

# **BABEL IN BUSINESS: THE LANGUAGE BARRIER AND ITS SOLUTIONS IN THE HQ-SUBSIDIARY RELATIONSHIP**

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## **Abstract**

Using interview data in eight German and Japanese corporate HQs and their subsidiaries in Japan or Germany, we provide the first large-scale empirical analysis of the language barrier and its solutions. We show that language is an important barrier, slowing down and increasing the cost of decision-making. Our research suggests no less than twelve different solutions, ranging from informal day-to-day solutions such as changing communication patterns and code-switching, to more structural solutions such as language training and a common corporate language. We confirm and extend previous research and conclude that future research should more explicitly consider the different configurations of language skills for HQ and subsidiary managers.

# **Babel in business: The language barrier and its solutions in the HQ-subsubsidiary relationship**

## ***Introduction***

The notion that cultural differences are a barrier to doing business abroad is now commonly accepted (Adler & Gundersen, 2008; Hofstede, 1980; 2001). However, this commonplace acceptance might have blinded researchers and practitioners to a more basic country-related characteristic with the same impact: differences in national languages (Harzing, 2003). Multi-national companies (MNCs) are multi-lingual almost by definition (Luo & Shenkar, 2006) and every MNC will need to find a way to deal with the language barrier it encounters when expanding into countries that do not share its home country language. It is therefore surprising that language diversity has attracted so little attention in the field of international management and business. This is all the more remarkable as research into the role of language in organizations is well established; especially in critical management studies (see e.g. Tietze, Cohen & Musson, 2003).

Instead, scholars have described the problem of managing businesses across the international language barrier as “*the forgotten factor*” (Marschan-Piekkari, Welch & Welch, 1997), “*the management orphan*” (Verrept, 2000) and “*the most neglected field in management*” (Reeves & Wright, 1996). Although a recent special issue of *International Studies in Management & Organization* (2005) provided a major step forward, there is still much we do not know about the role of language in MNCs. As Maclean (2006:1377) aptly indicates “*Companies deal with language issues every day, they cope, the world continues to turn. How they do so, however, remains largely absent from the literature.*”

This article deals with the language barrier and its solutions in the relationship between the MNC’s corporate headquarters (HQs) and its subsidiaries. To the best of our knowledge, there is no prior research that has systematically investigated the *extent* to which language forms a barrier between HQs and its subsidiaries. Further, although Feely & Harzing (2003) suggested a large number of solutions to the language barrier, we are not aware of any empirical studies that show which solutions are used in practice. In this article we present empirical evidence from eight MNC corporate HQs in Germany and Japan and their subsidiaries in Japan and Germany, looking at both the language barrier and its various solutions.

In addition to studying a topic that – despite its importance – has received scant attention in the past, our study complements previous research by including a much larger number of companies. Studies looking at the role of language in HQ-subsidary relationships (see below for a review) have typically focused on a small number of companies. In fact, most of these studies were in-depth case studies of a single MNC. Although this research method is ideally suited to charter an as yet unexplored area of research, it is less suitable as a vehicle to generalise on the *importance* of certain phenomena or solutions in a wider setting. Our study included the corporate HQs and subsidiaries of eight different MNCs. Although this is still a relatively small sample, it does give us some scope to generalise beyond the possible idiosyncratic results of a single company.

Finally, our research provides a novel contribution by focusing on two countries and languages that have not been extensively studied in this context: Germany and Japan. Previous studies focused on language interactions that included one native English speaking party (e.g. Harzing & Feely, 2008; Luring, 2008; SanAntonio, 1988; Wright, Kumagai, & Bonney, 2001) or dealt with the overseas operations of Finnish or Danish companies (Andersen & Rasmussen, 2004; Luring, 2008; Marschan-Piekkari et al., 1997, 1999a/b). We are only aware of *three* studies that covered other languages (Gimenez, 2002; Blazejewski, 2006; Fredriksson, Barner-Rasmussen, & Piekkari, 2006). Gimenez (2002) dealt with communication between a subsidiary in Argentina and a HQ based in a European country, where English-language fluency was much higher than in Argentina. The lack of understanding on the part of HQ of the problems that this would create was the major contributing factor to the breakdown in communication between the two offices. Blazejewski (2006) showed how the introduction of English as a corporate language in a German MNC resulted in conflict between junior and senior Japanese managers, because the former had better English language skills than the latter. This effectively gave the junior managers better access to decision-making and more power than their seniors. Fredriksson et. al. (2006) discuss discrepancies between company policy and employee practices with regard to language use. Although both studies provide interesting insights, they focused on a single MNC and a single language barrier solution (common corporate language) only.

In our study we deal with two nationalities that are non-native speakers of English, neither of which have the excellent English language skills typically possessed by Scandina-

vian managers. In fact, Japanese are cited as having the lowest average TOEIC score in the world and Japan ranks 180 out of 189 countries taking the TOEFL test (Yoshihara, Okabe & Sawaki, 2001). For the Scandinavian companies included in many previous studies, using their home-country language in overseas expansions is not an option because their languages are not widely spoken outside their home countries (Fredriksson, Barner-Rasmussen & Piekari 2006). Even within Scandinavia, English is increasingly used as the lingua franca (Louhiala-Salminen, Charles & Kankaanranta, 2005). In contrast, German and Japanese are more widely spoken outside the respective home countries. There are for instance over 2 million non-Japanese people studying Japanese (Yoshihara et al. 2001). Hence, this study allows us to establish whether the dynamics found in previous research would replicate in a very different language setting.

