Babel in Business

The role of language in International Business

Professor Anne-Wil Harzing

www.harzing.com

Inaugural lecture 13 April 2016
Quick Intro: Anne-Wil Harzing

- Started at Middlesex University in 2014, FT in 2015
  - 2014-2015: ESCP Europe, London and Berlin campus
  - 2001-2014: University of Melbourne, professor since 2007, PhD Director 2004-2009, Associate Dean Research 2010-2013
  - 1997-2001: Bradford (UK), 1991-1997: Open University, University of Tilburg, Maastricht University (all in the Netherlands)

- Productive and passionate researcher & research mentor
  - 72 refereed journal articles since 1995 (100+ publications in total)
  - >10,000 Google Scholar citations, h-index 46, Web of Science: top 1% most-cited world-wide in Economics & Business 2006-2016
  - Passionate about mentoring junior academics and supporting female academics (HROB London network entering its third year)

- Service to the wider academic community
  - Editorial board membership of all major IB journals, as well as half a dozen general management journals
  - My personal academic website with freely available resources, online since 1999, around 1,500 visitors/day
    - Journal Quality List since 2000, 56th edition
    - Publish or Perish since 2006, continuous development
My current research programmes

- International HRM and staffing policies
- HQ-subsidiary relationships in MNCs
- The international research process
- Transfer of HRM practices in MNCs
- Language in international business
- Quality & impact of academic research

If you want to know more about these or any aspect of my academic profile, visit www.harzing.com
The language barrier

• When accents are disastrous.....

• Apologies to the Germans in our audience, but I couldn’t find a Dutch example, so I had to settle for the closest equivalent 😊

• https://www.youtube.com/watch?v=noUyaoGlvBg
The forgotten factor in IB

- Cultural differences are important in International Business, but the more basic language barrier is ignored, even though:
  - Multinationals are multi-lingual almost by definition
  - Effective communication is a pre-requisite for effective management

- Until fairly recently, only a handful of authors had studied language issues in multinationals. Why?
  - Cross-disciplinary nature (management/linguistics/business communication/psychology/sociology)
  - Dominance of Anglophone researchers in Business & Management, who might not see language as an important issue
  - Dominance of Hofstede’s cultural dimensions and the cultural distance “formula” that have replaced the earlier psychic distance concept, which included language as a core element

- It is high time for language to take centre stage!
Outline of today’s inaugural

- Language in HQ-subsidiary relationships
  - The language barrier
  - Problems affecting:
    - 1st language speakers
    - 2nd language speakers
    - their relationship
- Thirteen solutions for managing language problems
- A close-up on the use of a corporate language

Moving to the individual level, the impact of foreign language use on:
- Thoughts: does foreign language use influence the way people respond to questionnaires?
- Feelings: does foreign language use influence feelings about key business concepts?
- Behaviour: does foreign language influence the level of competitive vs. cooperative behaviour?

Current and future research agenda
My language publications (2002-2015)

The Interaction Between Language and Culture: A Test of the Cultural Accommodation Hypothesis in Seven Countries

Does the Use of English-language Questionnaires in Cross-national Research Obscure National Differences?

Language competencies, policies and practices in multinational corporations: A comprehensive review and comparison of Anglophone, Asian, Continental European and Nordic MNCs

Babel in business: The language barrier and its solutions in the HQ-subsidiary relationship

Language Management in Multinational Companies

The language barrier and its implications for HQ-subsidiary relationships

Cultural Accommodation and Language Priming

Competitive versus Cooperative Behavior in a Prisoner’s Dilemma Game

Hablas vielleicht un peu la mia language? A comprehensive overview of the role of language differences in headquarters–subsidiary communication

Why and how does shared language affect subsidiary knowledge inflows? A social identity perspective
My co-authors

• All articles co-authored

• Mostly with 1-2 other academics

• For some I led a large team of 30+ country collaborators

• Overall: 50+ universities in 30+ countries represented
Country-of-origin of MNC influences its language policies

Country-of-origin: The role of English in Taiwan

- Very significant investment in English language teaching to compete with mainland China
- English language skills seen as top priority for career progress
- GEAT (Global Education Association Taiwan)
  - Invited me for a visit in 2013 with interviews, a keynote speech, guest lectures, and a press conference
  - Had four of my articles translated into Mandarin for “English Career” magazine
Outline of today’s inaugural

- Language in HQ-subsidiary relationships
  - The language barrier
  - Problems affecting:
    - 1st language speakers
    - 2nd language speakers
    - their relationship
  - Thirteen solutions for managing language problems
  - A close-up on the use of the corporate language solution

- Moving to the individual level, the impact of foreign language use on:
  - Thoughts: does language influence questionnaire responses?
  - Feelings: does foreign language use influence feelings about key business concepts?
  - Behaviour: does language influence the level of competitive vs. cooperative behaviour?

