FORGOTTEN AND NEGLECTED LANGUAGE: THE ORPHAN OF INTERNATIONAL BUSINESS RESEARCH

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Forgotten and Neglected –

Language: The Orphan of International Business Research

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ABSTRACT

With this paper we intend to open up the debate on the influence of language on the way multinational organizations manage. We explain the importance of the field and expose a dearth of prior research. Using sociolinguistic theories we define the "Language Barrier" and advance a series of propositions that propose an agenda for future empirical research in this area. We conclude by identifying the drivers underpinning the language barrier and use these to propose an approach for the future operationalization of the language barrier construct.

It is important to begin with a definition of what this paper is not. It is not about language as such or even in any direct sense about communication. Instead the focus of this article is about the effects and implications of language difference. Its purpose is to open up the debate on multinational organizations and the way that language-difference influences the way they manage their subsidiary operations.

Communication is essential to management. Yet communication relies upon a shared language, a pre-requisite that in many international business situations does not exist, and that's when the problems start. Ask any international manager and they will have their cache of embarrassing "language stories".

"*The British M.D. who wondered why his humorous and motivational speech, which had worked so well in London, bombed when he was forced to work through an interpreter in Russia. The American expatriates who felt their Mexican employees were distant, surly and uncommunicative, even though they made every effort to work in the English language. The Italian Logistics Manager who found himself inundated with material because his German suppler didn't understand that the supply schedules, written in Italian, were intended to supersede earlier demand, not add to it! The strike caused because the Japanese management team started talking in Japanese at a sensitive point in the discussion with Spanish Union Representatives. Or the marvelous new computer system, sitting untouched in the Chinese factory because it was only available with an English language user interface*".

International blunders of this type have proved a rich source of humorous material for several authors most notably Ricks (Ricks, 1999). But are language problems merely amusing and are their consequences always random, unpredictable and trivial? Clearly they cannot be as evidenced by the following very brief overview of the context in which multinational companies are operating.

Trade in goods and services increased more than 30 times in the 20 years up to 1997, (United.Nations, 1997) greatly outstripping the much more modest growth in world production. In 1997 international trade had reached a staggering US$6,3 trillion. The world's multinationals have responded to this trend in like measure. In the same 20 year period foreign direct investment has grown from US$211 billion to more than US$3.2 trillion. As a consequence more than 800 Multinationals Corporations have now surpassed the US$ 1 billion p.a. threshold of sales, and the largest of them now dwarf the majority of the host nations in which they operate (Czinkota, Ronkainen, & Moffett, 2000). Despite some evidence that the trend has slowed temporarily

(Economist, 2001), the long-term perception is that the appetite of multinationals for global expansion will continue unabated well into the 21st century. (Czinkota & Ronkainen, 1997)

However, even these impressive statistics do not convey the full picture in terms of the language impact. The majority of multinational parent companies are not domiciled in English-speaking countries. The geographic (and implicitly the linguistic) spread of their networks is widening with three-quarters of all multinationals having operations in 20 or more countries, and the host countries being targeted for future investments are increasingly in developing areas of the world characterized by a shortage of parent company language skills (John, Ietto-Gillies, Cox, & Grimwade, 1997). Moreover, there is increasing evidence of "Linguistic Nationalism" (Embleton & Hagen, 1992) with buyers in Asia and the Middle-East progressively asserting their rights to "work in the customer's language". And of course the deals are getting bigger with company mergers such as Daimler and Chrysler, Deutsche Bank and Banker's Trust, and Renault and Nissan bringing together global giants who do not share a common language.

Superimposing these issues onto the multinational picture, one cannot escape the conclusion that in some way these problems of increasing communications intensity, increasing linguistic diversity, increasing cultural distance and increasing scale of operations must aggravate the problems presented by the language barrier. Indeed more than a decade ago Percy Barnevik, then CEO of ABB, identified communicating across the language barrier as his single most severe operational problem (Barnevik & Taylor, 1991). This being the case, these problems should be manifested in distinguishable patterns in the way multinational companies adjust structure, strategy and systems in order to cope. Unfortunately, as we will demonstrate in the following section, the international business research community has done little to identify and study these patterns. With this paper we intend to open up the debate on the influence of language on the way multinational organizations manage. Using sociolinguistic theories we define the "Language Barrier" and construct a coupled vicious circle model as a precursor to a series of propositions that define the agenda for future empirical research in this area. We conclude by identifying the drivers underpinning the language barrier and use these to propose an approach for the future operationalization of the language barrier construct.

RESEARCH INTO THE IMPACT OF LANGUAGE ON MULTINATIONALS

Fifteen years ago Holden published an analysis of journal articles on international business concluding that "*only a small number of the authors treat language issues at all* " and that where language topics are addressed "*these issues are handled with perfunctory brevity*….". (Holden, 1987). In the intervening decade and a half, little has changed with contemporary experts variously describing the problem of managing multinational businesses across the 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). These adjectives "forgotten, orphaned, and neglected" are entirely justified. Using a simple database search procedure based on the Web of Science, we were able to explore the relative popularity of several key management issues in contemporary research. General subjects such as communications, management, organization and technology are well represented on the database with tens of thousands of journal articles listed in recent years. However, inserting the word "language" as a secondary search-key reduced the number of articles by more than 99%. And when these few were individually filtered to exclude articles related to medicine, public services and computer programming languages, the original body of articles was reduced to a mere handful (see table 1). Of the few that remained most dealt predictably with language skills training. In the paragraphs below we've summarized the key conclusions of the more interesting contributions that survived the filtering process.