In the remainder of this paper, we will first discuss our research sample and methods of data collection and analysis. We will then report our results, integrating – where applicable – previous research in the area with our own findings. We will structure our findings according to the following two research questions:

1. *Is there a language barrier between corporate HQ and subsidiaries located in countries with different national languages and how important is this language barrier?*
2. *What solutions are used to resolve the language barrier?*

A brief discussion and conclusion section puts our findings in a broader perspective and presents suggestions for further research.

## ***Methodology***

### **Research sample**

Given the lack of previous empirical research in this area, a qualitative, interview-based method was considered to be most appropriate. Because of the difficulty of getting access to elite interviewees (Welch, Marschan-Piekkari, Penttinen & Tahvanainen, 2002), we had to rely on a convenience sample of companies that we had established contacts with on previous occasions. Even so, our sample includes companies in a range of industries, and represents both large established MNCs and smaller recently internationalized MNCs (see Table 1, please note size is approximate to protect company anonymity). Hence our results are unlikely to be biased by specific company characteristics. However, as 7 of the 8 companies have their

corporate HQ in Germany, our results cannot be generalised to companies from other countries without further verification.

A total of 44 interviews were conducted with four to seven interviews at each of the eight companies. Single interviews were conducted at a further two companies, but these were subsequently excluded from the analysis as we were concerned that the results might be too idiosyncratic. The vast majority of the interviewees were managers, whilst seven were employees, usually engineers. Only five of the interviewees were female. Sixteen interviews were conducted at the corporate HQ level and 28 interviews were conducted at subsidiary level.

*Table 1: HQ company descriptives*

HQ company	Industry	Size (# of employees)
German-A	Automobile	270,000
German-B	Automobile components	13,000
German-C	Automobile components	270,000
Japan-A	Semiconductor manufacturing equipment	7,700
German-D	Semiconductors	13,000
German-E	Electronics & Industrial Machinery	400,000
German-F	Industrial Machinery	1,800
German-G	Pharmaceutical	30,000

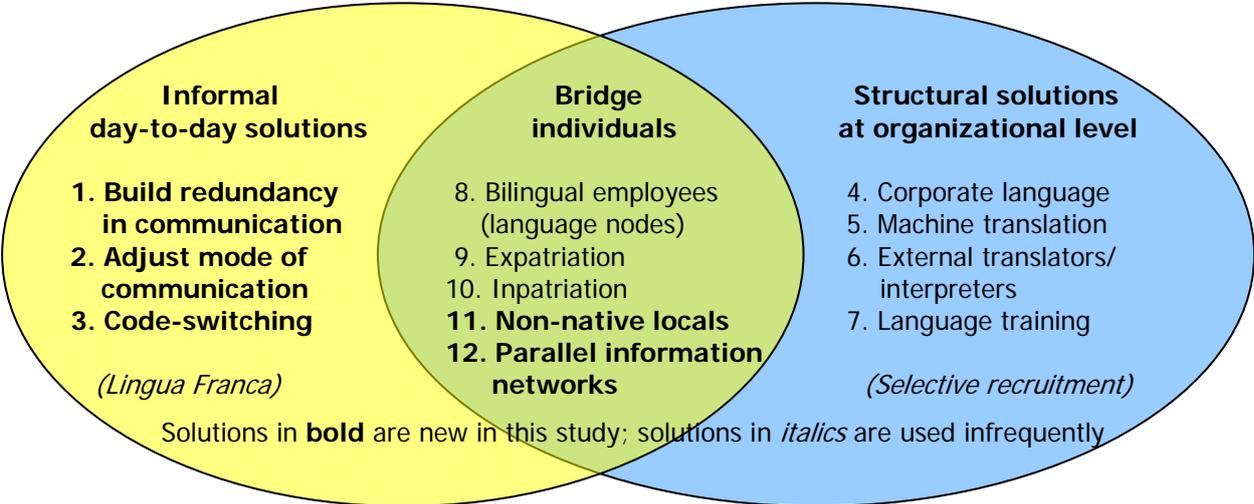
All of the interviewees had direct experience in interaction with the subsidiary in Japan/Germany (in the case of HQ managers) or in interaction with corporate HQ or HQ expatriates (in the case of subsidiary managers). Twenty-four of the interviewees were German nationals, sixteen were Japanese nationals and four had different nationalities. Where applicable we analysed our results both for the sample as a whole, and separately for the corporate HQ and subsidiaries, the different nationalities (German, Japanese, other) as well as for the eight individual companies. In most cases, however, there were no major differences *between* the various groups in terms of the importance of the language barrier and the solutions used to resolve it. Where differences were apparent – usually between German and Japanese managers – these are discussed in more detail in the results section.

