

# **EXPLORING THE POSITIVE SIDES OF LANGUAGE DIVERSITY IN THE MNC**

## **Abstract**

This study examines language diversity. It is based on a multiple case study of two European MNCs and draws upon 22 qualitative interviews with internationally active MNC staff at the firms' corporate headquarters and their subsidiaries. It finds that while linguistic diversity may initially impede communication, it may also serve as a facilitator over time as individuals shape their own language(s)' such as company speak, discourse conventions and shared working culture(s). The study emphasizes the positive aspects of language and suggests that language diversity, if well managed, can strengthen cohesiveness and build trust, allowing MNC employees to communicate better with each other across linguistic boundaries. This study also identifies the linguistic strategies underlying the development of company speak, and shows that language-related difficulties are often best overcome in interpersonal interaction than in language training. This has implications for corporate language management.

## INTRODUCTION

“In an international company, you need to have an organizational language. Not the language that you have from the country, but the language everyone adapted and talked the same way. It is like culture; you are not changing the culture of the country, but you are creating a culture for the organization. I think language follows that. This is the way we adapt ourselves by being in this environment. One is the cultural, which influences how we communicate to each other, then we create this language, this is how we speak in our firm, and then on top of that, the day-to-day acronyms, the abbreviations, which must be a nightmare to newcomers.” (Top manager at a large Austrian MNC)

Multinational companies (MNCs) have recently been described as “linguascapes” (Steyaert et al., 2011), “multilingual communities” (Luo and Shenkar, 2006) or “multilingual organizations” (Barner-Rasmussen and Björkman, 2005; Fredriksson et al., 2006; Barner-Rasmussen and Aarnio, 2011), composed of employees who are native speakers of different mother tongues and who come from various socio-cultural backgrounds. According to UNCTAD (2010) estimates, MNCs employed a total of 80 million foreign workers in 2009. This number is very likely to increase in the future, as firms continue to expand internationally. Managing linguistic diversity hence represents a critical concern for MNCs, if they are to survive and stay competitive.

In order to reduce the costs of translation and facilitate intra-MNC communication, MNCs have introduced explicitly or in an emergent way a common corporate language (Feely and Harzing, 2003). Current conceptual frameworks and empirical research in international business have widely highlighted the multifarious challenges, risks and costs that are associated with multilingualism and the selection of a corporate lingua franca. Communication across language boundaries is very often impeded by (1) the comprehension and production difficulties (Gerritsen and Nickerson, 2009), (2) the difficulty of translating some terms into foreign languages (Brannen, 2004; Holden and Von Kortzfleisch, 2004), (3) the discomfort people tend to experience in a nonnative language (Neeley, 2012; Neeley et al., 2012), and (4) the difficulty people have in understanding communication styles that differ across linguistic communities (Scollon and Scollon, 1995; Henderson, 2005). These language-

related difficulties have been found to trigger power shifts, foster mistrust, and amplify the risk for conflicts, which can, at worst, lead to a complete breakdown in communications (Marschan-Piekkari et al., 1999b; Harzing and Feely, 2008).

On the other hand, there is also some evidence in the literature that multilingualism is a corporate asset. For example, linguistic differences have been linked to a plethora of new or different and potentially complementary perspectives on operational and strategic firm issues (Harzing et al., 2011). What is more, multilingualism can represent an opportunity for employees to shape an organizational language. By organizational language, or what Welch et al. (2005) denote as “company speak”, I refer to the firm-specific vocabulary and communication norms that evolve from continuous interactions among corporate members of a specific organization. The potential of a shared language, or code, to minimize language- and culture-related communicative difficulties have over the decades been discussed by a number of authors (Arrow, 1974; Pettigrew, 1979; Kogut and Zander, 1992). Arrow (1974), for example, argues that a firm’s ability to economize its communication through a shared language is a *raison d’être* for the MNC. Similar concepts have most recently also been discussed in the linguistic literature on Business English as a Lingua Franca (BELF) (Meierkord, 2002; Kankaanranta and Louhiala-Salminen, 2010). According to this view, language is viewed as a key means to facilitate cross-border communication, strengthen social cohesiveness and unify the linguistically and culturally diverse workforce (Stohl, 2001; Henderson, 2005; Du-Babcock and Babcock, 2007; Deardorff, 2009; Brannen and Doz, 2012).

Against this background, the purpose of this study is to examine effects of language. Despite the recent “linguistic turn” in the IB literature, our understanding of language and its effects for the MNC remains fragmented. Much of the scholarly attention has been directed at investigating the negative sides of linguistic diversity. Yet, less is known about the positive

dynamics of language. Moreover, there is a gap in the literature concerning the role of “company speak” and the processes and mechanisms through which it evolves. This study aims to contribute to this gap and seeks to explore the positive dynamics of language.

