

## Culture Matters

# Uncertainty Avoidance in International Business; The Complete Guide.

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The Hidden Cultural Dimension You Need to Understand When Doing Business  
Overseas

By Chris Smit MSc

Completely updated, revised and expanded (August 2015)  
<http://culturematters.com>



## Why I wrote this Book

I've been consulting with organizations who operate internationally for the last 20 years.

Part of this consulting is educating people about cultural differences. Part of those cultural differences is a dimension of culture called **Uncertainty Avoidance**.

Time and again people to whom I explain this dimension find it very difficult to understand.

Typically because it deals with rules. And when we think of rules, most of us think of “*official*” and “*formal*” rules, like the maximum speed on the highway for instance or the book of law.

But in any given society, the majority of the rules are not official or regulated by law so to speak.

For instance, wearing a tie when you go to work is not official in terms of the law. The shaking hands that some cultures do when people meet is not official. The ordering, opening, pouring, and tasting of a bottle of wine is not an official rule.

In other words, most rules that we have in our society are unofficial (do we kiss, bow or shake hands?). Meaning that if you don't follow that rule, you won't go to jail for it, and you won't get fined by the police.

The only thing that happens is that people from the culture where this “*rule*” should be followed will wonder why you're not following that “*rule*”.

I wrote this book to explain better this cultural dimension, because I think it is one of the more hidden factors of culture when we're dealing with different cultures and working internationally. Plus it not only covers official and unofficial rules & regulations. There is much more to it.

Read on...

## First Things First: A Definition

The term uncertainty and the avoidance thereof was first used in a business context in the book [The Theory of the Firm](#).

(Source: [http://en.wikipedia.org/wiki/Theory\\_of\\_the\\_firm](http://en.wikipedia.org/wiki/Theory_of_the_firm))

According to Professor Geert Hofstede, who after all really is the founding father of the first practical model of culture, Uncertainty Avoidance is defined as:

*“Uncertainty avoidance deals with a society's tolerance for uncertainty and ambiguity. It indicates to what extent a culture programs its members to feel either uncomfortable or comfortable in unstructured situations.”*

(Source: <http://geerthofstede.nl/dimensions-of-national-cultures> and [http://en.wikipedia.org/wiki/Uncertainty\\_avoidance](http://en.wikipedia.org/wiki/Uncertainty_avoidance))

Watch this 15 minute video where Professor Geert Hofstede explains Uncertainty Avoidance in his own words.



<https://www.youtube.com/watch?v=fZF6LyGne7Q>

For most of us the above definition is just academic. Useful if you're studying the subject, but in practice maybe not so useful.

So, lets see if we can make this simpler.

What would you answer if I were to ask you: *“Which two things in life that are absolutely certain?”*

Often people come up with answers like:

- Being born
- Dying



- You'll get hungry or thirsty
- Etc....

The “*real*” answer is: “*The only two things in life are certain: Death & Taxes*”.

Think about it, being born is not an uncertainty, because as soon as you are born, it is certain that you... well, are born.

Of course the above mentioned example is very Anglo Saxon, American even, and possibly strange. It is just to illustrate this dimension Uncertainty Avoidance in a simpler and more practical way.

## A More Practical Approach

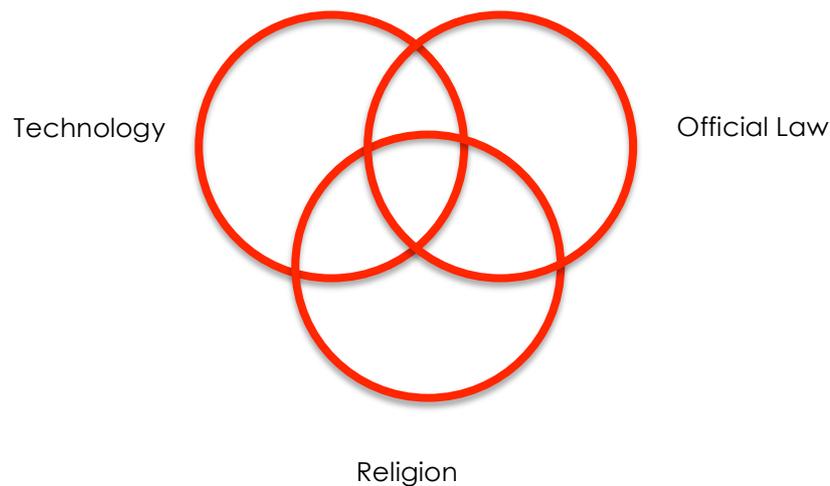
Cultures that are OK and can deal with the only two certain things in life being Death & Taxes, will score relatively low on the dimension Uncertainty Avoidance. They will “*cross that bridge when they come to it*”, and deal with uncertain situations as they happen.