## **Data collection procedures**

The interview guide was first produced in English by the first author in collaboration with the second author and then translated into German and Japanese by the second author, who is a

German native speaker and fluent in Japanese and English. Questions for the Japanese interviewees were phrased more indirectly to accommodate the less direct nature of communication in Japan. The specific questions that were asked for the topics discussed in this paper were: “What do you think are the main issues, advantages and disadvantages that arise from the fact that people in your company have different native languages?” “Do you think differences in national languages form a barrier to communication between HQ and subsidiaries?” [Generally, this question was asked only after asking the first more exploratory question, so as to not bias the response] “What kinds of solutions are used to overcome any language barriers?” [only after a barrier had been identified], with further probing on individual solutions where necessary. In this we broadly followed the list of solutions as identified in Feely and Harzing (2003) and reproduced in Figure 1 below. The interviewer would let the interviewee expand on issues not covered in the interview guide if this was felt appropriate. However, in principle the same questions were asked for/to each respondent. This semi-structured approach was consistent with our intent to test theory and count frequencies rather than generate new theories.

Figure 1: Language barrier solutions (Feely & Harzing, 2003) adapted to this article



Language barrier solutions (Feely & Harzing, 2003) not found in this study:

Functional multilingualism  
(use a cocktail of languages)

Controlled language (use of a limited vocabulary)

The interviews were conducted between late July and December 2006 and were all digitally recorded. Apart from two telephone interviews, all interviews were conducted in the interviewee's office by the second author. Interviewees were offered a choice of interview languages. Most managers were interviewed in their native language. This approach was purposefully chosen so as to allow a direct exchange of views without the use of an intermediary. A second advantage of this approach is that it is easier to build rapport when interviewing in the interviewee's native language (Welch & Marschan-Piekkari, 2006). Finally, authenticity, richness, and accuracy of the data can normally be expected to be higher when interviewing in the interviewee's native language (Welch & Marschan-Piekkari, 2006).

As the interview data needed to be understood by all three authors, the Japanese transcripts were translated into English by a bilingual Japanese research assistant, who had also transcribed the Japanese interviews. We considered the loss of data quality by translating from Japanese to English as less significant than the problems associated with interviewing in a language the interviewee's was not comfortable with (see also Vallister, 2000). The German interviews were analysed in German, as the second and third author are native German speakers and the first author has a high level of fluency in German. However, interview quotes had to be translated from German to English. This was done by the second author as she had conducted the interviews and also had the best combined language skills. A meaning-based translation technique was used (Marschan-Piekkari & Reich, 2004), in which the original meaning of the interviewee takes centre stage and translation is through paraphrasing and interpretation rather than direct translation, which might lead to a quote that is stilted and awkward to read.

## **Data analysis**

After transcription and translation, all interview transcripts were imported into NVIVO. Based on qualitative data analysis recommendations (Miles and Huberman, 1994), the interviews were analysed through a process of data reduction, display, conclusion drawing, and verification. In the data reduction phase, a hierarchical coding tree was created based on the interview guidelines, covering main topics such as language barrier solutions, misunderstanding & miscommunication, and the role of language. These topics were then subdivided into for instance individual language barrier solutions (as discussed in this paper) or the different causes and consequences of misunderstanding and miscommunication.

The hierarchical coding tree was iteratively adapted during the coding process. Some main categories that had not been initially anticipated, such as cultural differences and type of communication, were introduced as soon as it became apparent that these topics were important in more than a couple of interviews. Subsequently, all previously coded interviews were reviewed again for instances of these topics. Coding was predominantly done by the third author, after careful instruction by the first author and a coding reliability check for one of the interviews. A detailed research journal was kept to document coding choices and the first and third author discussed any problems encountered in the process. After the coding process was finished, results were cross-checked by going through each interview again. In the display phase a spreadsheet was created for the main themes in the study with interviewees in the rows and the key results in each column. Subsequently, reports were written up for each of the key themes where the results were summarised and representative quotes for each theme included. These were used as the basis for writing up articles.

For this paper, the conclusion drawing and verification phase was relatively straightforward as the research questions referred mostly to questions that could be answered rather directly (the existence of a language barrier) or referred to the *extent* to which certain phenomena occurred (language barrier solutions). However, in this phase we also went back to our coding and systematically reviewed codes that were not initially classified as language barrier solutions. We then discovered that the main theme “type of communication” was most often discussed in the context of overcoming the language barrier. We also discovered that some of the phenomena that were identified in Harzing & Feely (2008) as factors that might *reinforce* language-based group boundaries (parallel information networks and code switching) were in some instances used to *overcome* language barriers. Hence these were added to the repertoire of language barrier solutions. Given that the total number of solutions to the language barrier thus identified was rather large, we subsequently searched for ways to meaningfully classify them into a smaller number of categories with common characteristics.

After rereading the reports, we felt the best way to do this was to separate the solutions into the implementation of *informal day-to-day changes in communication patterns* and *structural solutions at organizational level*. The first category contains solutions that individual communication partners have come up with on a day-to-day basis. The second category can be distinguished from the first category by the fact they are all formal rather than informal

solutions, and are structurally embedded into the company rather than initiated by individuals on a day-to-day basis. A third category, the use of *bridge individuals*, refers to individuals with specific language skills that act as bridges between employees without the necessary language skills. This category has elements of both the first and the second category, as bridge individuals can be structural solutions implemented by the company or can grow out of informal solutions. However, given the predominance of this theme in the interviews, we felt this category was important enough to discuss separately.

