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# On Avoiding Uncertainty

By Lothar Katz

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## Uncertainty Avoidance

The field of intercultural study owes much to Dutch professor Geert Hofstede's research. One of his important contributions with practical business relevance is that he defined a cultural characteristic he called *Uncertainty Avoidance* (UA), described as "the extent to which the members of a culture feel threatened by uncertain or unknown situations". It can have interesting implications on the quality and reliability of products made in a country.

## No Chance for Chances in Japan

Anyone who has ever traveled to Japan will immediately recognize the concept of Uncertainty Avoidance. This country's culture has very little tolerance for any kind of ambiguity.

Leaving Tokyo's Narita Airport, one can see large displays showing the current temperature with half-degree(!) accuracy. Buses and trains are expected to follow their schedules to the minute, and even small delays will become the subject of concerns and discussions. Business meetings follow elaborate procedures, often take a long time as seemingly little details are scrutinized, and end with all parties signing detailed protocols to leave no room for misunderstandings. Similarly, when presenting a proposal one needs to give the Japanese side ample opportunity for investigation, risk assessment, and clarification before discussing next steps. These examples reflect a strong cultural characteristic: for the Japanese to be effective, they first strive to eliminate all uncertainties.

This extreme UA preference has helped Japan in achieving its leading role in all aspects related to product quality. *Made in Japan*, once a synonym for cheap and poorly made products, today is a recognized symbol for excellent product quality and reliability. It can be eye opening to experience how the Japanese UA mentality shapes their quality philosophy. Its influence can be seen in almost all their business practices and reaches far beyond methodologies. At the heart of it is the Japanese belief that a risk they do not understand, and thus cannot manage, is a risk they cannot tolerate.

Project managers in more uncertainty-tolerant cultures like the United States often employ a triage-like risk management concept, categorizing risks as either unacceptable, manageable, or as irrelevant. The latter is often a judgment call: if a risk has a low probability of occurring while common wisdom or past experience say that it will likely not cause a problem, project leaders may choose (sometimes without any further analysis) to assume that the risk can safely be ignored.

This concept is foreign to the Japanese who will not tolerate any "assumed non-risks". All risk factors, no matter how large or small, will have to be identified, assessed, and managed throughout a product's lifetime in Japan. This approach naturally enforces a much more systematic risk assessment and tracking process, promoting superior product quality and reliability.

## Implications

The Japanese share their strong attention to details with other high-UA cultures such as South Korea, France, and Germany, albeit to a lesser degree. In product development, critics often label the resulting behaviors as perfectionism, implying that it leads to “over-designed” products and long time-to-market. One but needs to point to Japanese product development cycle times, frequently among the best in the world, to debunk this myth.

Note that uncertainty avoidance does not equal risk avoidance. The Japanese and others are very willing to take calculated risks as long as they understand them well. They will often develop a “Plan B” as part of their risk management.

Lastly, it is important to note that a high UA preference does not necessarily stimulate a strong focus on product quality. For instance, many Latin American cultures have a low tolerance for ambiguity. In their cases, UA mostly shows in the role hierarchies and formalities play in the countries’ societies rather than in product development and manufacturing.

So, are there any among the world’s emerging economies whose UA culture might also promote high product quality? One stands out: China. Up until recently, it lacked the technology required to achieve high standards. That is changing fast.

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A seasoned former executive of Texas Instruments, a Fortune 500 company, he regularly interacted with employees, customers, outsourcing partners, and third parties in more than 25 countries around the world. These included many parts of Asia, e.g., China, India, and Japan. Originally from Germany, he has lived and worked both in the United States and in Europe.

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