Insert Table 1 about here

Case studies conducted by Marschan-Piekkari et al. (Marschan-Piekkari, Welch & Welch, 1997; Marschan-Piekkari, Welch & Welch, 1999) in a variety of Finnish companies illustrated many issues related to language in international business. The difficulty of diffusing company information and achieving a common culture, the corrosive power of language where one group is disadvantaged and the use of language as a source of power, are all well documented. In particular the authors explore the development of parallel information networks and the deployment of expatriate managers as channels of communication. In conclusion they advance the need for corporate language strengths and weaknesses to be evaluated within strategic planning cycle.

Responding to this strategic theme an integrated methodology for conducting a linguistic audit of a multinational company was developed (Reeves & Wright, 1996). The initial phases of the audit involve process mapping and identification of language interfaces and these precede a formal SWOT analysis of language capabilities. Subsequently this assessment is used to fix pragmatic language performance standards against which individual post holders can be assessed. Although the methodology was specifically designed as a tool for multinational companies later research (Randlesome & Myers, 1998) suggests that only a small percentage of such companies have conducted formal audits of language skills.

Research of French companies (Kassis, 2001) identified a trend towards the formal adoption of corporate languages but highlighted the problems and challenges associated with such a strategy. These problems were also the focus of an earlier study (Neal, 1998). Based on extensive interviews with foreign (principally French) parent-company managers working in UK subsidiaries, Neal identified language problems as the major source of frustration, dissatisfaction and friction between them and their UK colleagues. He noted that for many of these managers the language barrier compounded their sense of being outsiders. Similar evidence of language contributing to relationship problems can be found in other international contexts such as American/ Mexican (Sargent & Matthews, 1998) and Japanese/American (Wiseman & Shuter, 1994). Parallel research highlighted the particular importance of language issues to Japanese multinationals describing the two pillars of their international HRM strategy as "Management by Japanese" and "Management in the Japanese language". (Yoshihara, 1999)

A survey conducted on behalf of the British Department of Trade and Industry (Hagen, 1999) provides clear evidence that when entering non-English-Speaking markets, British exporters considered language and communication problems to be their single most severe obstacle, ahead of market knowledge, trade barriers, transport and distribution logistics, and even product quality and price. The survey went on to confirm that the more successful exporters consistently display a greater depth and variety of language skills and a more strategic approach to language while less linguistically able exporters experienced greater customer dissatisfaction and were penalized by loss of overseas sales opportunities. Another survey (British Department of Trade and Industry 1995) showed that language was also a significant factor in the location decision of prospective investors.

Finally a study examining best practice in global sourcing strategy (Peterson & Frayer, 2000) concluded that "*international language capabilities have a very large effect on the development of global sourcing capabilities*" and deplored the reliance of many US corporations on English as a lingua franca.

Regrettably however, the contributions of these few pioneers can in no way be claimed to represent a cohesive and integrated body of research. Language in multinational business remains an ignored field. Part of the reason may be that business researchers and linguists alike have been deterred by the cross-disciplinary nature of the subject. Another factor may be the pre-eminence of American researchers who, because of the past dominance of the English-language, have a reduced perception of the importance of language. A third factor might be the enormous influence of Hofstede (Hofstede, 1980, 1991). His work has dominated cultural research for the past decade and has been developed (Kogut & Singh, 1988) into a system for measuring cultural distance thereby providing international researchers with a practical, easy to use and reliable measure of culture. Sadly, the Hofstedian dimensions make no reference to language and the Kogut and Singh scale has eclipsed the earlier but more cumbersome cultural measure of Psychic Distance (Johanson & Vahlne, 1977) in which language difference was a crucial component.

However, perhaps the most serious barrier to language research in business has been the absence of operationalized measures. It is facile to state that language is a problem to multinational business, but researchers will not be able to dissect the nature and implications of these problems until they have answers to the questions "what exactly is it about language that creates the problem", "how can it be defined" and "how can it be measured"? Clearly these questions can only be answered within the context of the sociolinguistic theory that explains how the language barrier actually works, and that is the theme for the next section.

THE LANGUAGE BARRIER

As illustrated in Figure 1 the density of the Language Barrier depends upon the level of language skills of the participants in the encounter. At its base where language skills of the second language users are very low, communication is practically impossible and the barrier is so dense as to be impenetrable. At its summit where the second language users have native speaker capabilities the barrier is narrow and easily surmounted. However, neither extreme is commonplace in international business. Nor is business communication generally interpersonal; more typically being an encounter between language groups. Accordingly, the explanation of the language barrier concentrates on inter-group encounters where there is a capability to communicate, but imperfectly.

Insert Figure 1 about here

The illustration shows that the barrier comprises ten separate phenomena sub-grouped into those that affect the first Language Users, those that affect the second Language Users and those that affect the relationship. In the paragraphs below these phenomena are briefly described.

Problems affecting first language users

Miscommunication. By comparison to those attempting to work in their second language, the first language user has an easier problem coping with the language barrier. Nevertheless their very competence in the language may in fact lead to problems (Gass & Varonis, 1991). Often the communication they receive from non-native speakers will be confused, incomplete and ambiguous and the cognitive schema of the first language speakers will process these incoming messages to make them congruent with their expectations and beliefs. The resultant divergence between the intentions of the communicator and the inferences of the recipient can lead to major misunderstandings with grave consequences for them both. Nor are such misunderstandings limited to encounters with novice second language users. On the contrary other researchers such as Takahashi (Takahashi & Beebe, 1987) suggest the most dangerous and severe problems of misunderstanding occur with competent second language users where their apparent fluency seduces the native speakers into a misplaced belief that communication is not a problem. Once such misunderstandings are exposed there will be a sense of delusion and a risk of recriminations on both sides.

