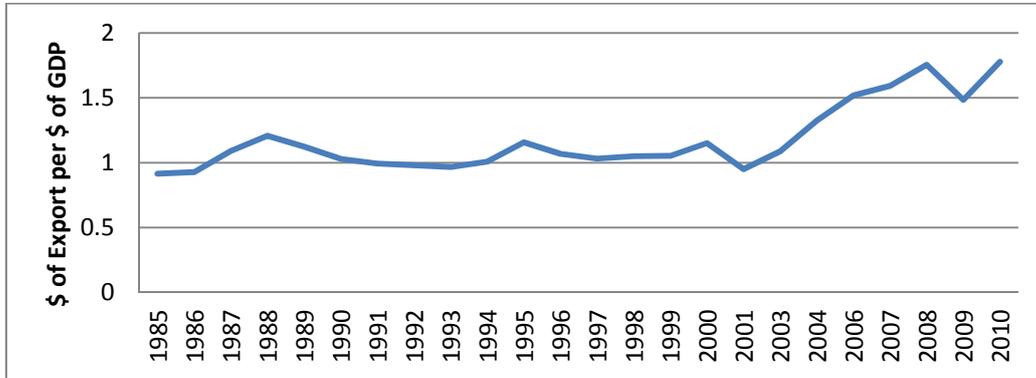
Aggressiveness, it appears that the years ranging from 1985 to 1993 and the ones from 2003 to 2010 are almost as aggressive as each other, with the years from 1994 to 2001 being the least aggressive group.

Figure 7: Evolution of Openness in Korea



Here it is useful to look at our proxies to understand. Exports, when excluding the influence of the GDP growth, have followed a growing trend since 1985. It means each group as a higher score than the previous one. Especially since 2003, for each dollar of GDP the amount of export has been much higher. Thus when it comes to exporting goods Koreans became more aggressive.

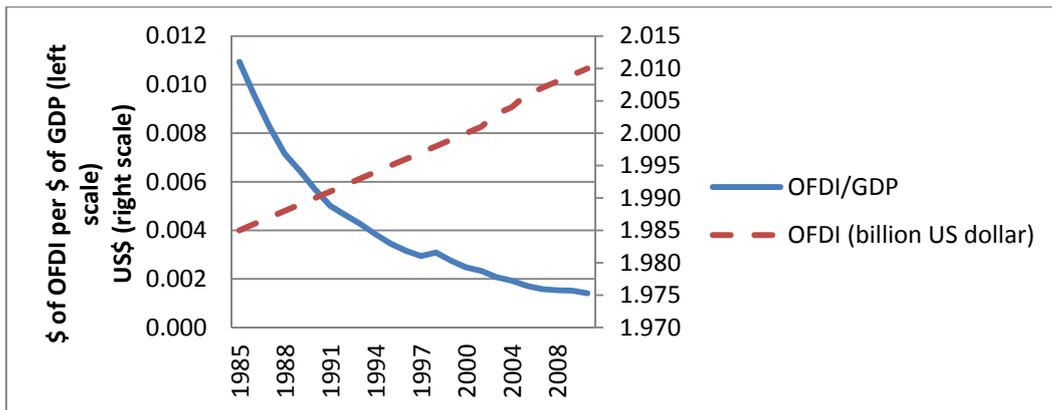
Figure 8: Evolution of Korean's Exports to the World per Dollar of GDP



Data source: UN COMTRADE

For Outbound Foreign Direct Investment, the trend is the opposite. This might be due to the fast growth of the GDP, as OFDI grew steadily since 1985, but kept decreasing if we consider a constant GDP. It means that Koreans became less aggressive when it comes to investing abroad.

Figure 9: Evolution of Korea's Outbound FDI, in Absolute Number and per Dollar of GDP



Data source: OECD statistics

Since from the oldest to the youngest group the “total” *Aggressiveness* did not really change we can conclude that Korea became less aggressive for OFDI in the same proportion as it became more aggressive for exports. Thus for the years from 1994 to 2001 we reach the lowest *Aggressiveness* as Exports/GDP was starting to increase slowly, but not enough yet to compensate for the decrease in OFDI/GDP.