The remainder of this paper is structured as follows. I begin by defining language and to describe the background underlying the study at hand and illustrate the issues most pertinent to language diversity. Drawing upon 22 qualitative interviews with internationally active employees at two European MNCs, the findings section will highlight the double-edged nature of language diversity. It shows that whereas linguistic diversity may initially impede communication, it may also facilitate communication, if corporate members within a specific organization succeed in developing their own “language(s)” and shaping a shared working culture(s). In this sense, this paper views language and culture as dynamic, interrelated and constantly changing concepts, which are constituted, (re)negotiated and maintained in social interaction between speakers (Meierkord, 2002). The paper also discusses successful language strategies to resolve the language barrier more effectively and enhance communication effectiveness across language boundaries within the MNC. Next, I will discuss the managerial implications. Finally, the paper concludes and outlines further avenues for research.

## **THEORETICAL UNDERPINNINGS**

### Language: a definition

Following modern linguistic thinking, this paper views language not merely as a medium for exchange, but more importantly language is a “cultural resource” and “speaking a cultural practice” (Duranti, 2009). Under this constitutive view, language and the meaning is co-constructed and maintained in social interaction. As Hall (2012, p.10) notes: “language meaning is located in the dialogic relationship between the historical and the present, between the social and the individual”. Language “informs the way we think, the way we experience

and the way we interact with each other” (Montgomery, 1995, p.251). Marker of identity and determines group membership and boundaries (Tajfel, 1982; Tajfel and Turner, 1986; Gudykunst, 1999). It also constitutes social action. This view is also shared by Halliday (1997), who conceptualizes language as “a range of possibilities, an open-ended set of options that are available to the individual in his existence as social man”.

### Language diversity in the MNC

When moving into a multiple languages environment, MNCs will introduce explicitly or implicitly a common corporate language with the purpose to facilitate cross-border communication. It is intended “to facilitate global coordination, streamline intra-network communication, and bolster the transferability of information, knowledge and expertise” (Luo and Shenkar, 2006, p.325), minimize the time and costs spent on (simultaneous) translations and enhance subsidiary control. It is also seen to create a strong organizational culture and instilling into the MNC employees a sense of belonging to a global family (Marschan et al., 1997; Marschan-Piekkari et al., 1999a). Most commonly, English will be chosen as a corporate lingua franca, given its global reach and status as the dominant language of international business (e.g. Crystal, 2003).

From the viewpoint of top management, the introduction of a single corporate language is often seen as the panacea to all language-related challenges. It has been widely argued in the literature that top management very often tends to assume a largely instrumental or mechanistic view on language (Janssens et al., 2004), given its superior English language skills, Anglo-Saxon MBA education and high international experience (Reinsch, 2009). Not only are they considered to be unaware of the challenges of language, they also tend to assume that language-related problems will resolve themselves almost automatically as soon as IHRM measures including the provision of language courses and recruitment of English-speaking employees have become fully effective (Fixman, 1990; Neeley et al., 2012).

In the current stream of literature on the role of language, conceptual studies and empirical research has widely emphasized the negative sides that arise from multilingualism and the choice of a common corporate language. Clearly, the less proficient individuals are in the (corporate) lingua franca, the more difficult it is for them to communicate successfully (Barner-Rasmussen and Björkman, 2005; Buckley et al., 2005; Barner-Rasmussen and Björkman, 2007). Communication failures can also arise due to cultural differences.

*“Most miscommunication does not arise through mispronunciation or through poor use of grammar. The major sources of miscommunication in intercultural context lie in differences in patterns of discourse.”* (Scollon and Scollon, 1995, p.xii)

Communication failures occur since individuals (1) are largely unaware of their cultural conditioning; (2) lack relevant social knowledge to interpret correctly foreign discourse conventions (Buckley et al., 2005) and (3) make inferences from their native language (Rogerson-Revell, 2007). Taking the case of Disney Corp. and its expansion into Japan and France, Brannen (2004) that organizational assets may not transfer well into foreign contexts due to a lack of semantic fit between the home country and the host countries.