Attribution. When dealing with foreign language speakers there is tendency on the part of a native speaker to "attribute" (Gudykunst & Ting-Toomey, 1988). Particularly if the non-native speaker appears relatively fluent then the first language speaker will project his own ideas, attitudes and feelings on to that person and will tend to over-estimate their linguistic fluency. The first language speaker thinks that the other person is culturally more akin to them than in fact they really are. This can initially accelerate the coming together process but later will cause problems when the second language user responds in a way that is inconsistent with the mind picture that the first language user had created of how they should react. The resultant delusion and confusion due wholly to the unrealistic expectations of the first language users generate a sense of mistrust and even dislike between the two parties.

Code switching. The last phenomenon that often bemuses and disconcerts first language users in a group context is termed code switching (Scotton & Ury, 1977). This is where the second language users, generally at key moments in a meeting, huddle together and revert to talking between themselves in their native language. It is easy to understand the need. The second language users, aware that their comprehension may be less than perfect, simply want to compare notes and to realign themselves before moving on to the critical discussion issues. However, to the out-members, who probably don't speak the other group's language, such a spontaneous switching of codes "just when it was getting interesting" smacks of conspiracy and double-dealing. Unless the two teams are sensitive to one another's problems, the feelings of exclusion and suspicion caused by code switching can easily boil over into hostility.

Problems affecting second language users

Loss of rhetorical skills. The most obvious and debilitating problem for the second language user is the loss of what are known as rhetorical skills. Competent second language users may be capable of clear communication but robbed of the interpersonal skills of humor, symbolism, sensitivity, negotiation, persuasion and even coercion, they will not be able to manage in the way they would wish. Authorities on power and leadership such as Allen (Allen, 1979) insist that such skills are essential tools of effective management and that managers denied them will lose both self confidence and the respect and liking of the people they manage.

Face. The concept of “face” is much used when discussing Japanese culture, but in fact it applies to all nationalities (Ting-Toomey, 1988). Nobody, least of all international managers of senior status, want to be considered stupid, ill informed or slow on the uptake, and therefore, will often maintain a knowing façade even when they have lost track of a discussion. In a cross-lingual meeting where a manager is working in his second language, the risk of losing track is high and the need to maintain face becomes an over-riding priority. As a consequence such managers can find themselves signing up to agreements they’ve barely comprehended and committing to objectives they’ve not had an adequate chance to explore. Subsequently they may distance themselves from the agreements alleging there had been no such discussion or renege on their commitments denying that the implications had been explained. Either way about-turns of this type undermine the credibility of the second language user who develops a reputation of being fickle, unreliable and untrustworthy.

Power/authority distortion. Scotton (Scotton, 1983) suggests that, in a meeting between parties of two different languages, the choice of language will depend upon situational factors of which one will be the international “vitality” of the language and another will be the relative competence of each party in the language of the other. Applying this in practice to a meeting between non English-speakers and English speakers then, unless there are other, quite exceptional situational factors, English will be the language employed. This introduces a distortion into the power-authority balance. Buyers, joint venture partners and parent companies from non-English speaking backgrounds who accommodate in this way find that they have relinquished some of the control over the relationship. They may retain formal authority, but the power in the relationship will be exercised by those who are working in their preferred language for whom communications fluency becomes a tool of influence (Kim, 2001). The result of such a divergence of power and authority will be affective conflict and disputes between the two parties.

Problems affecting the relationship

Psychic distance. As the name suggests psychic distance is a measure of the psychological separation of two parties from different cultures. The concept dates back to the 1970’s and the work of the Uppsala School (Johanson & Vahlne., 1977). In its original conception it was defined as “*factors preventing or disturbing the flow of* *information between potential or actual suppliers and customers*" though this definition was updated and generalised as "*factors preventing firms learning about and understanding a foreign environment*" (Nordstrom & Vahlne, 1992). By placing the emphasis on learning, this new interpretation enlarged the focus to embrace not only the customer/ supplier relationship but also other forms of international activity such as subsidiary management and joint ventures. Clearly, little has such a profound effect on learning and understanding as language, and the way that psychic distance was calculated included two language factors (out of a total of five factors).

Where cultures are widely differing and languages may not even share a common alphabet, the psychic distance will make it almost impossible for one party to understand the position of the other or for the two parties to reach a mutual accommodation. The only means of bridging the distance would be a sustained exchange of ideas and that is precluded by the imperfections in their communications capability. The effect therefore, will be to increase uncertainty within the relationship manifesting itself in suspicion, caution, and mistrust.

Parallel information networks. Grapevine communications which Marschan Piekkari terms "Parallel Information Networks" (Marschan-Piekkari et al., 1997) exist in every business and are sometimes considered advantageous but in cross-lingual relationships their impact can be corrosive. Consider the illustration (Figure 2) below of an (hypothetical) Anglo-French collaboration.

Insert Figure 2 about here

The UK finance manager is fluent in French, the French marketing manager equally fluent in English but neither of the two managing directors are comfortable in the other's language. Inevitably the communications will polarize with the French managers channeling their ideas, information and requests through the finance function in the UK and the UK managers likewise preferring to communicate through the French marketing manager. The consequences are highly detrimental to team cohesion. The two functional managers develop as information gatekeepers filtering, delaying and distorting the communications flow to their own advantage, while the others particularly the two managing directors feel that the chain of command has been undermined.

Again the consequential uncertainty, suspicion, mistrust and friction serve to impose limitations on the way the relationship can develop.