These results show that most of those differences are going in the right direction for the future competitiveness of the country. It is the case of Individualism and its two sub-factors, of *Frontierism* for Uncertainty-Avoidance, and of *Attractiveness* for Openness. However, *Disciplinism* under UA is evolving in the wrong direction, and *Aggressiveness* under Openness is stagnating. Those two sub-factors should be focused on by any policies that would try to influence the culture, at the country or at the organizational level. We also find that if *Attractiveness* is evolving in the right direction, compare to the other sub-factors determined using the WVS, it is under 50/100 which means that the positive evolution of this sub-factor should be reinforced.

3.4 Looking Further: Korea and the World

In the paper at the origin of the OUI model, Moon and Choi looked at the relative place of Korea compare to other countries for each dimensions, not their absolute scores. Also, their proxies were based on how things were in the countries surveyed, and not how people would like things to be. It was thus reflecting the business culture in place at that time. Therefore, it is interesting to see if from 2001 to 2011, date of the latest IPS report,

the relative position of Korea evolved accordingly to the changes we found within the country's generations.

We re-do here the same calculation that Moon and Choi did in 2001, using the same proxies based on the latest IPS survey (2011). After looking at the new graphs (see appendices), we picked up a selection of country to show the evolution from 2001 to 2011. We picked the US as it is the number one economy, Sweden as it was one of the top countries in 2001 and Singapore for the same reason. Japan was added since it was the first Asian country to reach the developed stage and the rest of the NICs: Taiwan and Hong Kong to see how they evolved compare to Korea. Below are the comparisons:

Figure 10: Selected Countries: Evolution of Individualism from 2001 to 2011

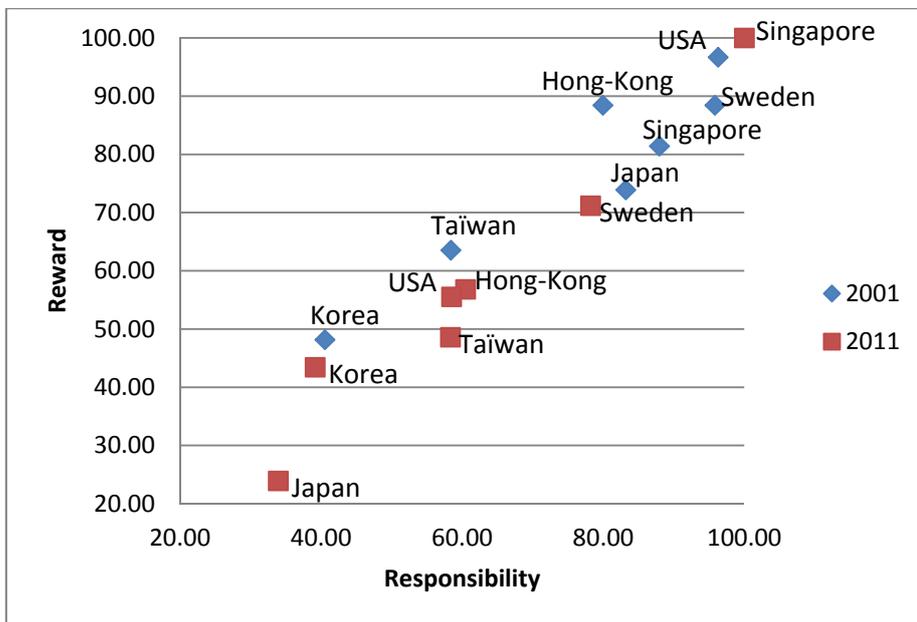


Figure 11: Selected Countries: Evolution of Uncertainty Avoidance from 2001 to 2011