## **Results**

### **The importance of the language barrier**

In response to the first research question, the vast majority of our interviewees (42 out of 44) indicated that a language barrier was indeed present in the interaction between corporate HQ and subsidiary managers. In about one third of these cases, the interviewer had specifically referred to language as a potential barrier in one of her questions and hence the interviewee's response *might* have been biased. However, this generally only happened when in initial pre-interview exchanges with the interviewee (when they asked what the interview would be about and the interviewer referred to language diversity) the interviewee itself concluded that it would be about language barriers. Also, in *all* the other cases interviewees mentioned the existence of a language barrier spontaneously in another context or after a broad probing question about the advantages and disadvantages arising from the fact that people in their company speak different native languages. It is also important to note that the issue of language as a barrier was often not just mentioned once in the same interview, but was mentioned multiple times in different contexts. In all, there were 151 references to language as a barrier in the 44 interviews. One representative example:

**German manager in corporate HQ of German-G [#15]:** Well, my former boss in Japan was also German. He gave clear instructions to the Japanese. So he thought all was agreed on. But, in fact the Japanese did just the opposite. After one or two of these experiences, you try to switch to Japanese to make sure that all is understood well. Maybe, English was too straight, .... or my English was too ambiguous.

However, more than half of the interviewees also indicated that it was not only language differences that caused a barrier between headquarters and subsidiaries, but also cultural differences; whilst some indicated that in their experiences it was mainly cultural differences that

were causing a barrier. In addition, just over a quarter of the interviewees felt that although a language barrier might be present, they either did not feel it was very significant or they had solved it through various means and hence they did not feel it acted as a barrier anymore (see the quote below). We will come back to this in more detail when we discuss solutions to the language barrier.

**Japanese manager in Japanese subsidiary of German-G [#13]:** Usually not many people on the Japanese side are fluent in English. So, I try to put the bilingual consultants in between. Try not to make it as a barrier. So, I give a freedom to say anything. Raise your hand, if you start to speak Japanese. Somebody will automatically translate to the rest of the people. So language has not become a problem in our project team.

One in five of the interviewees saw the existence of different national languages in the company as an advantage rather than only as a problem, most often listing a variety of perspectives related to different languages and cultures. The most important *direct* problem that was identified with the language barrier was that everything takes more time and is more costly.<sup>1</sup> Hence decision-making would generally be slower and less efficient if different languages are involved.

**German manager in German subsidiary of Japan-A [#18]:** Well, I think the biggest issue we have is really [...] "time to market". We always have to explain in great detail everything we do, the whole context, until it is understood. And this takes time, [...], an awful lot of time.

This echoes findings by Yoshihara et al.<sup>2</sup> (2001) who indicate that misunderstandings and delays in decision-making are the most important costs associated with the language barrier. They report instances of decision-making in subsidiaries of Japanese companies coming to a complete standstill until the Japanese expatriate returns from his business trip to read the communications from HQs, which are normally written in Japanese only. In fact, these authors report that in most of the companies they studied, non-Japanese could not even figure out whom the communication was addressed to as even the addressee's name was written in Japanese.

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<sup>1</sup> There are many more *indirect* consequences of the language barrier, such as frustration, conflict, mistrust, resistance, decline in knowledge transfer. However, a detailed discussion of these goes beyond the scope of this article.

<sup>2</sup> We cover the findings from this study in a bit more detail than is customary, because the original Japanese book will not be accessible for many readers. The book is based on three surveys with well over 1000 responses in total as well as interviews in more than 50 companies, both Japanese and foreign-owned.

In sum, it is clear that most interviewees were acutely aware of language differences as a barrier. However, this was to be expected given the fact that Germany and Japan have very different national languages, and that the Japanese tend to have a very low level of spoken English language skills. However, more interesting than this rather mundane conclusion is what *solutions* companies use to address these challenges, which is what we will discuss in the remainder of this article.

## **Solutions to the language barrier**

Feely & Harzing (2003) identified a range of eleven possible solutions to the language barrier. In our interviews, we queried interviewees about most of these solutions and in the process also discovered several new solutions. Below, we will discuss them according to the three categories identified above: *informal day-to-day changes in communication patterns*, *structural solutions at organizational level* and *bridge individuals*.

### ***Informal day-to-day changes in communication patterns***

Three language barrier solutions were classified in this category: build in redundancy in the communication exchange, adjust the mode of communication and code-switching.

#### **Build in redundancy in the communication exchange**

Building in redundancy is a relatively simple way to overcome the language barrier. It could mean asking your communication partner to repeat information several times, checking on understanding by asking your communication partner to repeat the information you have just given, providing illustrative examples, and building in frequent summaries, especially in meetings.

Two thirds of the interviewees mentioned the use of this solution to the language barrier, making it single most frequently mentioned solution, even though it was not in fact identified by Feely & Harzing (2003). There was a difference, however, between the Japanese interviewees and the interviewees with a German or other nationality. Of the former group, only just over half mentioned this as a solution, whilst in the latter group nearly three quarters did so. The Japanese fear to lose face might have contributed to this difference, although as the quote below shows some Japanese managers have managed to overcome this fear and have realised misunderstandings might have serious consequences.