Group identity. In inter-group encounters group identity and loyalty become key influences on beliefs and behavior. Leading sociolinguists (Gudykunst & Ting-Toomey, 1988), (Gallois, Franklyn-Stokes, Giles, & Coupland, 1988) insist that in a cross-lingual meeting of groups, language emerges as the dominant factor in defining the group boundaries and composition. As an example, a young, female French-speaking accountant is more likely to identify with other French speakers regardless of age, profession or gender than with a young, female English-speaking accountant. Once the group boundaries have been defined social identity theory (Tajfel, 1982) predicts that individuals will take on and defend the values, interests and ideologies of that group. They will "attribute" negative intentions to the words and acts of out-group members, leading to a cooling of the relationship and a divergence of outlook between the two language groups. Uncertainty and suspicion will add additional strains especially for the second language users for whom the degree of uncertainty will be inversely correlated with language competence. Such uncertainty will increase the tendency to over-estimate the importance of group membership on behavior (Gudykunst, 1988).

Cognitive schema. In the introduction to their book on intercultural communication Scollon & Scollon (Scollon & Scollon, 1995) stress that "Language is ambiguous", that "this ambiguity forces us to draw inferences", that "such inferences are drawn very quickly" and that "once drawn they rapidly mutate from tentative interpretations to fixed understanding". Their succinct summary describes from an intercultural perspective the more general concept of schema theory (Taylor & Crocker, 1981) that subdivides the functionality of a schema into 7 sub-functions represented schematically in Figure 3 below. The first three of these functions are concerned with the processing of incoming data and it can be seen that the schema manipulates (filtering, interpreting and padding out) incoming information so that it conforms to the pre-conceptions of the recipient. In the case of an inter-lingual encounter where the second language users are less than fully fluent, the risk of ambiguity, misunderstanding and imperfect comprehension are very high leading to a polarization of the cognitive schema of the two parties. It is these schema which will be employed in group decision-making, acting as a map to simplify complex decision criteria (Schwenk, 1984) and providing the repository of knowledge and experience upon which the key actors base their judgements (Dubin, 1978). Quite clearly therefore, where there has been cognitive polarization, decisions taken by one group may be incomprehensible and unacceptable to the other and vice versa.

Insert Figure 3 about here

THE COMMUNICATIONS AND MANAGEMENT CYCLE

The language barrier issues discussed previously impinge to a greater or lesser extent upon all multilingual relationships regardless of the languages concerned or the nature of the relationship between the parties involved. Technology collaborations, joint ventures and supplier-customer relationships will all be subject to the debilitating influence of the language barrier. However, perhaps the most pronounced manifestation of the language barrier at work is to be found in the relationship between a multinational parent company and its network of international subsidiaries. Assembling the language barrier components into a single conceptual model, the authors visualize the parent subsidiary relationship as two coupled vicious circles, as illustrated in Figure 4. Communications failures caused by *loss of rhetorical skills*, *miscommunication* and *face* lead to uncertainty and anxiety. Attitudes harden, and personal relationships suffer as *group identities* polarise and motives and actions are incorrectly and negatively *attributed*. The risk of affective conflict intensifies as factors such as *parallel information networks*, *code switching* and *power-authority distortions* compound the sense of suspicion and friction. We accept the assertion that a modest level of mistrust can be positive (Jeffries & Reed, 2000) but in the specific circumstance discussed previously, we insist the level will be sub-optimal and dysfunctional for the relationship. All of these negative influences then become cemented in the *cognitive schema* of those involved.

Insert Figure 4 about here

We now switch to the management cycle where the cognitive schema acts to influence decision-making and to impede the flow of accurate, objective information upon which such decisions will be based. Typically the first decisions to be influenced will concern strategies regarding future market extensions including selection of target countries, speed of globalisation programs and methods of entry. Following on quickly behind are likely to be organizational issues aimed at simplifying the language interfaces. National managers may be replaced with expatriates or other personnel skilled in the parent language. Some key functions may be taken under direct parent company control whilst others may be rationalized so that they no longer have direct contact with company headquarters.

Having reduced the uncertainty by organizational means the head office management will be reluctant to re-expose the problems of communication underlying the fraught relationship with their subsidiaries. So earlier strategies aimed at maximizing synergies and skills will be reviewed. Plans to integrate information systems, to enhance knowledge and technology transfer and to promote joint development of products and processes are likely to be shelved as unfeasible. The establishment of complex, multi-lingual, supply chains is likely to be deferred as "too risky at this time". And even essential collaborative steps such as the development of an integrated treasury operation and the rationalization of the combined supplier base, are likely to proceed cautiously as long as language remains a barrier.

In the final step of the cycle attention of the head office management team turns to control: "*if we can't manage our subsidiaries as we would want then at least we must ensure they are strictly controlled*". And where uncertainty is rife and communication is a problem, the typical measures adopted are centralization of key decision making and the imposition of rigid and onerous output reporting covering not only finances but many other areas such as manufacturing, quality, purchases, stocks and service levels.

As the formality of the relationship deepens, the quality of the communication declines further. Head office managers whose language skills had previously been tested to understand basic management issues now struggle in vain to comprehend the minutiae of the information thrown up by the reporting system. The subsidiary managers frustrated by their inability to communicate effectively with their divisional management and uncomprehending of why they find themselves discussing relative trivia when their bosses don't even understand the key issues, learn that often the best tactic is to withhold information. "*If we don't give divisional headquarters the ammunition they can't fire it back at us*" becomes the prevailing logic. And so the quality of communication reaches a new low point leaving both head office and subsidiary managers experiencing increased levels of anxiety and uncertainty and triggering another revolution of the vicious circle.

We believe that the foregoing sections have painted a persuasive picture in which language has a sphere of influence stretching into many areas of multinational management. In the following section we develop this as a series of hypotheses linking the language barrier to specific characteristics of multinational companies and the way they manage.

A MODEL FOR THE IMPACT OF THE LANGUAGE BARRIER IN INTERNATIONAL BUSINESS

Despite its strong theoretical grounding, the idea that the language barrier really does have a consistent and predictable influence on multinational management has yet to be tested empirically. To this end we have developed a set of propositions (illustrated in Figure 5) to serve as an initial research agenda. In it we have posited relationships between the scale of the language barrier confronting a multinational company and variety of attributes describing the strategy, structure and systems of that company.