On the other side, cultures that score high on Uncertainty Avoidance will create rules and regulations, to better structure their environment, and thereby making life in general more predictable, taking away as much uncertainty as possible.

Consider the following:

- People have to face the fact that they do not know what will happen tomorrow; some cultures are OK with that, other cultures appreciate a higher level of predictability.
- Extreme ambiguity in high scoring countries brings intolerable anxiety and stress. Stress that has to be channeled in one shape or form.
- Ways of handling uncertainty are part and parcel of any human institution in any country, whether the country scores high or low. How people deal with this uncertainty is different per country/culture.
- Family, school and state can influence how people deal with uncertainty.
- Human societies have developed ways to handle anxiety in three, usually combined ways:
  - Technology: from the technology used in, for instance agriculture to modern smart phones, and social media; being in touch with everyone through social media is very easy now a days.
  - Law: by creating (many) laws it is possible to predict, steer, and even change behavior of people.

- Religion: plays an important role when it comes to situations that we cannot control with reason, in that it can give structure and identity; hence limiting uncertainty. It is said that religion starts where reason ends.



Below is a 13 minute video from a lecture of the Dutch Professor Gerrit van der Veer explaining the concept of Uncertainty Avoidance from his point of view.



<https://www.youtube.com/watch?v=f6lcrEKNRIQ>

## Rules and Bureaucracy

No matter who you ask, from whatever country, they will indiscriminately tell you that their country is very bureaucratic and has a lot of rules.

Sometimes that is true, but sometimes that is not true.

When we judge our own system of laws, rules and regulations, all of us think that there are way too many rules. But this is a very subjective viewpoint.

A more objective viewpoint would, for instance, be the “*Ease of doing business*”.

The World Bank conducts research on this subject every once in a while, and the results closely follow the scores of countries on this dimension. It's not a perfect correlation of +1, but it is certainly a positive one.

Here are a couple of examples of countries ranging from low to high; whereby the lower the score, the easier it is to do business and the lower the score on Uncertainty Avoidance. Mind you that this does not take into account the amount of possible corruption present in a country.

- Singapore: 1
- United States: 7
- United Kingdom: 8
- Sweden: 11
- Netherlands: 27
- France: 31
- Belgium: 42
- Italy: 56
- Russia: 62

(Source: <http://www.doingbusiness.org/rankings>)



## The Countries and Their Scores

On the next page you can see a World map with an overview of how different countries score on Uncertainty Avoidance.

The darker the color, the higher the score on Uncertainty Avoidance, the lighter the color (pinkish) the lower the score on Uncertainty Avoidance.

Some countries have a grey color.