**Japanese manager in Japanese subsidiary of German-E [#9]:** It doesn't matter if I don't understand the jokes or the greetings. However, if it seems to be important, I would be afraid not to confirm. I would say something like "that means you want me to do something like that" and reconfirm my understanding. [...] I don't want people to say, "you pretended to understand, when you didn't." So, even if I feel a bit reluctant about asking, I would rather ask again to confirm my understanding.

### **Adjust the mode of communication**

A second informal day-to-day solution to the language barrier is to adjust the mode of communication. Although this was not a specific solution mentioned by Feely & Harzing (2003), more than half of the interviewees talked about different modes of communication. Given that many of the communication exchanges occurred between communication partners who were not located in the same geographical location, it is not surprising that phone and email were the most discussed communication methods.

Overall, managers had a preference for email over phone calls. In the 23 interviews in which the mode of communication was discussed, 13 interviewees indicated they preferred emails, whilst the remaining 10 indicated they had no preference or combined different modes of communication. As Charles & Marschan-Piekkari (2002) indicate oral communication presents an additional challenge over written communication because of the differences in accents. Japanese managers were more likely than German managers to prefer email communication, with two thirds of the managers preferring email over phone calls, whilst this was the case for only half of the German managers. The main reason for this was Japanese managers often had better written than spoken language skills and could write emails at their own pace. Moreover, they could enlist the help of someone to translate important communications.

However, even within the *same* mode of communication, adjustments might need to be made to overcome the language barrier. In this case, adjustments had to come mostly from the German side. In general, Germans had the tendency to write long emails containing lots of information, usually without a very clear structure. In their communication with Japanese managers, the German managers quickly realised that this writing style led to miscommunication and they had to adapt to be understood.

**German manager in German subsidiary of Japan-A [#21]:** Well, I would try to follow a certain template, crystal clear and concise, bullets only with clear numbering. This kind of communication is much easier to understand [by the Japanese]. At the beginning, I have tried to cover everything in one email. That was a mistake. The emails that contained all kind of information typically were not answered, or you got an awful lot of questions back. I have stopped sending these long emails. Now, I write short ones, only with the most important details, although I know that not all info is covered. Then, I wait for the questions related to my email, and take it from there...

Finally, seven of our interviewees indicated that language barriers were smaller amongst engineers than amongst managers, as the former were able to a large extent to communicate using numbers and drawings rather than words.

### **Code-switching**

A third informal solution that our interviewees used to cross the language barrier was code switching. Code switching is present when second language users revert to talking between themselves in their native language. In the literature on language in international business, code switching has generally been seen as a negative phenomenon, leading to feelings of irritation, discomfort and even exclusion and suspicion (Brannen, 1994 [in Salk & Brannen, 2000], Feely & Harzing, 2008; Luring, 2008; San Antonio, 1987).

These feelings were certainly present amongst our interviewees. Code-switching was discussed in 39 of the 44 interviews and was seen as negative by just over 60% of the interviewees, whilst 44% of the interviewees considered it as mainly positive (these figures add up to more than 100% as several interviewees highlighted both positive and negative aspects). Both German and Japanese managers engaged in code switching. However, in contrast to most previous research, there were also many interviewees (see quote below) who saw code-switching as positive or at least something one should simply accept as a solution to the language barrier.

**German manager in corporate HQ of German-C [#32]:** Yes, and then, they discuss a bit in Japanese, and eventually, we continue the meeting in English. Patience is important. Just sitting there and listening to the Japanese. Of course, I don't understand anything, but for me, that's the only way to deal with this. And when I visit the Japanese subsidiary, I know that for the following two weeks, I will have to be very patient.

Our data also showed that there was a relationship between the frequency of use of code-switching and the extent to which it was seen as negative. If code-switching occurred occasionally, negative and positive assessments were balanced. However, if code-switching was used very frequently, then negative assessments were more frequent. It appears our interviewees are quite willing to accept the need for an occasional language switch, but are less tolerant if this becomes a common occurrence.

### ***Structural solutions at organizational level***

Four language barrier solutions were classified in this category: adopting a common corporate language, the use of translators/interpreters, the use of machine translation and provision of language training.

#### **Common corporate language**

One of the “easiest” solutions to overcome the language barrier is to adopt a common corporate language in which all official communications need to take place. This facilitates both formal reporting between corporate HQ and subsidiaries and enhances information communication between them. It might also foster a sense of belonging to a global family (Marschan-Piekkari et al., 1999a). In companies with a HQ in an Anglophone country, the corporate language is English by default. This is also the case in most Scandinavian multinationals as their home country languages are not widely spoken outside Scandinavia (Fredriksson et al., 2006). Somewhat surprisingly, given the fact that German and Japanese are larger language areas and are more widely spoken outside the respective home countries, English is also paramount as a corporate language in our sample. Many of the interviewees responded to this question in a very matter of fact way. All but three of our interviewees also indicated that English was used next to the local language as a daily language in their company. Quite a number of interviewees did say though that English had only been formalised as a corporate language relatively recently.

**German manager in corporate HQ of German-G [#15]:** Well, I think our company adopted English as the official corporate language only seven to eight years ago. That was in the vane of stronger internationalization. Back then, they had noticed that people had to speak English, for instance at certain events. Otherwise, not all participants understand what's going on.