Insert Figure 5 about here

Proposition 1: The scale of the language barrier experienced between a parent company and its international subsidiaries will be negatively related to the likelihood that the company adopts a global strategic configuration and positively related to the likelihood that the company adopts a multi-domestic configuration.

With reference to the Integration/Responsiveness framework (Prahalad & Doz, 1987) it is clear that the global strategic configuration requires a high level of parent-subsidiary co-ordination. This level of co-ordination is most achievable by companies for which the language barrier is relatively low (for example companies domiciled in countries with international languages or companies with well-developed corporate language strategies). At the other end of the language spectrum, corporations confronted by a high language barrier will find the communication demands of the global configuration onerous and are more likely to pursue a multi-domestic strategy. It is also interesting to reflect, that corporations with a minimal language barrier to manage (for example those with a high level of linguistic standardization and those with excellent language scales in place) might be best equipped to achieve the communications flexibility necessary to balance local responsiveness with global co-ordination and so to adopt the transnational configuration.

Proposition 2: The scale of the language barrier experienced between a parent company and its international subsidiaries will be negatively related to the willingness of the company to accept high-risk entry methods.

The role of uncertainty has long been recognised as an influence on entry method and diversification method (see e.g. Kogut & Singh, 1988). Recalling the definition of Psychic Distance (Nordstrom & Vahlne, 1992) it is clear that companies confronted by a low language barrier will have fewer "*factors preventing them from learning about and understanding a foreign environment*" and consequently will be less risk-averse. Conversely companies for which language is a sizeable barrier to learning and understanding will respond with caution and prudence and accordingly will favor low-risk entry methods.

Proposition 3: The scale of the language barrier experienced between a parent company and its international subsidiaries will be negatively related to the company's level of success in knowledge and technology transfer.

Gupta and Govindarajan (Gupta & Govindarajan, 2000) define absorptive capacity (understanding) as a key determinant of knowledge transfer and Davidson and McFetridge (Davidson & McFetridge, 1985) found communications capability to be positively associated with technology transfer. The language barrier can be seen as both an inhibitor of understanding and an obstacle to communications. It is logical therefore, to assert that companies with a low language barrier will find greater facility both in communicating to, and obtaining understanding from, their global subsidiaries and thus will enjoy greater success in knowledge and technology transfer. By contrast companies for which the language barrier is a source of misunderstanding, friction, suspicion and cognitive polarization will experience far greater problems in stimulating and sustaining the transfer of knowledge and technology.

Proposition 4: The scale of the language barrier experienced between a parent company and its international subsidiaries will be negatively related to the company's pursuit of integration strategies.

The general logic that leads to the conclusions about Strategic Configuration applies equally to integration strategies. Integration, be it of IT systems, supply chains, R&D activities or marketing strategies, will demand intensive, open and effective communication. This is evidenced by research examining co-design in an international context (Subramaniam & Venkatraman, 2000) which established that the frequency of communication between project team members is one of the key determinants of transnational product development capability. Almost by definition companies with a low language barrier will be better equipped to support this intensity of communication, and therefore will be more successful in integrating global activities. Conversely companies in which the language barrier fosters uncertainty, suspicion and national identity will find it much more difficult to pursue such transnational (translingual) strategies.

Proposition 5: The scale of the language barrier experienced between a parent company and its international subsidiaries will be positively related to the company's usage of parent-country expatriate personnel.

Marschan-Piekkari et al. (Marschan-Piekkari et al., 1997) describes one expatriate role as "language gatekeeper" and Harzing (Harzing, 1999) describes another as "position filler". Companies with a low language barrier are unlikely to deploy parent company personnel to act as gatekeepers as the scale of the language problem will be deemed too trivial to merit the costs of expatriation. In the same vein, where "position fillers" are needed parent companies with a low language barrier will be able to satisfy the requirement at lower cost by appointing third country nationals rather than parent country nationals. Companies burdened by language barrier issues however, will seek the convenience, comfort and certainty offered by using parent country personnel in strategic overseas positions.

Proposition 6: The scale of the language barrier experienced between a parent company and its international subsidiaries will be positively related to its adoption of "communications unchallenging" control systems.

Using the 4 control categorizations developed by Harzing (Harzing, 1999), we assert that managers of parent companies facing language barrier problems will be obliged by communications constraints to adopt those methods of control which are least demanding of communications capability. Typically they will adopt centralization strategies restricting the devolution of functions to their subsidiaries and constraining local decision-making autonomy and they will impose onerous, but simple to interpret, reporting procedures as a surrogate for “hands on” control.

Companies for which language is not a serious barrier will by contrast have the freedom to pursue more “communications intensive” styles of control. They are more likely to be able to globalize their bureaucratic systems as the language of the policies, procedures and systems developed in the parent language will not be a serious impediment to their use in satellite operations. For the same reason they will be more effective in diffusing the visions, missions, values and shared understandings that are fundamental to control through socialization.

With the all-pervading nature of communication effects, we could continue to extend this list suggesting other propositions founded on the basic premise that companies with a low language barrier will be less uncertain, more assertive and more flexible in their strategic choices. Issues such as host country selection, specific entry methods and level of subsidiary autonomy are just some of the further issues that lend themselves to study based on the uncertainty / trust / conflict perspective.

However, the empirical research necessary to explore and test these expected relationships demands that the language barrier construct is developed beyond a concept and formalized as an operational measure that would-be researchers can apply. The components of such a measure are evolved and discussed in the next section.