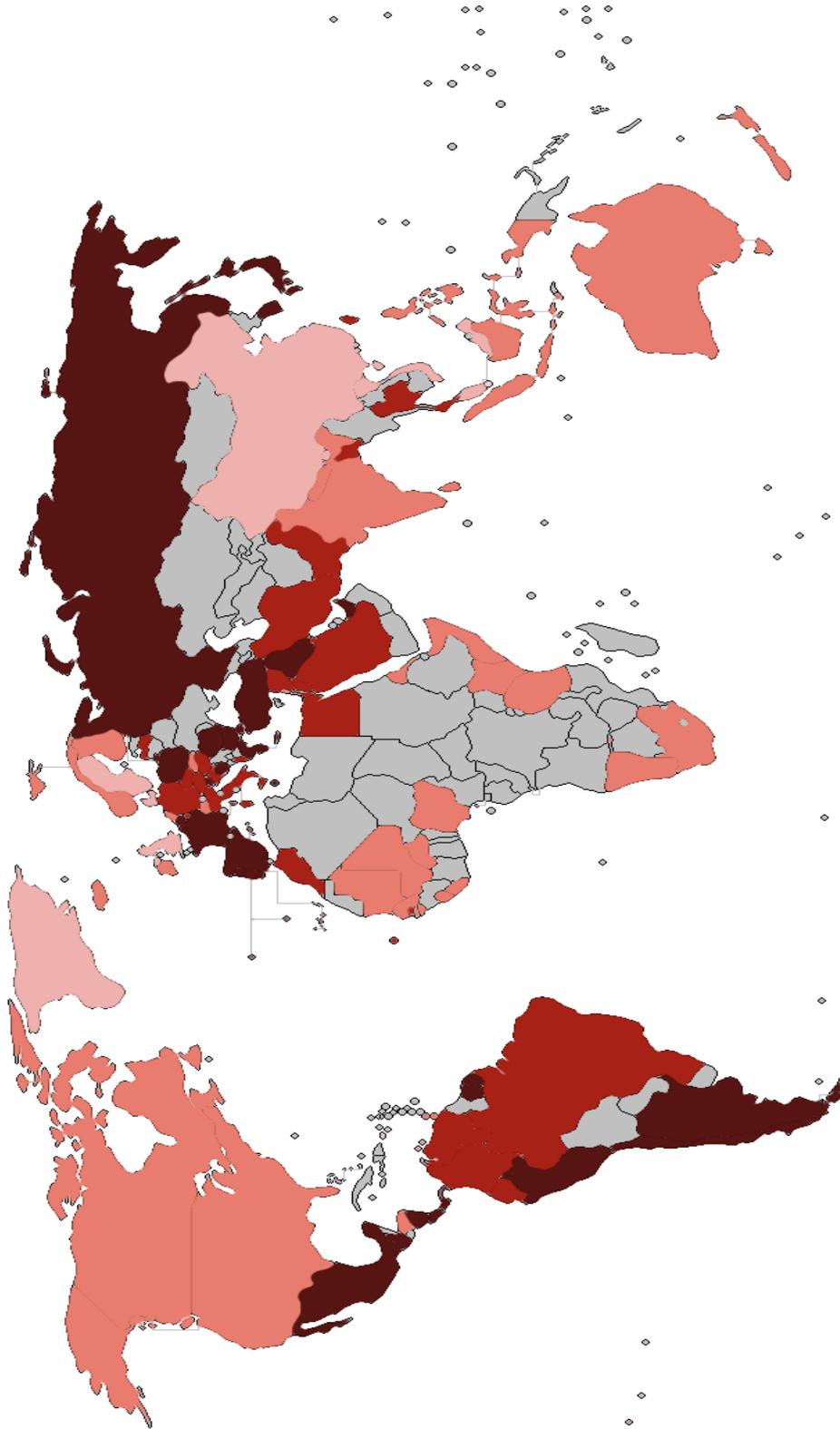
This means that they were not measured. But you can safely say that with the exception of:

- Dominican Republic
- Laos
- Cambodia

All grey colored countries will have a score of 60 or higher on Uncertainty Avoidance.

Furthermore, I will use many comparisons between low scoring countries and high scoring countries. Of course there are also countries that score somewhere close to high, low or in the middle.

I'm assuming that you can interpret this sliding scale from low to high and back correctly.





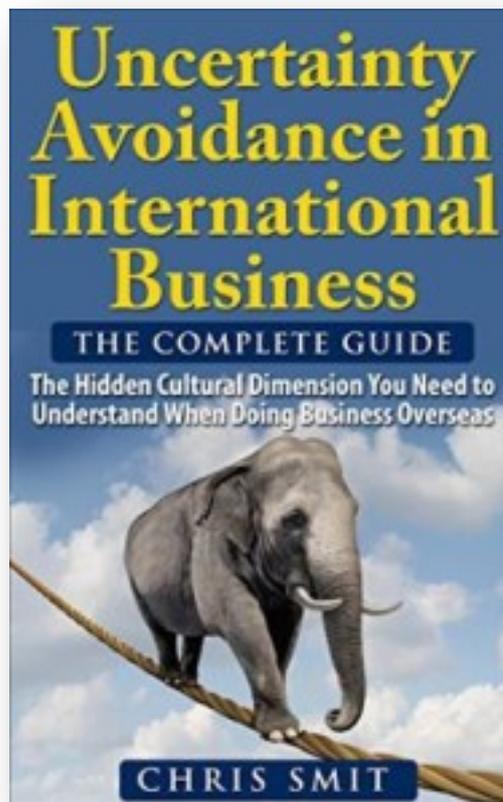
## Did You Like What You Read?

If you liked what you read in the abbreviated version of this book, why not get yourself the full version?

It has many more pages full of information about this cultural dimension.

You can get in exclusively on Amazon.com for only \$3.99

Click here to get it now: <http://culturematters.com/ua>





## Workshop

What you will read in this book works! Why am I so certain about this? Well, I've been giving workshops worldwide on this topic for years using this way of explaining Cultural Differences.

Thousands and thousands of people have benefited from one and two-day workshops, and now you can too with this book.

If you're interested in following a live workshop (1 day and 2 days) please [contact me here](http://culturematters.com/contact-us/) (<http://culturematters.com/contact-us/>).

You can also invite me as a keynote speaker at your (corporate) event. Presentations can be anywhere from 40 minutes to 2 hours, and are always interactive, educational and entertaining.