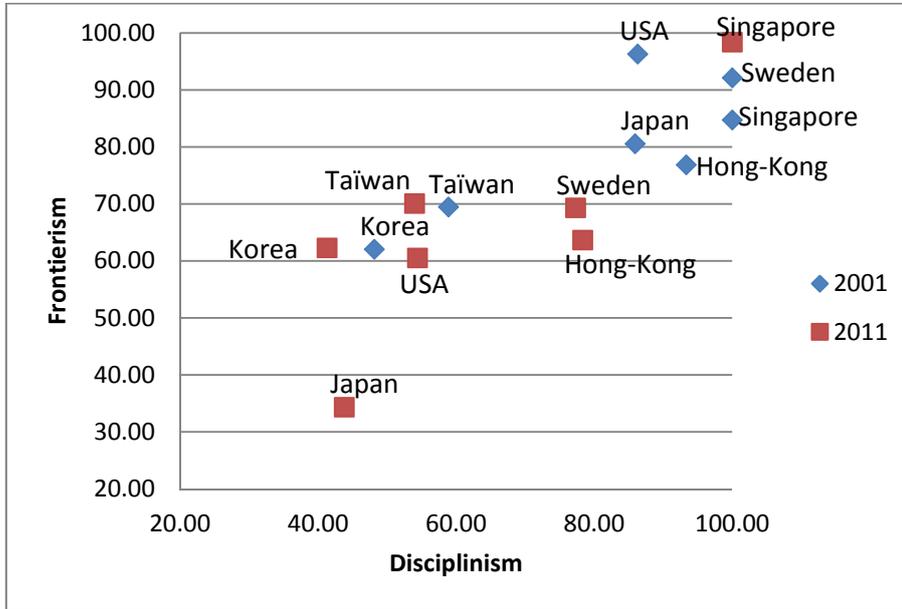
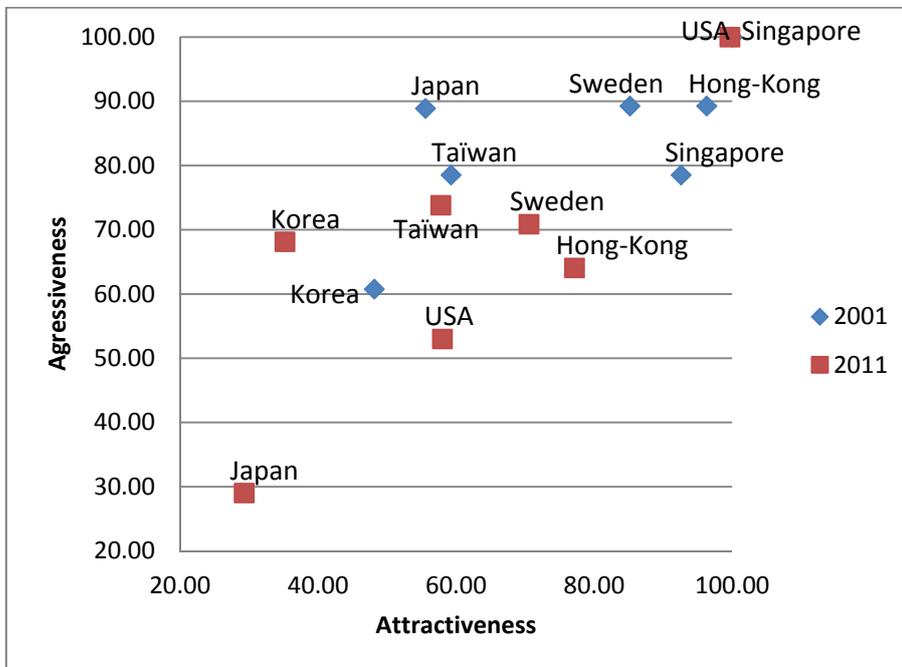


Figure 12: Selected Countries: Evolution of Openness from 2001 to 2011



As we can see the results are quite different from the one we found between Korea's generations. Below is a summary of those differences:

Table 4: Summary of Cultural Evolution in Korea Over Time Using the OUI Model Between Generations and between Countries