- Current and future research agenda
The language barrier

Obstacles to effective communication, which arise if conversation parties speak different mother tongues and lack a shared language in which they all have native proficiency.

First language users: native speakers of the language of conversation, in many cases English-language speakers
Second language users: those who speak the language of conversation (often English) as their 2nd (3rd/4th) language

Problems affecting the relationship
- Parallel Information Networks
- Group Identity
- Cognitive Schema

Problems affecting the 2nd language users
- Loss of Rhetorical Skills
- Loss of Face
- Power/Authority Distortion

Problems affecting 1st language users

- **Misunderstanding**
  - Communication from 2\textsuperscript{nd} language users can often be confused, incomplete and ambiguous
  - 1\textsuperscript{st} language speakers tend to process these incoming messages to match them with their expectations & beliefs, which might not always reflect the intended message

- **Attribution**
  - If a 2\textsuperscript{nd} language user appears relatively fluent then a 1\textsuperscript{st} language speaker will often tend to over-estimate their linguistic fluency. Small mistakes might thus lead to a lot of confusion and might be judged even harsher
  - The 1\textsuperscript{st} language speaker also thinks that the fluent 2\textsuperscript{nd} language speaker is culturally more similar to them than in fact they really are, equating language fluency to cultural similarity, thus leading to further misunderstandings

- **Code switching**
  - 2\textsuperscript{nd} language users, generally at key moments in a conversation, get together and start talking between themselves in their native language
  - This tends to make 1\textsuperscript{st} language users, especially those who do not speak any other languages, suspicious and insecure
Problems affecting 2nd language users

• Loss of rhetorical skills
  • Even capable 2nd language users have difficulty with humour, symbolism, sensitivity, negotiation, and persuasion
  • This might easily lead to perceptions of lower competence: “my IQ has suddenly dropped 50 points because I am speaking in English”

• Fear of loss of face
  • Nobody wants to lose face, least of all senior managers, so they will often pretend to understand even if they do not
  • Risk of losing track is high, so managers can find themselves signing up to agreements and objectives they have not really understood

• Power/authority distortion
  • Formal authority lies with the headquarters/senior manager, but power in the relationship will be exercised by those who are working in their preferred language and for whom communications fluency becomes a tool of influence
  • Very relevant for East Asian MNCs with English as corporate language, but also for Italian and French MNCs
Problems affecting the relationship

- **Parallel information networks**
  - Communication channels determined by language capability, rather than formal position in the company
  - Can easily lead to loss of information as the person approached is not the most knowledgeable person

- **Group identity: in/out groups**
  - In a cross-lingual meeting of groups, language often emerges as the dominant factor in defining the group boundaries and composition
  - Once in/outgroups are defined, there is often a tendency to overestimate the importance of group membership on behaviour, and an attribution of negative intentions to outgroup members

- **Polarisation of cognitive schema**
  - This can then easily lead to a polarisation of the cognitive schema, i.e. our simplified ways of thinking about other people = stereotypes
  - Once activated, relationships can easily deteriorate further
## Solutions to overcome the language barrier

<table>
<thead>
<tr>
<th>Informal day-to-day solutions</th>
<th>Bridge individuals</th>
<th>Structural solutions at organizational level</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7. Non-native locals</td>
<td>12. Controlled language</td>
</tr>
<tr>
<td></td>
<td>/selective recruitment</td>
<td>13. Corporate language</td>
</tr>
<tr>
<td></td>
<td>8. Parallel information networks</td>
<td></td>
</tr>
</tbody>
</table>

- No single solution will solve everything: a mix is needed!
- Most importantly: language problems should be taken seriously, especially by HR managers

Informal day-to-day solutions

- **Build redundancy in communication**
  - Paraphrasing, repeating or summarising information
  - Ask someone to repeat their understanding of your request
  - NOT talking louder as some native English speakers seem to think 😊

- **Adjust mode of communication**
  - Having both spoken and written communication (as with this inaugural lecture)
  - Following up a phone-call with an email
  - Prefer to use email altogether, as half of the German and two thirds of the Japanese managers in our interview study did

- **Code-switching**
  - Usually seen as a problem by native-English speakers, because often they don’t speak any other languages
  - Provided it is infrequent it is usually seen as much less problematic by 2\textsuperscript{nd} language speakers as they all understand the need for it
Bridge individuals (1)
Four different types