Linguistic differences do not only influence the immediate communication situation, but have also been found to have a pervasive influence on communication and knowledge sharing patterns within the MNC. Conceptually, Harzing and Feely (2008) propose that linguistic diversity prompts the development of a language barrier between (groups of) native speakers and second language users. They suggest that communicative failures can lead to mistrust and negative attributions. Code-switching, power-authority distortions, as well as parallel information networks, can further amplify the risk of tensions and conflicts and can instigate an antagonism between “us” and “them”. They also draw upon social identity theory and self-categorization theory to show that language commonality is a prime marker of identity in conflict-laden, emotionally-charged situations, which can drive the formation of language-dependent groups and lead, at worst, to a complete breakdown in communications. Similarly,

Welch and Welch (2008) view language as a “reconfiguration agent” that powerfully shapes formal and informal communication networks within the MNC. Empirical studies have also widely illustrated how language similarity leads to the creation of language-dependent clusters. In their seminal research, Marschan-Piekkari et al. (1999b) illustrates how the imposition of a company language led to the emergence of a language-dependent shadow structure developed in Finnish MNC KONE, as staff with confined language skills were forced to maintain language-based relationships as to circumvent the language barrier. Mäkela et al. (2007) show in their case study on knowledge-sharing in three Nordic MNCs how a shared language –either natively or acquired – lead to the creation of language-based clusters.

Yet, linguistic diversity also constitutes an important asset (Harzing et al., 2011). If well managed, it represents a chance for MNC members to negotiate a shared code or “third language” (Janssens et al., 2004) from the plethora of ways of thinking, acting, and behaving that are inherent in linguistic diversity. In the context of multilingual teams in the MNC, Henderson has recently argued that members

“are also “recreating” language and communication norms in the sense that individuals are negotiating and agreeing on shared meanings and discourse conventions as they switch from a monolingual to a multilingual context.” (Henderson, 2005, p.74)

At the MNC level, such an emergent language has been referred to as “company speak” (Welch et al., 2005), “corporate speak” (Czerniawska, 1997) or “organizational language” (Brannen and Doz, 2012). It has been defined to include firm-specific acronyms, abbreviations and other terminology. Moreover, it is seen to reflect a specific firm’s founding history and its visions for the future as well as its organizational culture (Welch et al., 2005; Piekkari, 2009; Brannen and Doz, 2012).

Already early onwards, authors have discussed the importance of a shared language to facilitate cross-border communication. In the context of knowledge transfer in the MNC,

Kogut and Zander have, for instance, proposed that knowledge can be transferred more easily intra-organizationally than between firms because corporate members within a specific organization share a cognitive framework that is expressed in and through a shared code. Arrow (1974) argued that a key advantage of a firm is that it is able to economize its communication through a shared language. More recently, Weber and Camerer (2003) have looked at the role of language in the M&A context. They suggest that organizations develop “homegrown languages”, as they call them, if natural languages are inadequate to create common ground. This can be highly problematic in the context of an M&A, as two companies are likely to have different homegrown languages and fail to understand the other party’s language system. The concept of an organizational language also shares key characteristics with Business English as a Lingua Franca, which has been described by Louhiala-Salminen et al. (2005) as a neutral and share code for communication. It should be noted though that such a language rather represent a subset of a natural language and have accordingly been characterized as pidgin languages in the literature (Bartlett & Johnson, 1998).

## **THE STUDY**

### Research design

Given the lacuna of research in this area, this study uses an exploratory case study design. As Eisenhardt (1989, p.548-49) notes,

“[Case study research] is particularly well-suited to new research areas or research areas for which existing theory seems inadequate. This type is highly complementary to incremental theory building from normal science research. The former is useful in early stages of research on a topic or when a fresh perspective is needed, while the latter is useful in later stages of knowledge”

The study took place in 2011/2012 at two Austrian-headquartered MNCs. Both case companies can be regarded as typical cases. Both MNCs are highly linguistically dispersed, and have been using English as a corporate language. Case company A is headquartered in



Austria with eight subsidiary units in Central and Eastern Europe. Case company B, a globally operating manufacturing firm, is headquartered in the German-speaking part of Europe and has subsidiaries in Northern, Central and Southern Europe.

### Data collection

In view of the complex and multifaceted nature of language, this study relies upon open-ended, semi-structured interviews as primary source of data for various reasons.

First, they allow eliciting from the interviewees an in-depth, holistic understanding of the perceived challenges of language diversity and the manifold implications they might have for communication. Another key advantage of interviews is that they allow a follow-up on unexpected aspects of the research phenomenon and get a detailed understanding of the context in which they occurred (Froschauer and Lueger, 2003). Moreover, they provide both interviewer and the interviewee alike with the opportunity to ask questions and clarify their understanding (Ghauri, 2004).

The interviews centered on three main topics: (1) linguistic diversity and its implications including the need to use a shared corporate language, (2) the challenges that stem from it, and (3) the individual-level and corporate-level solutions.