Dimension	Sub-Factors	Evolution between Generations (WVS based)	Evolution from 2001 to 2011 (IPS based)
Individualism	<i>Reward</i>	Higher	Slightly lower
	<i>Responsibility</i>	Higher	Slightly lower
Uncertainty Avoidance	<i>Disciplinism</i>	Lower	Lower
	<i>Frontierism</i>	Higher	Stagnating
Openness	<i>Aggressiveness</i>	Stagnating	Higher
	<i>Attractiveness</i>	Higher	Lower

Here the first thing we realise is that cultural changes between generations most likely take time to have a tangible result at the policy/decision making level. It is reasonable to assume that new generations do not yet have the power, either political or at the executive level, to change the business culture in place. From this point of view the future is bright since we can expect Korea to regain some ranks in *Individualism*, *Frontierism* and *Attractiveness*. The second point we have to consider is that most countries actually got a lower position in most dimensions. As their positions are relative, the strong gain in

positions for a few countries, like Singapore, can explain this. The third element to notice is that *Aggressiveness* is improving, which is interesting as the results obtained with hard data previously were hardly interpretable. Finally, we also have to acknowledge that this comparison is only an indication as the time spans compared are not equivalent.

Still, it means that from 2001 to 2011, Korea's business culture became relatively less competitive. It also mean that knowing the internal changes happening between generations, policy makers can rely on them to increase Korea competitiveness, knowing where there is more efforts to implement.

4. CONCLUSION

The OUI model developed by Moon and Choi (2001) proved effective in evaluating cultural differences within a culture. It allowed us to demonstrate our hypotheses and to measure the cultural gap between generations in Korea. We realise that all the sub-factors are increasing except *Disciplinism*, which is regressing, and *Aggressiveness*, which is stagnating. This gives us an indication on what parts of the culture we should focus if we want to improve the future competitiveness of Korea.

Of course, it is really hard to modify a culture at the national level. It is a slow process, but probably through education at an early age we can slowly educate new generation to have a slightly different view than their parents on certain topics. Where the results of this paper might be more practical is for the formulation of new economic and business related policies, as it gives an indication of which one(s) can be implemented more easily

than in the past, and which one should be explained in detail before trying to implement them to avoid negative public reactions. Those results can also be applied at the company level and can help to implement changes knowing where most resistance is to be expected.

The brief comparison we did with the National level can be an idea for future research: comparing how culture changed between generations in other countries and how it could be linked to the evolution of their relative competitiveness.