- **Language Nodes (usually bilingual employees)**
  - Impairs their ability to perform their formal duties (“translation machines”)
  - Introduces risk of miscommunication as language node might not be expert in the field of communication
  - Can become communication gatekeepers or even undermine the formal chain of reporting (if they become parallel information networks)

- **Expatriates**
  - Is a costly solution and merely shifts the language barrier down one level as they still need to communicate with locals
  - Can block career opportunities for local managers
  - Companies in our survey (Harzing & Pudelko, 2014) used expatriation very frequently for communication and knowledge transfer purposes (rather than other reasons) if there was no shared language between HQ and subsidiary managers

Bridge individuals (2) Four different types

- **Inpatriates (transfer subsidiary personnel to HQ)**
  - Injects cultural diversity into HQ and provides communication links to host countries
  - Only works if inpats are fluent in HQ language
  - Used by 2/3 of the companies in our interview study (German MNCs with Japanese subsidiaries)

- **Non native locals (e.g. Germans living in Japan)**
  - These individuals are already living in the other country, and hence are local hires and not expatriates or inpatriates
  - Their familiarity with both cultures and languages makes them ideal bridge individuals

- **Parallel information networks**
  - Any of the bridge individuals can be part of this
  - Can be positive too if they are used wisely, i.e. as a first point of contact and introduction to the person in charge

Formal organizational solutions

• Machine Translation
  • Speed advantage over human translation
  • Not perfect, less suited for interpersonal communication

• Language training
  • Learning a language can take 3 years of study
  • Often cut back in times of hardship
  • Except in “brush-up” situations no quick fix

• Controlled language (English with simplified syntax and limited vocabulary)
  • Graddol’s Global English, Jean-Paul Nerriere, Parlez Globlish
  • Interesting solutions, but not yet widely applied in practice

• Translators/interpreters
  • Tend to be quite expensive, used only for important documents (e.g. contracts) or simultaneous interpretation at important meetings
  • Loss of rhetorical power through indirect communication
Two countries divided by a common language?

- Translation might be needed even between two people speaking the same language

http://www.youtube.com/watch?v=0tyzG_ZKVfU&t=0m56s
Corporate language: not a panacea

- Designating one specific language as the official language of the company
  - In theory this simplifies communication across different units of the multinational

- True adherence to corporate language is a long term strategy and needs a supportive HR strategy
  - Local languages will often continue to be used for a long time
  - Employees might stop contributing if their language skills are not good enough
  - They might even stop reporting errors or stop documenting their work
  - Will lead to strong resistance if HQ personnel does not have good competence in corporate language
## How popular is the use of a Corporate Language?

<table>
<thead>
<tr>
<th>HQ country cluster</th>
<th>No</th>
<th>Yes, HQ language</th>
<th>Yes, other language</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>% of total</td>
<td>% of yes</td>
<td>% of total</td>
</tr>
<tr>
<td>Asian</td>
<td>47%</td>
<td>37%</td>
<td>70%</td>
</tr>
<tr>
<td>Anglophone</td>
<td>23%</td>
<td>77%</td>
<td>100%</td>
</tr>
<tr>
<td>Continental European</td>
<td>17%</td>
<td>9%</td>
<td>11%</td>
</tr>
<tr>
<td>Nordic</td>
<td>12%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Total</td>
<td>23%</td>
<td>37%</td>
<td>48%</td>
</tr>
</tbody>
</table>

Outline of today’s inaugural

- Language in HQ-subsidiary relationships
  - The language barrier
  - Problems affecting:
    - 1st language speakers
    - 2nd language speakers
    - their relationship
  - Thirteen solutions for managing language problems
  - A close-up on the use of the corporate language solution

- Moving to the individual level, the impact of foreign language use on:
  - Thoughts: does language influence questionnaire responses?
  - Feelings: does foreign language use influence feelings about key business concepts?
  - Behaviour: does language influence the level of competitive vs. cooperative behaviour?