### Respondent sample

Overall, I personally conducted 22 interviews with MNC employees at corporate headquarters and subsidiary units. In line with case study research protocol, I triangulated primary data sources (Pauwels and Matthyssens, 2004) in order to “maximize opportunities to develop concepts in terms of the properties and dimension, uncover variations, and identity relationships between concepts” (Corbin and Strauss, 2008).

The interviewees were selected from different departments, management levels and came from a wide range of different linguistic backgrounds. The majority of the interviewees held managerial positions (top or middle), while the remainder included non-managerial staff.

Eight interviewees are native German speakers, while the remaining 14 interviewees were native speakers of host-and third country languages. They spoke a total of eight different native languages including Albanian (1) Croatian (3), Dutch (2), Finnish (1), Polish (1), Portuguese (1), Slovenian (4) and Swedish (2). All of them are nonnative speakers of English. The respondents' profiles can be found in the Appendix.

The interviews were conducted in English and German. The interviews lasted between 27 min and 2.30 hours and were conducted face-to-face and over the phone at companies' HQ and subsidiary units. The interviews were digitally recorded with the consent of the interviewee.

### Data analysis

The interview transcripts were imported into atlas.ti, a qualitative data analysis software. To analyze the data, I followed Miles and Huberman's (2009) qualitative data analysis approach, which consists of three major steps, namely (1) data reduction, (2) data display, and (3) conclusion drawing and verification. To code the data, I followed a thematic coding approach (Flick, 2009). In a first step, the interview data was reduced by assigning open and in-vivo codes to it. During data coding each incident in the data was compared with already coded incidents. Through this constant comparison with the list of codes and the empirical material not yet coded, the coding scheme was iteratively developed. Redundant codes were either merged or eliminated, if they appeared only a very limited number of times in the data. The codes were then grouped into broader categories, which followed the research objective underlying this study.

## **FINDINGS**

### Linguistic diversity: a double-edged sword

Language diversity and the use of a corporate language are described as a "tradeoff" or "a potential risk versus an advantage". Almost all respondents value linguistic diversity and view

it as a key source of sustained competitive advantage relating to a plethora of new and potentially complimentary insights. In this context, they mostly refer to potential synergy effects relating to increased innovativeness and creativity that contribute positively to bottom-line performance, as the following quote illustrates:

“We are eight different countries with eight different languages. We regard diversity as one of our brand values. And we place great emphasis on diversity, on the differences that exist within our group. And although these differences can complicate things, they contribute positively to firm performance at the end, because we have so many different opinions and insights into a topic.”

Others view it as key means to increase the “fit to local things”, as one senior subsidiary manager describes it, and reduce firm’s “liability of foreignness” (Zaheer, 1995) on the different markets and allows the firm to better adapt itself to the local market and tailor its product or marketing mix, for example, more successfully to local customer preferences, as employees bring to the workplace their in-depth insights of different markets. Being able to converse in the various local languages can also improve external relations with government agencies and other stakeholders. For many respondents, working at a MNC is seen as a highly enriching experience.

On the other hand, the presence of different native language is seen as liability for the MNC, which can create a number of challenges, as will be discussed in the next section.

#### The negative sides of linguistic diversity

##### *Misunderstandings, misinterpretations, and discomfort*

The direct communicative challenges most commonly associated by the respondents with linguistic diversity can be subsumed into two major categories: (1) varying degrees of English-language proficiency, and (2) socio-cultural differences, directly linked to different communicative practices used in different linguistic communities.

First, foreign language communication is typically perceived as more prone to ambiguities, inaccuracies and misunderstanding that impede message comprehensibility and slow down communication. Language-related problems are perceived as most pronounced in discussions about strategy-related business topics or when in difficult situations, which need to be managed sensitively such as dealing with conflict, disciplinary proceedings or a layoff situation. As one top manager says, “language can be a hinder in more complex discussions, more sensitive topics. In that sense, it is certainly an extra obstacle”. One problem in this context is that some words do not always translate well into other languages, as they might carry a different connotation or may lack a semantic equivalent in another language and cannot be translated at all.

Having to communicate in a foreign language gives even the most proficient nonnative speaking employees a feeling of being “slightly handicapped” as they “lack the sophisticated vocabulary” they have in their mother tongue, which causes them to “lack feeling”, to be unable “to provide the real color to the language”, making them sound – at least in their ears – “bare”, “blunt”, or even “naïve”. This limitation in linguistic prowess can strain communication and social interaction in at two major ways. One problem is that, as one interviewee points out,

“Wordings can sometimes be a bit too strong, very black and white. Due to these limitations in vocabulary, people are using quite strong phrases, too strong comments. And people react to that.”