OPERATIONALISING THE LANGUAGE BARRIER

Viewed in the light of the foregoing, there is clear evidence that the language barrier will have detrimental consequences for multinational companies. It follows therefore, that these consequences will be minimized by factors reducing the scale of the barrier and will be exacerbated by factors that heighten it. Considering the typical organizational model of a multinational company, we posit that the consequences of language barrier will be minimized:

- Where the parent company has a widely-used international language (English being the pre-eminent example)
- Where the parent company demonstrates that it is fully sensitive to and aware of the possible impact of language, and has instigated corrective measures.
- Where the parent company has excellent language skills available to it.
- Where the parent company has formally adopted a corporate language strategy and has implemented it throughout the group..

From the opposite perspective, the consequences of the language barrier will be exacerbated:

- Whenever there is a language difference between the parent company and its subsidiary.
- When the number of different languages the parent company has to work in increases.
- When the number of parent company functions and the number of levels within each function engaged in inter-lingual communications increases.

Based on this logic we advance a construct definition of the language barrier based on the interaction of seven operational measures (which we shall refer to as the language barrier drivers).

1. *Language Internationality*: A measure of the internationality of the parent company language.
2. *Language awareness*: A measure of the degree of language awareness shown by a multinational parent company and manifested in its operational and strategic processes
3. *Language capability*: A measure of the language skills available within a multinational parent company.
4. *Corporate language*: A measure of the extent to which a multinational parent company has been successful in standardizing language within the group.
5. *Language difference*: A measure of the extent to which a company's subsidiary operations do not share the parent national language.
6. *Language diversity*: A measure of the range of languages to be routinely managed by a parent operation in its contacts with subsidiaries, customers, suppliers and venture partners.

7. *Language penetration*: A measure of the level of incursion of inter-lingual contacts within a parent company representing both the range of functions and the number of levels within those functions that are required to work in foreign languages.

These drivers of the language barrier have been defined in terms of a parent company operation although we believe they could be applied equally well to any lower level operating unit such as division, national headquarters or individual site. In offering up this construct definition the authors are conscious of two crucial issues. Firstly that the seven drivers are not unrelated, and secondly that it will be necessary to develop consistent formalized measures for each one.

We will take the topic of driver interdependency first. Language awareness will for example be negatively related to the internationality of the parent language and positively related to the company's language penetration. Companies reliant upon minor international languages and those with the greatest number of personnel involved in cross-lingual communications will be more sensitive to the problems of language interfaces and are therefore, more likely to adopt measures to manage those problems. In a similar context it is probable also that there will be a complex relationship between the adoption of a corporate language and three of the other drivers: the internationality of the parent company language, the language difference and the language capability. Companies domiciled in countries with minor international languages will be confronted with a difficult quandary. They cannot standardize on the parent language as the requisite language skills do not exist globally and they would only wish to adopt another language if they had a strong language capability present within the parent company management. Without such capability they are therefore likely to eschew both options and continue without a formal corporate language. However, even this non-committal option is untenable if the level of language diversity becomes unmanageable and companies facing such a severe language barrier will be forced to make a decision about language standardization.

Other probable interactions can be identified, and we are aware that the effective scale of the language barrier is likely to be a composite based on the interaction of all 7 drivers working in harmony (or discord). For this reason all of the propositions discussed in the previous section have been expressed as relationships to the composite language barrier construct, even though it would be easy to advance hypotheses linking attributes of multinational management to individual language barrier drivers.

The second issue concerns the provision of measures for the individual drivers.

Language Internationality. Scales of language internationality have been developed by several researchers (Navarro, 1997), (Graddol, 1997). The Graddol system based on the multi-component Engco model uses demographic, economic and predictive factors to emerge with a composite measure termed the language global influence index (LGII). From a business perspective the LGII is less than ideal, excluding as it does important components such as the number of business journals and books and the level of e-commerce activity generated by each language. As a consequence "population-heavy" languages such as Urdu and Bengali, come ahead of "commerce-heavy" languages such as Italian and Dutch. Nevertheless, the LGII we believe will provide a robust measure for the first of our language drivers.

Language awareness. Companies alive to the importance of language will manifest this awareness in their policies and procedures, their systems, their web sites and their publications. A specific list of issues to be examined and evaluated is provided in the Language Check-Up methodology (Reeves & Feely, 2001).

Language capability. Language capability is a relative measure comparing language capability against company requirement. It is a composite measure aggregating for all company post holders the actual language competence against a pre-determined proficiency grid. The tools for measuring this driver form part of the Linguistic Audit methodology (Reeves & Wright, 1996).

Corporate language. Companies who have successfully implemented corporate languages will have defined the objectives and expectations of the strategy, will have formalized how and under what circumstances the corporate language must be used, will have developed HRM policies on training, recruitment, promotion and reward to reflect language skills and will have conducted language audits to assess progress. Recent studies of corporate languages (Marschan-Piekkari et al., 1999), (Kassis, 2001) provide the foundation for developing such a measure.

Language difference. The language difference driver is a simple measure of the extent to which subsidiaries and other regular overseas contacts share the parent company national language. This can be evaluated using language mapping which again is a component of the Language Check-Up Methodology (Reeves & Feely, 2001).

Language diversity. As previously, the level of linguistic diversity to be managed by any parent company is a direct product of the language mapping exercise which subdivides the language interactions by language, by competence level and by skill-type i.e. reading, writing, speaking and listening.

Language penetration. In order to measure language penetration it is necessary to conduct an analysis at the level of individual post-holder within function. This can be done relatively easily using a process road map approach as explained in the Linguistic Audit methodology. (Reeves & Wright, 1996)

In this conceptual paper we have deemed it appropriate to stop short of a full operationalization of the language barrier construct. It is our contention that when there is so little empirical research the paramount goal for our paper had to be the construction of a bridgehead demonstrating that language is indeed an important variable in multinational management. This done we believe there will be a significant body of culturally orientated researchers who will carry this research forward.