Only two out of the 37 interviewees in German MNCs indicated that German was the corporate language, whilst one more indicated that a combination of German and English was used. We only had one Japanese corporate HQ in our sample, but here interviewees either indicated that the corporate language was English or that there was no official corporate language. Overall, a quarter of the interviewees indicated there was no corporate language, even though a majority of interviewees for each company had mentioned English as the corporate language. It is clear that not everyone is aware of the official company language policy, confirming earlier findings by Fredrikson et al. (2006) in Siemens. Finally, nearly every single interviewee indicated that English language capabilities were very important for promotion within

the company, and many indicated that it played a role in recruitment as well, further reinforcing the current dominant role of English in our companies.

A small minority of interviewees indicated that there was selective, but persistent, resistance against the adoption of English as a corporate language. One interviewee had found a creative way of dealing with this (see quote below).

**German manager in Japanese subsidiary of German-A [#2]**

**Interviewee:** There are a couple of areas and functions where English as the official corporate language is still deliberately ignored... [and HQ managers communicate with us in German]

**Interviewer:** Are there any sanctions?

**Interviewee:** No, why? I keep the ball low and just don't react to their requests. Sometimes, I even encourage my staff to reply in Japanese.

**Machine translation**

A solution that is practical only for written materials (though portable translation machines for face-to-face interaction do exist) is machine translation. Machine translation was discussed in 25 of the 44 interviews and the overwhelming opinion was that it was useless beyond getting a very basic understanding of the topic of the translated materials. More than half of the interviewees never used it for this reason, and another 30% did use it or had used, or had a communication partner who used it, but found the results to be dreadful:

**German manager in corporate HQ of German-C [#31]:** Pretty useless. Well, our Japanese colleagues like them. And then I receive these emails that sound kind of English, but when I read them I could laugh my head off. You hardly can guess the meaning, just total nonsense.

**External translators or interpreters**

External translators or interpreters were mentioned by well over half of our interviewees as a way to negotiate the language barrier. However, because of the substantial costs involved for professional translators and interpreters, they were only used to translate significant documents such as contracts and technical documentation and to provide simultaneous interpretation at important board meetings or video-conferences. The problem with external translators or interpreters is that they are often not familiar with the specialist matter. Yoshihara et al. (2001) reports on a Danish company – Novo Nordisk Pharmaceuticals – who adopted a best practice approach to this. They have a long term contract with a dedicated interpreter who attends all their monthly board meetings and has developed a high level of understanding of their business and specialist vocabulary. For important meetings, this would seem to be an ideal solution.

## **Language training**

Finally, the companies in our sample seem to consider language training as an important solution to overcome the language barrier. More than 8 out of 10 interviewees indicated that language training was offered in their company. This very high use of language training might be related to the more general tendency of Japanese and German companies to provide company-based training in comparison to Anglophone companies (Soskice, 1993). Yoshihara et al. (2001) also make very frequent references about the strong commitment to training in many of the Japanese and German companies they studied.

In well over half of the companies that offered language training, this training was paid for by the company, although sometimes conditions – such as a certain grade average achieved – were instituted. It was more frequent though for language training to take place in the manager's own time, rather than in the company's time, although in some companies, language training was clearly given a high priority:

**German manager in corporate HQ of German-A [#1]:** Yes, I think that the Japanese subsidiary offers language training for nearly all employees. But in the Headquarter, it is on a voluntary basis. Each employee who applies can get English training free of charge.

## ***Bridge individuals***

Bridge individuals are a popular way to overcome the language barrier. Generally, these individuals perform their bridging function as part of their normal job; they are not specifically assigned to bridge the language barrier, nor do they devote the majority of their working time to this activity. Bridge individuals can take a variety of forms. Here we discuss bilingual employees as linking pins, expatriates & inpatriates, non-native locals, and parallel information networks. These categories are not mutually exclusive. Expatriates and inpatriates for instance can form part of a parallel information network and so can bilingual employees. However, we felt it was important to conceptually separate these categories.

## **Bilingual employees as linking-pins**

The use of bilingual employees as linking-pins has been identified in the prior literature, where they were called “intermediaries” (Marschan-Piekkari et al. 1999b) “language nodes” (Feely & Harzing, 2003), or “translation machines” (Vaara, Tienari, Piekkari & Säntti, 2005). Unfortunately, we neglected to include this phenomenon in the interview guidelines and hence it was not systematically addressed during the interviews. Even so, a third of the inter-

interviewees explicitly mentioned bilingual employees as linking pins as a way to cross the language barrier. Many of the individuals involved spoke more than two languages and hence were important communication nodes in the company:

**Japanese manager in Japanese subsidiary of German-G [#13]**

**Interviewer:** Basically you'd selected them due to their bilingual knowledge skills that they're fluent in Japanese and English?

**Interviewee:** So, we call them bridge consultants. To make a bridge between the IT and the business, and also language wise, English and Japanese.

**Expatriates**

Expatriates have been identified as an important group of bridge individuals in the earlier literature (Barner-Rasmussen & Björkman, 2005; Feely & Harzing, 2003; Harzing, 2001; Marschan-Piekkari et al., 1999b; Yoshihara et al. 2001). Harzing (2001) conceptualises expatriates as bumblebees, who spread the corporate culture, and spiders, who weave communication networks. However, as Marschan-Piekkari et al. (1999b) indicate, the role of expatriates as intermediaries has usually focused on cultural rather than language aspects.