## Who is Chris Smit, and How to Get in Touch?



Chris Smit is an Author, Entrepreneur, International Public Speaker, Consultant, and Interculturalist.

He has worked with thousands individuals from over 100 nationalities in more than 45 different countries sharing his know-how on Cultural Differences and more.

### *My Story*

My first job was with KLM Royal Dutch Airlines as an administrative intern. In total I had 3 jobs there. The last one being the most fun and most interesting: I was a Marketing & Sales Consultant for the Airline. Travelling to pretty much every corner of the world helping KLM colleagues achieve their targets.

In the mean time I went back to school. I studied and got my Master's degree in Organizational Psychology from the University of Amsterdam in 6 years doing evening school. I enjoyed every minute of it.

The combination of study and travel didn't bother me. I was working with different cultures and expanding my knowledge on what makes people tick in organizations.



In 1999, after 12 years with KLM, I decided it was time for a change. That change was a good choice because the company I started working for had a group of people all working on Intercultural Management.

I had done my University thesis using the work of Professor Geert Hofstede, and now was able to work with it too. Awesome!

In 2007 I started the company Culture Matters. I wanted to fully focus on Cultural Awareness Training and have been doing so ever since.

With the Internet all around us and the ongoing globalization I think it is of absolute importance to be Culturally Competent when you're working Internationally. Fortunately these skills can be learned. The good thing is that with proper Cultural Awareness Training everybody "*gets it*". I find that a promising thought.

I am passionate about giving lectures and workshops and am sure I will be for years!



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## Resource List

Below is a list of other references and books that you might find useful.

### *Cultural Reference Sheet*

Get an overview of Countries and their respective scores on 4 Culture Dimensions. [Click here to get it.](http://culturematters.com/cultural-reference-sheet/) (<http://culturematters.com/cultural-reference-sheet/>)

### *Books*

- **Chris Smit**, [How to Overcome Cultural Differences When Working Internationally](#)
- Björn Bjerke, [Business Leadership and Culture: National Management Styles in the Global Economy](#)
- Craig Storti, [The art of crossing cultures](#)
- [Culture Shock! A guide to customs and etiquette](#) series of books on more than 60 different countries, Times Media Private Ltd
- Edward T. Hall, [The Silent Language](#)
- Edward T. Hall, [Beyond Culture](#)
- Geert Hofstede, [Culture's Consequences](#)
- Geert Hofstede, [Cultures and Organizations, Software of the Mind](#)
- Geert Hofstede, [Masculinity and Femininity](#)
- Hofstede, Pedersen & Hofstede, [Exploring culture](#)
- Marieke de Mooij, [Global Marketing and Advertising](#)
- Marieke de Mooij, [Consumer Behaviour and Culture](#)
- Susan Schneider & Jean-Louis Barsoux, [Managing across cultures](#)
- Samuel P. Huntington [The Clash of Civilizations and the Remaking of World Order](#)
- Fons Trompenaars [Riding the Waves of Culture: Understanding Diversity in Global Business](#)

### *Examples of books on specific countries or regions*

- Yale Richmond & Phyllis Gestrin, [Into Africa](#)
- Eduardo Archetti, [Masculinities](#)
- Jianguang Wang, [Westerners Through Chinese Eyes](#)
- Tony Fang, [Chinese Business Negotiating Style](#)
- Verner Worm, [Vikings And Mandarins](#)
- H. Wenzhong, & C. Grove, [Encountering The Chinese](#)
- Philippe d'Iribarne, [La Logique de l'Honneur](#) (on France, the USA and the Netherlands)
- Greg Nees, [Germany: Unravelling an Enigma](#)
- David Matsumoto, [The New Japan](#)
- Jacob Vossestein, [Dealing with the Dutch](#)
- Eva Kras, [Management in two cultures](#)
- Orlando Figes, [Natasha's Dance](#) (on Russia)
- Edward Stuart & Milton Bennet, [American Cultural Patterns](#)
- Frank E. Hugget , [The Dutch Today](#)
- E.M. Goldratt, Jeff Cox, [The Goal](#)

### **Other Books**

[200% of Nothing; a book on Statistics and Numbers](#)



## Disclaimer

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The information contained in this guide is for informational purposes only.

Any advice that I give is my opinion based on my own experience. You should always seek the advice of a professional before acting on something that I have published or recommended.

Please understand that there are some links contained in this guide that I may benefit from financially.

This book is partially inspired by the work of professor Geert Hofstede and his cultural models. I have primarily based the contents of the book on my own view points and experience.

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I have done my utmost to verify all links and videos. However should you find one link or video not working properly, please let me know by sending me an email: [chris.smit@culturematters.com](mailto:chris.smit@culturematters.com).