CONCLUSION

In this paper we have used sociolinguistic theory to define the construct of the Language Barrier, a construct which we believe will be helpful in furthering research on the impact of language on international business. We have synthesized this theory into a vicious circle model illustrating the mechanisms whereby the language barrier exerts its influence. Subsequently, we have used this model to advance six propositions that link the language barrier to core issues in the field of international business: organizational configurations, methods of entry, knowledge and technology transfer, global integration strategies, expatriation and control mechanisms. Finally, we have identified and defined seven language barrier drivers which taken together provide an operational measure of the language barrier.

This contribution to an otherwise ignored field of business study should be considered only a first step in opening up a new research agenda. We invite specialists in each of the fields touched upon to make a more incisive and informed contribution to the debate. Sociolinguists could improve greatly upon our “layman explanation” of the operation of the language barrier, though in doing so they should take care to retain the accessibility to non-specialists that we believe is a key feature of our paper. Theorists in international business too have a major contribution to make developing the concepts of the language barrier drivers and providing more complete definitions of the constructs and their measures. And empirical researchers have a role of paramount importance. Noorderhaven (Noorderhaven, 1999) referring to the parallel field of culture and trust appealed for *"more data and less theory"*. Whilst echoing his sentiments, we hope that in the specific case of language and business, a field devoid of both theory and data, our conceptual paper will provide a good starting point. However, we freely accept that this contribution will count for little unless it acts as a catalyst to inspire a program of empirical research. It is our hope that the research community will indeed take up this challenge and that a few years down the line the topic of language as a variable in multinational management will be considered neglected, orphaned and forgotten no longer.

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TABLE 1
The Importance of Language Research in International Business: 1990 to 2000

Single search key	No. articles	No. articles after adding language as second key	No. articles after filtering non business Topics	% of articles examining language
Multinational	2862	17	2	0.07
Globalisation	2237	18	4	0.18
Management	100606	1765	31	0.03
Organisation	95720	1137	15	0.02
Technology	2237	18	2	0.09
Communications	16533	264	27	0.16
TOTAL	297,431	4114	81	0.03