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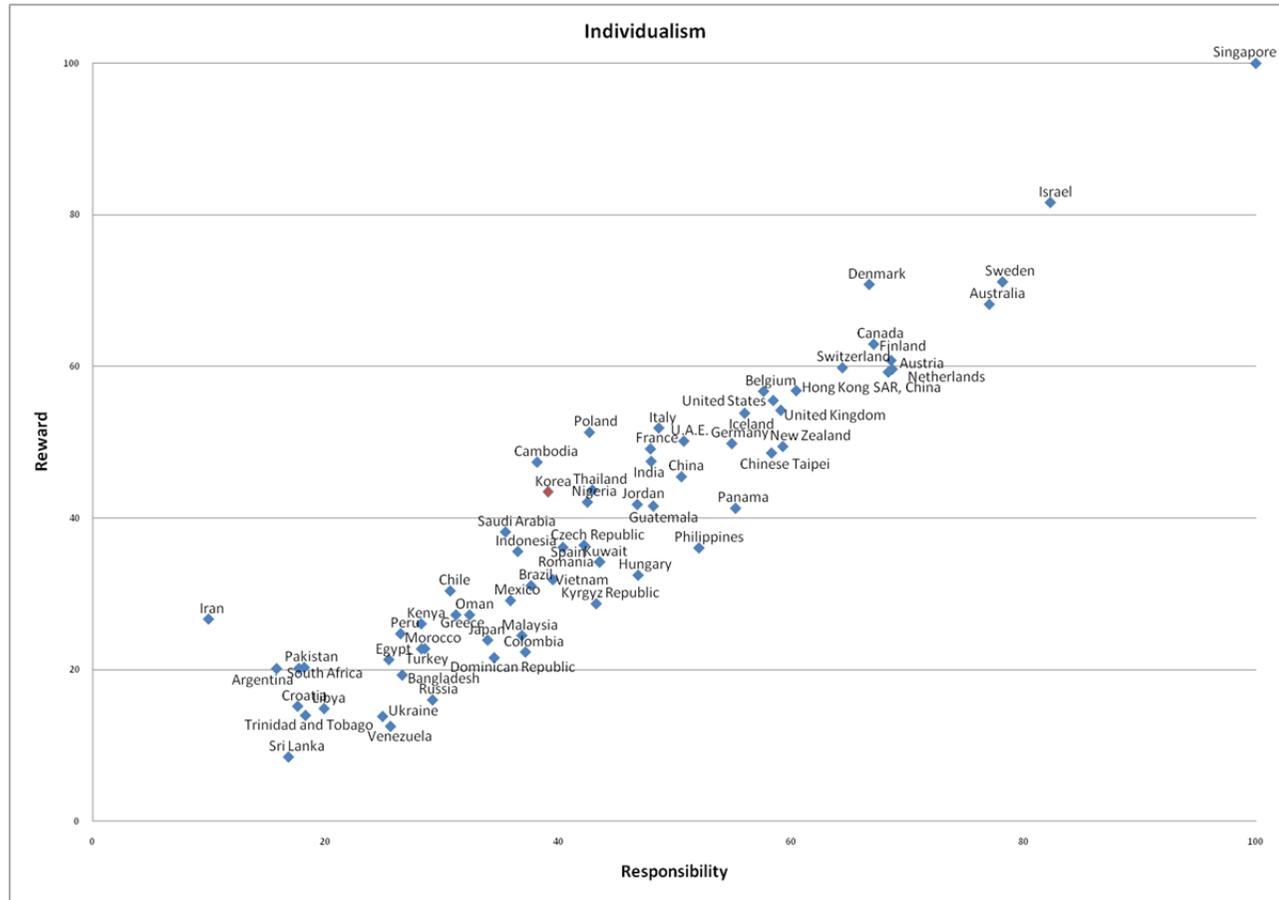
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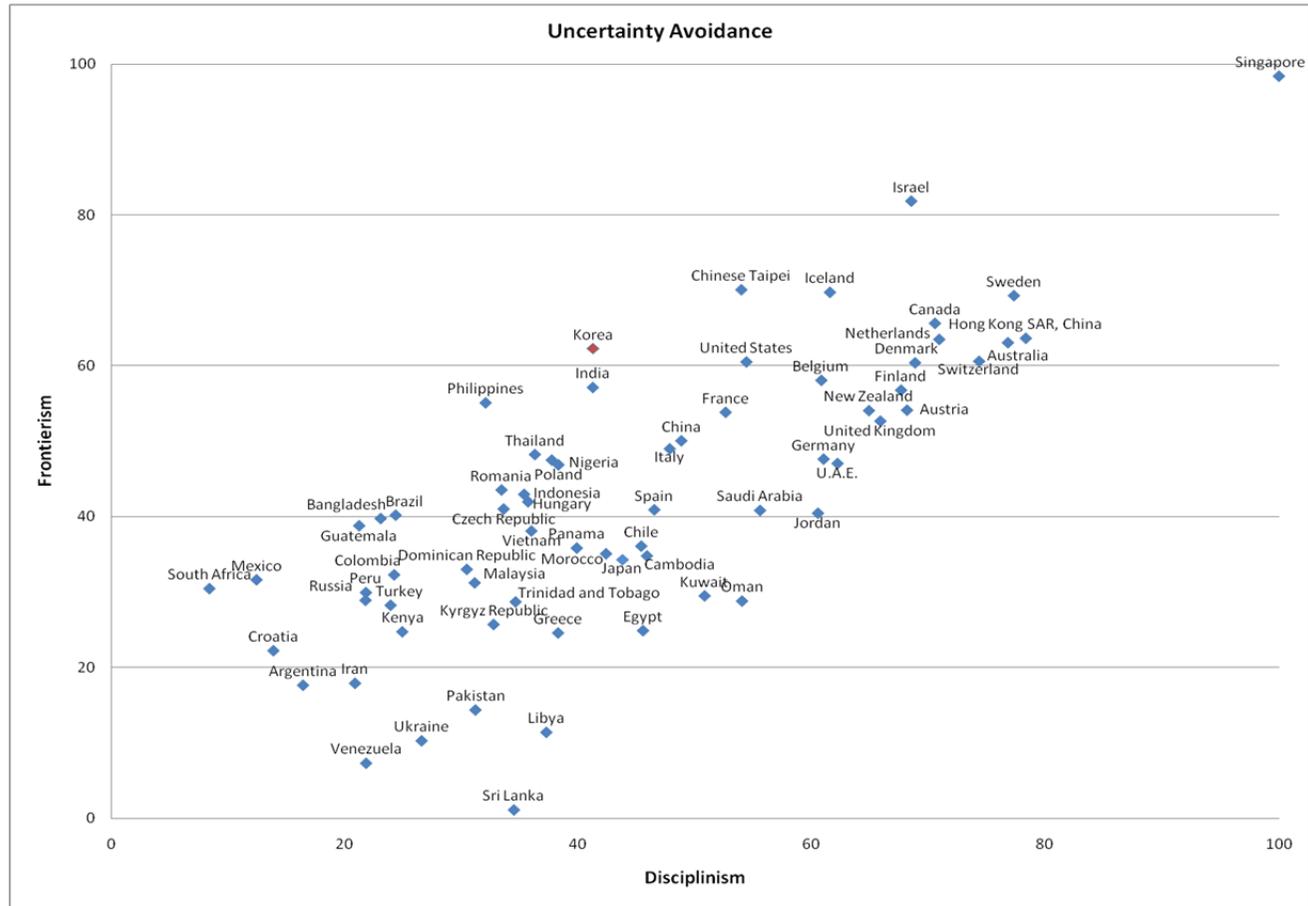