In nearly all our interviews we discussed the role of expatriates in general terms, whilst 31 interviewees talked specifically about the various roles that expatriates fulfil. Of these, nearly two thirds mentioned improving communication channels as the single most important function of expatriates in practice, even though they might not have been assigned specifically with this function in mind. Hence, expatriates are a very important way to bridge the language barrier:

**German manager in corporate HQ of German-B [#38]:** Of course, communication is an important motive, because the exchange of information often is informal. If you have to accomplish a certain task, it helps enormously if you know who to call. [...] And that's one of the most important things with the exchange [of personnel], to build up personal communication channels.

**Inpatriates**

Although Feely & Harzing (2003) discuss inpatriates (subsidiary managers on a temporary assignment at HQ) as a solution to the language barrier, there is very little information available about the importance of this role. This is not surprising as, after decades of empirical research on expatriation, inpatriation as a phenomenon has only recently started to get empirical attention in the IHRM literature (Reiche, Kraimer & Harzing, 2009).

Inpatriation seemed to be quite common in our sample of companies, confirming Odou, Gregersen, Black & Derr's (2001) findings that European and U.S. MNCs in particular will continue to increase their share of inpatriates in the future. The topic was discussed in 38

of the 44 interviews; only a third of the interviewees indicated that they weren't aware of inpatriation being used in their company. Three reasons for inpatriation were seen as most important, each being mentioned by about half of the interviewees: building relationships, improving communication channels and technical training. Inpatriates as bridge individuals build relationships and improve communication channels:

**Third country manager in Japanese subsidiary of German-E [#8]:** Yes, you mean people from Japan to Germany. This is exactly what this exchange is about. A person from Japan working in Germany is the contact person for the Japanese. This is exactly his function. In parallel, this person can develop himself by improving language capabilities or building up personal networks.

### **Locally hired non-native managers**

Related to the discussion of expatriates and inpatriates is another category of bridge individuals: locally hired non-native managers in Germany or Japan that are Japanese or German nationals. 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. Although this solution was not identified by Feely & Harzing (2003), one in five interviewees mentioned it spontaneously.

### **Parallel information networks**

Parallel information networks were an important element of the work done by Marschan-Piekkari et al. (1997 & 1999b) in the Finnish MNC Kone elevators. In their work, the phenomenon of communicating through intermediaries with the requisite language skills rather than the person in charge was coined "shadow organizational structures". This term highlights the potential negative impact of parallel information networks, also identified by Feely & Harzing (2003), Peltokorpi (2007) and San Antonio (1987). However, just like the phenomenon of code-switching that we discussed earlier, parallel information networks can also be seen simply as a way to overcome the language barrier.

When asked whether they would contact the person in charge or a person with whom they shared the same native language, our interviewees were approximately divided in half, with slightly more indicating they would contact a person with whom they shared a common native language. Given that in most cases the question was asked fairly directly, and the politically correct answer would probably be "the person in charge", this indicates clearly how important parallel information networks were for our interviewees. That said, many of our

interviewees indicated that they used this bridge individual only as a first step to find out basic information or establish who to contact with their question:

**German manager in the corporate HQ of German-B [#38]**

**Interviewee:** You contact people who you know personally. That can be locals, or, as you said, expatriates, who channel the communication. You always look for the easiest way. In our Brazil operations, the Head of Research & Development is fluent in German. [...] Everybody calls him because of all kind of issues. Sometimes, it's only to find out who is responsible over there. And he establishes the right contact.

## ***Discussion***

Our results show that language was clearly seen as an important barrier between corporate HQ and its subsidiaries, slowing down business processes and incurring additional cost. However, our interviewees had found a large range of solutions to deal with this barrier. Nearly all of the eleven solutions that Feely & Harzing (2003) suggested were implemented to some extent. The only exceptions were the use of a controlled language and functional multilingualism. This is not entirely surprising, as a controlled language is most often used in a technical context and functional multilingualism is more common in a social than in a business context (Feely & Harzing, 2003).

Of the other nine solutions, the use of language training and the institution of a corporate language (English) were very common, whilst machine translation, external translators and interpreters were used infrequently. The use of the Lingua Franca was also very infrequent, which is not surprising given that this is only a realistic option for Anglophone companies. Selective recruitment was not yet very common, but good command of English was seen as very important for promotion by most interviewees. Finally, the use of various types of bridge individuals (language nodes, inpatriates and expatriates) was also fairly common, with a new category (locally hired non-native managers) coming up in our interviews as well.

However, it is interesting to note that some solutions that were *not* identified by Feely & Harzing (2003) were actually those that were used very frequently. Two of the three solutions falling under the category informal day-to-day solutions: “build in redundancy in the communication exchange” and “adjust the mode of communication” were brought up by the interviewees and were used very frequently. In addition, code-switching and parallel information networks, which Feely & Harzing (2003) identified as factors that would *reinforce* language-based group boundaries, were also seen as important *solutions* to the language barrier by our interviewees.