FIGURE 1
The Language Barrier

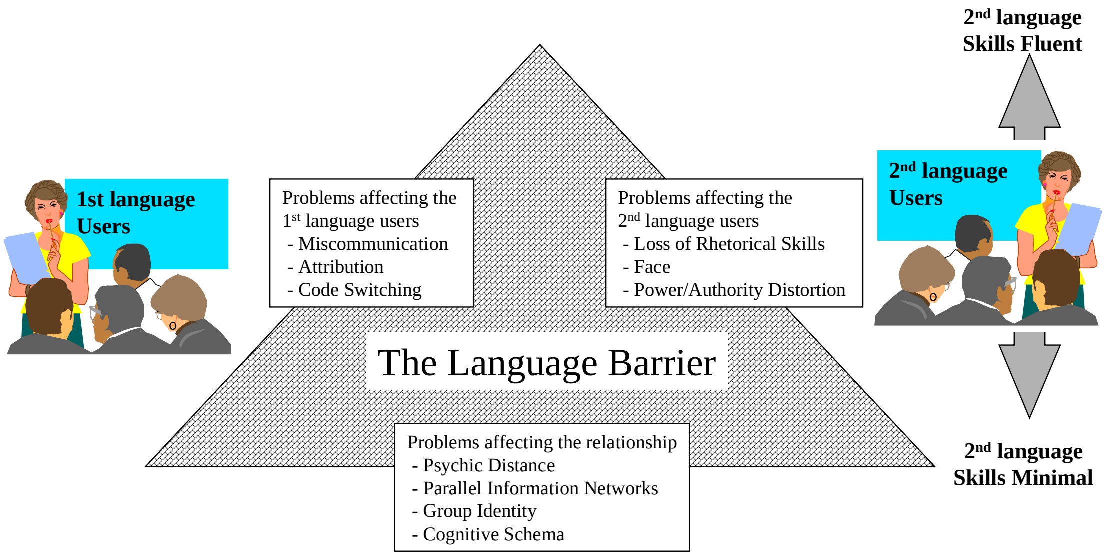

FIGURE 2:
Parallel Information Networks in an Anglo-French collaboration

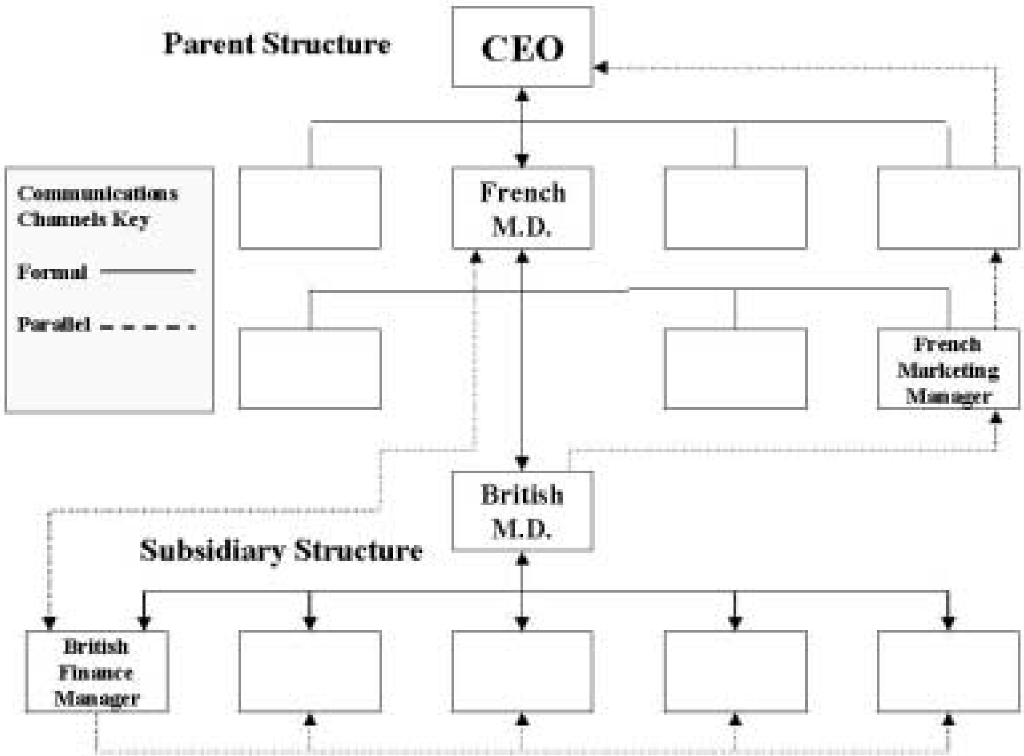

FIGURE 3
The Seven Sub-functions of Schema

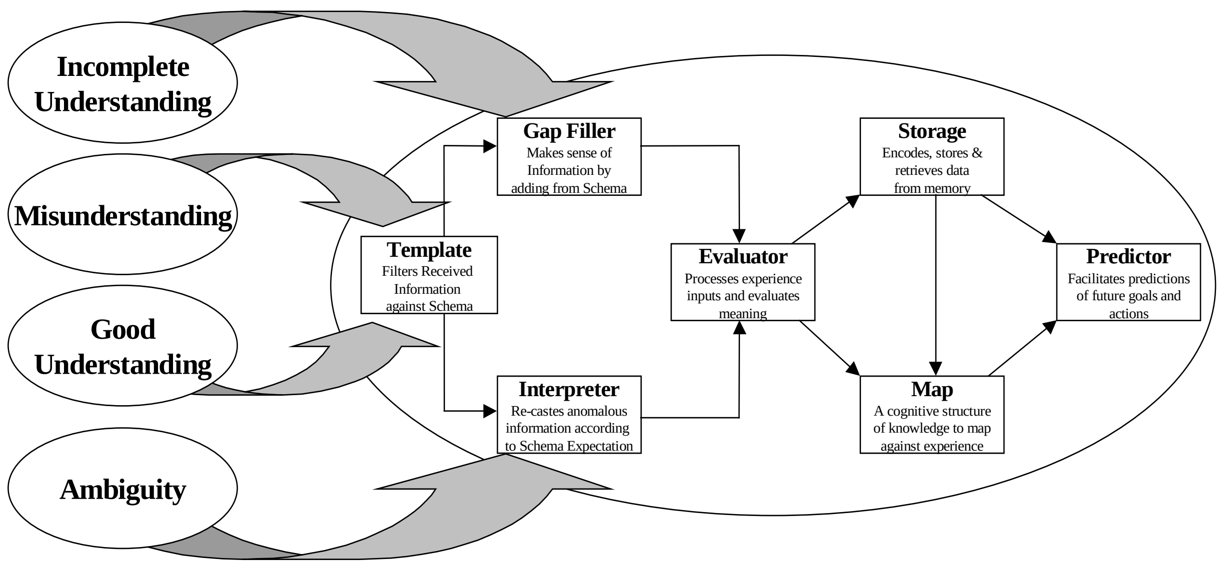

FIGURE 4
The Communications and Management Cycle

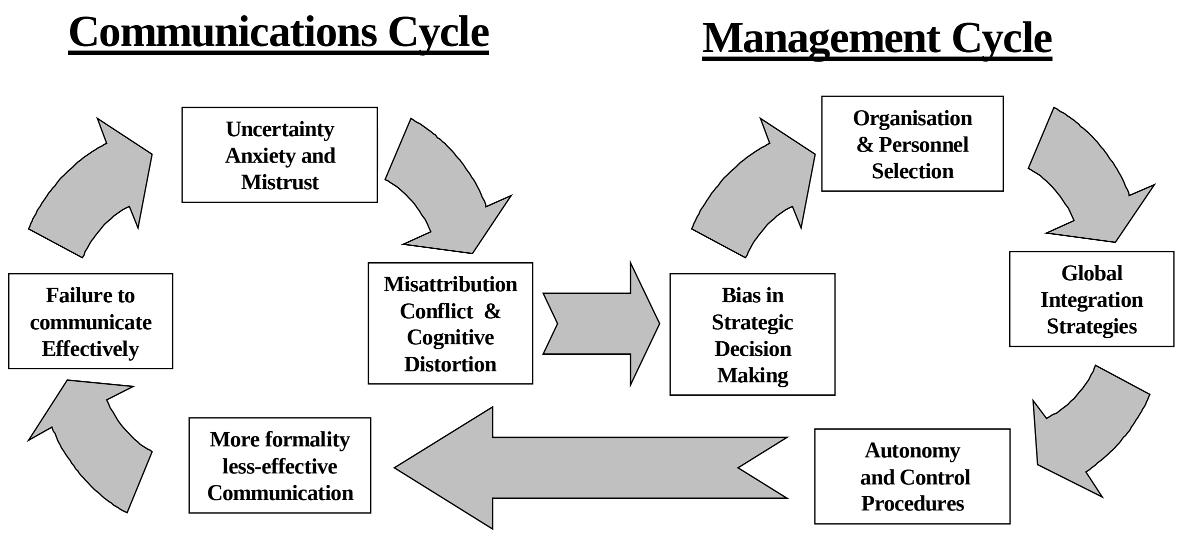

FIGURE 5
A Model for the Impact of the Language Barrier in International Business