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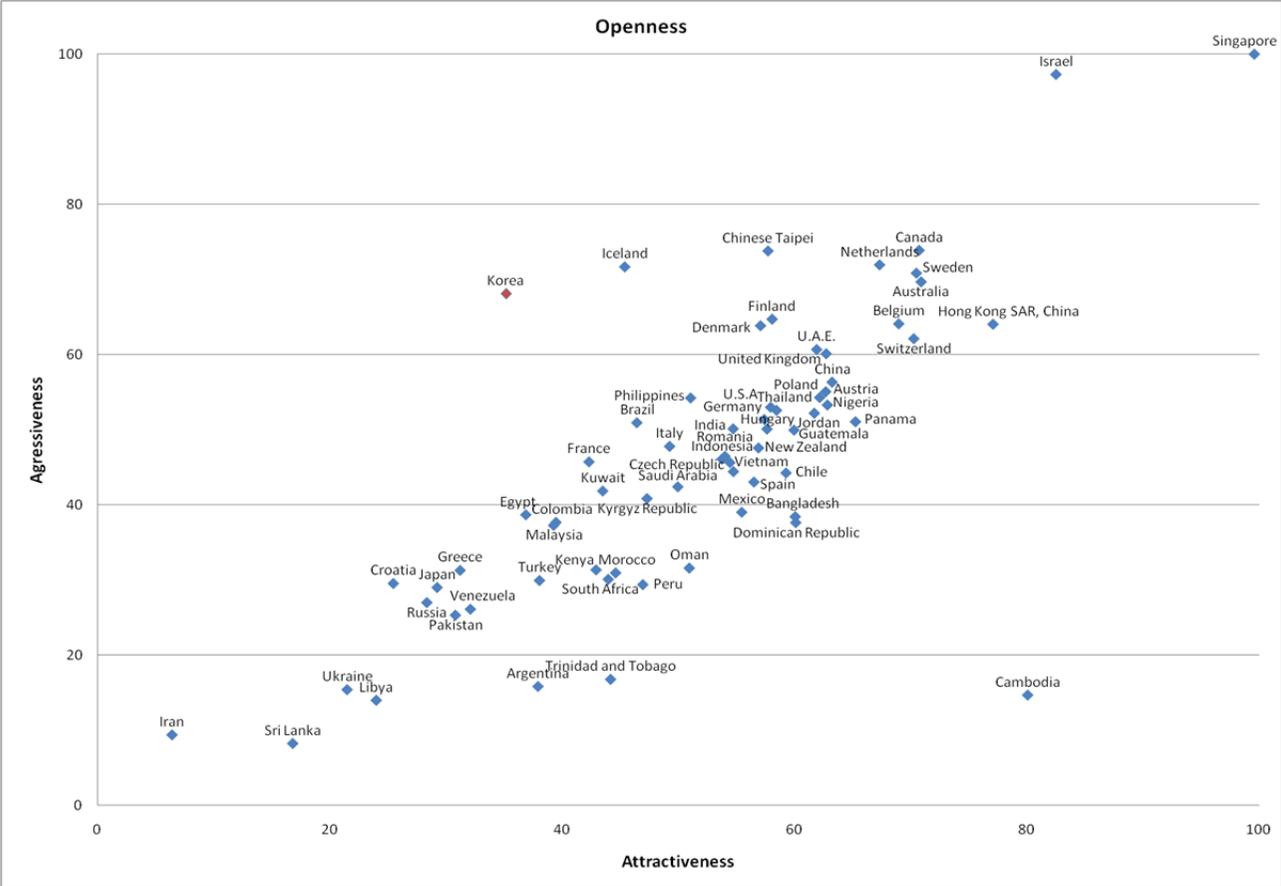
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APPENDIX