- Current and future research agenda
Moving to the individual level: foreign language use & attitudes

- My research has investigated whether foreign language use influences attitudes
  - Attitudes have cognitive (thought), affective (feelings) and conative (behaviour) aspects

- There are at least three mechanisms that can explain this influence:
  - **Cultural accommodation**: Using a foreign language may lead the user to accommodate to some of the cultural values embedded in that language
  - **Foreign language anxiety**: The feeling of tension and apprehension associated with foreign language use might lead to general feelings of negativity and fear of exploitation
  - **Cognitive load**: Increasing the use of resources to allow for linguistic processes sacrifices resources available for thinking and decision tasks, leading to more or less (conflicting theories) deliberate decision-making

- My research so far has mostly focused on the cultural accommodation effect, but I am planning to start a new project that will look at all three mechanisms in detail (provided I can get funding for it 😊)
The impact of foreign language use on thoughts

- International mail surveys: Do people respond in a way that reflects the cultural assumptions embedded in the language of the questionnaire (cultural accommodation) (Harzing & collaborators, 2005)?
  - Data collection in 24 countries, major cultural groups: Anglo, Scandinavian, Germanic, Latin European, East European, East Asian, South (East) Asian, Latin American
  - Strictly matched respondents: UG students in Business, 50% received English questionnaire, 50% received native language questionnaire, 3200 respondents in total
  - Language influences responses, but mainly on questions related to cultural values
  - English-language questionnaires underestimate differences between countries

- Second study with MBA students showed that language effects are less strong if scenario questions with ranking of alternative answer options are used rather than Likert scale rating (Harzing & collaborators, 2009)

- As indicated, I am planning new research that will systematically test to what extent cultural accommodation, language anxiety and/or cognitive load influence thoughts in a variety of circumstances

The impact of foreign language use on feelings

• Does language influence the way in which people feel (positive or negative) about certain concepts?

• Small pilot study in Taiwan in 2013 asking for positive and negative feelings about business-related concepts in English and Mandarin

• Concepts clustered into two groups
  • Cooperation, leadership, trust, and team
  • Risk, time, competition, shareholders

• The former were evaluated more positively in Mandarin, the latter more positively in English, suggesting cultural accommodation
  • So is the spread of English as a lingua franca associated with an adoption of Anglophone business concepts?

• Future research will explicitly test the impact of cultural accommodation, foreign language anxiety, and cognitive load and will include a broader range of countries (UK, Japan, Korea, China, Taiwan, France, Finland, Germany, and the Netherlands)
The impact of foreign language use on behaviour

- Choice between collaboration and competition between two businesses in a prisoner’s dilemma setting
  - Dutch students behave more competitively when responding in English
    - But only if they had lived in an Anglophone country for at least three months
  - New planned research will also test if language anxiety and/or cognitive load influences behaviour
- Data collection opportunities lined up in large range of countries in Europe

Outline of today’s inaugural

• Language in HQ-subsidiary relationships
  • The language barrier
  • Problems affecting:
    • 1st language speakers
    • 2nd language speakers
    • their relationship
  • Thirteen solutions for managing language problems
  • A close-up on the use of the corporate language solution

• Moving to the individual level, the impact of foreign language use on:
  • Thoughts: does language influence questionnaire responses?
  • Feelings: does foreign language use influence feelings about key business concepts?
  • Behaviour: does language influence the level of competitive vs. cooperative behaviour?

• Current and future research agenda (beyond expanding my work on the impact of foreign language use on thoughts, feelings, and behaviour)
Recent and current research: Continued collaborations

- Connected foreign language effect to team & organisational outcomes such as:
  - Trust, with Helene Tenzer & Markus Pudelko (Tubingen, Germany) ==> #1
  - Knowledge transfer, with Sebastian Reiche (IESE, Spain) & Markus Pudelko ==> #2

- Review article of 200+ language-related publications in IB
  - Theories, methodologies & findings at individual, group, firm and country level of analysis + future research agenda (with Helene Tenzer & Siri Terjesen, Indiana University, USA) ==> #3

- Study the role of host country language (esp. in China)
  - in expatriate-local interactions (with Ling Zhang, KCL, UK) ==> #4
  - in the interplay of language and identity (with Ling Zhang and Shea Fan, Nottingham Ningbo, China) ==> #5

Future research: A new context

• ESCP Berlin (with Hannah Nagler, Robert Wilken)
  • Tri-lingual German and French students negotiating in one of three languages: German, French, English
  • How does the language of negotiation influence negotiation outcomes and satisfaction with the process?
  • Do negotiations using a bridge language (English) differ from negotiations in which one party uses their mother tongue

• Middlesex University is incredibly multi-cultural and multi-lingual
  • How does a lack of a dominant native language influence interactions?
  • Expect some participant observation research 😊

• The larger London area is even more multi-lingual
  • Look at multilingualism in local contexts rather than only in MNCs?

• More generally, multi-lingual Europe is a much more fruitful context for language research than Australia
  • So I am very happy to be back!