However, a single-minded focus on *some* solutions such as the use of translators or a heavy reliance on a small group of bridge individuals might prevent MNCs from resolving the language barrier on a more fundamental level. The use of these individuals effectively reduces multilingual interactions to a very small group of linguistically capable individuals. Whilst this may appear an efficient and cost-effective solution to the language barrier, it creates a heavy reliance on specific individuals. Hence we doubt it would be the best solution for companies in the longer term. It also reduces motivation for all other employees to engage in multilingual interactions and make an effort to learn another language.

Building on our results, we suggest that many of the structural solutions such as the institution of a corporate language and language training do not seem to be fully effective, at least not in the shorter term. In spite of the existence of an official corporate language and widespread language support in all companies, bridge individuals and code-switching were still used very frequently. We suggest there is no golden solution: both companies and individuals have to use (and in most cases do use) a combination of solutions to resolve the language barrier. We would argue, however, that the specific combination of solutions might differ across different types of language interactions and that results from previous studies might have been bound by the specific interactions they studied. This observation was prompted by our findings with regard to code-switching, which we discuss in more detail below.

## **Implications for theory and suggestions for future research**

In our study, code-switching – and to a lesser extent parallel information networks – were not seen as unanimously problematic as in earlier studies. This is most likely caused by the fact that, in our study, the parties are non-native speakers of the language they interact in and generally do not speak English fluently. Hence, we suggest that code-switching is likely to be seen as mainly positive in multilingual groups involving *many* different languages (see also Poncini, 2003). In an exchange with only *two* language parties, code-switching is seen as less negative when *neither* of the communication partner is a native English speaker. There are two likely reasons for this. First, since both parties have to speak a non-native language, they are more tolerant of the difficulties that the other party might encounter. Second, native English-language speakers typically do not speak any foreign languages, and hence are likely to feel excluded as soon as the language of discussion is not English.

This leads us to the suggestion that we may need to reconsider the role of language in HQ relationships by focusing on different configurations of language skills between HQ and subsidiary managers. First, if neither party can communicate sufficiently in either each other's language or a shared language such as English, the language barrier is such that direct communication between HQ and subsidiaries is virtually impossible. The main solutions would be to find alternative communication channels (e.g. translators) in the short term and to implement a considered emphasis on training/recruitment to improve language skills in the longer term. An alternative route would be to take a hand-off approach and just let the subsidiary operate independently. However, in most industries, synergies and global standards play an important role, and hence this option would only be possible in multidomestic industries in which localization is important.

Second, if one party is a native English speaker, their English language skills might give them a position of power (Tietze, Cohen & Musson, 2003), that – where it is the subsidiary that has English as its native language – might distort the formal authority relationship (Harzing & Feely, 2008). In addition, issues such as parallel information networks and code-switching might be seen as highly problematic by the native English speakers and can easily lead to high level of mistrust, negative attributions and polarised group identities (see e.g. Harzing & Feely, 2008, Luring, 2008). We suggest that reversing this process through a concerted action to create more organization-based identities rather than language-based identities would be the main managerial challenge.

Third, if both parties have *some* fluency in each other's language or a shared language such as English, the main language barrier problem might be how to deal with the inevitable misunderstandings and delays in order to ensure they don't lead to the hardening of group identities. In this context, strong leadership with regard to language issues would be crucial. For example, Goran Lindahl, ABB's former CEO said that his company's official language was 'poor English' to make the point that "*no one should be embarrassed to forward an idea because of a lack of perfection in English*" (Govindarajan & Gupta, 2001: 68).

We therefore recommend that future research in this area carefully considers how different configurations of language skills might influence their study's findings. In this way, we might be able to integrate the large number of individual case studies that have been con-

ducted so far into a more coherent theory with regard to the role of language in international management and business.

## **Implications for the management of MNCs**

Our findings have several important implications for the management of MNCs. First, an informal way of dealing with the language barrier was to build in redundancy in the communication process. For the planning of organizational endeavours such as international projects, this means that additional time needs to be factored into the schedules which tend to be based on domestic experience only.

Second, informal solutions such as re-phrasing or the conscious selection of communication modes have to be further developed into a formal solution, which could consist of communication training provided to employees of the HQ and/or subsidiary. In contrast to language training, the focus should be on developing skills with regard to different communication styles, as well as the awareness and knowledge of advantages and disadvantages of relevant communication modes.

Third, we found that engineers could informally overcome the language barrier by using engineering-related means of communication such as drawings and numbers. In other words, functional culture helps to overcome the language barrier. This insight could be turned into a formal solution, for instance in form of organizational guidelines. When structuring teams with geographically dispersed members, people with the same professions should be made direct counterparts and directly communicate with each other based on the similarities of their functional culture and language, rather than having intermediates such as group leaders who usually do not share the same functional language.

Finally, in our study expatriates were mentioned as important bridge individuals. They only can fulfil this task if they speak several languages. This has strong Human Resource policy implications: It is important input for the selection criteria of expatriates who still tend to be sent to subsidiaries mainly on the grounds of technical expertise.

## **Conclusion**

In this article we have provided the first large-scale empirical analysis of the language barrier and its solutions. Our conclusions mirror Feely & Harzing's conceptual article in that it is important to *“understand the language barrier well and to mix and match the solutions into a*

*blend that is right for the company context”* Feely & Harzing’s (2003:50). Most importantly though, MNCs should take the language barrier seriously. Only then will MNCs be able to progress in tackling the language barrier and increase their competitiveness on a global scale.

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