This appendix 1 includes three graphs. These graphs are measuring Individualism, Uncertainty Avoidance and Openness using the 2010-2011 IPS National Competitiveness Research data and the same proxies used by Moon and Choi (2001). It is by a comparison of those graphs and the graphs in Moon and Choi (2001) that the countries of Figures 10 to 12 were selected.







국문초록

한국의 베이비 붐 세대와 Y 세대 사이에 문화적 차이 측정

본 논문은 '한국의 세대별 기업문화'의 진화에 초점을 맞춘다. 이번 연구에는 개방도와 불확실성 회피, 개인주의의 3 요소로 문화를 분석하는 OUI 모델을 적용시켰다. 해당 모델은 이전 모델들에 비해 문화와 국가경쟁력 사이에 더 나은 관련성 탐구를 허락했다. 한국의 문화 그리고 국가경쟁력 사이에 관련성은 그 차원이 각각 다음의 여섯 개 하위 요인으로 나뉜다. 바로 적극성과 매력도, 절제력과 경계주의, 보상과 책임이다. 기명 투표 결과, 한국인들은 점점 개인화되고 경계주의적 성향이 강해지고 있었다. 반면에 절제력은 떨어졌고 매력도는 상승했으며, 적극적으로 마음을 여는 데에 정체 상태가 나타났다. 이상의 결과는 한국의 미래 경쟁력 제고를 위해 문화적으로 어떤 부분들이 수정되어야 하는지 암시했다. 더욱이 본래의 OUI 논문에서 실시한 OUI 데이터를 갱신하면서 전반적으로 긍정적인 문화적 변화가 한국의 국가경쟁력에는 영향을 미치지 못했음을 발견했다. 이것은 아마도 젊은 세대가 아직까지 정치적, 경제적 영향력을 갖추지 못했기 때문인 것으로 추정된다.

핵심어: OUI 모델, 세대, 문화, 한국, 홉스테드, 세계 가치 조사.

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