Secondly and more importantly, nonnative employees often respond by assuming a rather passive role in foreign language situations in an attempt to hide their linguistic inefficiencies.

One top manager acknowledges:

“Language is the only barrier in an international company in that we are all adults, that we are in a professional environment and that we are afraid to be embarrassed. I think this is the only problem; otherwise it would help us a lot.”

Communication failures can also occur due to cultural differences in communicative practices. While incongruence between discourse conventions may cause amusement, bewilderment or bafflement in some situations, it can also create mistrust and negative stereotyping in cross-lingual, cross cultural settings. One example of cultural differences is the differences in communicative styles. While Finns tend to prefer a succinct communication style that values a strong focus on content, Swedes favor a more elaborate communication style, which (Louhiala-Salminen and Charles, 2006) describe as “talkative”, and hence tend to read silence as a “sign of disinterest”, “not showing attention” or “being bored”. In comparison, Finns may perceive Swedes as too direct, impolite and not taking others’ feelings into consideration. Cultural differences often extend beyond the immediate communicative situation, since individuals may act differently according to the cultural background. One example is decision-taking procedures, which can differ markedly from culture to culture. For example, Swedes expect to be actively involved in corporate-decision making, irrespective of their position in corporate hierarchy. This can at times clash with role expectations in other cultures, where superiors’ decisions are not to be questioned. Such cultural differences are not only limited to national cultures, but also to intra-organizational and professional cultures. For example, communication in greenfield investments tend to be shorter and less informal in larger acquisitions, where a strong hierarchy is in place. So while employees from the former are expecting a quick reply or that the issue is settled during an informal meeting, they can be surprised to find their request on the agenda for next management meeting.

#### Overcoming the language barrier

Yet, while language-related problem do cause communicative difficulties, the general view of the respondents is that they need to be dealt with pragmatically in order to resolve the language barrier. All interviewees were very much aware of the language- and culture-related communicative challenges, having experienced them firsthand on numerous occasions in the

course of their professional careers. Moreover, they have also developed a wide range of solutions that aim to resolve the language barrier more effectively and enhance communication across language boundaries within the MNC.

employees from all hierarchical levels of the firm are highly aware of the potentially detrimental effects of the language barrier on communication and actively seek to reverse its negative dynamics. To achieve mutual understanding, individuals rely heavily on accommodation and negotiation strategies.

#### *Language choice and linguistic practices*

One prevailing theme that was raised in the interviews was the theme of language choice to create rapport on the one hand and create power symmetry on the other hand. The interview data illustrates the wide range of language choices international active employees take when communicating in multilingual settings.

On the one hand, many of the respondents speak, if possible, the native language of their counterpart or use a regional lingua franca to build trust and rapport and create an open and positive working climate. Yet, in business-related circumstances, the respondents clearly expressed a preference for English as a lingua franca for three major reasons. Firstly and most importantly, using a lingua franca, which is a nonnative language to all actors involved, represents in the eyes of the interviewees an important mechanism not to give any party a linguistic advantage and create a level-playing field. This view is well illustrated in the following remark by a Swedish top manager:

“Almost everybody speaks English as a second or third language. It gives a certain level of equality that nobody is using English as a first language. Everybody is slightly handicapped, even if we can discuss really everything. Still, in some case how to express yourself, you do not find the best words or phrases. But still, you will become kind of understood. For me, that is in a way positive that everybody struggles a bit when it comes to language”.

However, the choice of English as a neutral communication code is not always unproblematic, in particular, when its use is associated with cultural imperialism. This tendency is

particularly pronounced in countries, where individuals may not possess the necessary language skills, lack English-language needs, and where national identity and local language are strongly interlinked, France being a case in point (Stohl, 2001; Luo and Shenkar, 2006). Another country that was mentioned frequently in the interview data was Austria. There is a widespread concern among Austrians that with the imposition of English, they will lose their strong importance influence within the firm.

Secondly, when using one's native language in communication can lead individuals to assume that they share a common understanding of meaning and actions. This phenomenon is known as the psychic-distance paradox (O'Grady and Lane, 1996) and can lead individuals to wrongly assume that they are culturally similar to each other, that they use the same communication practices and that they mean the same thing. This problem is well illustrated in the following remark by a Swedish top manager:

“They speak Norwegian and I speak Swedish and we perfectly understand each other. But culture is not the same. This can lead to misunderstandings. You mask the cultural barrier with the language”.

For many of the respondents, having to use a foreign language emphasizes the fact that they are actually communicating with somebody linguistically and culturally different.

Finally, “when both parties speak English as a foreign language, it actually leads to mutual consideration”, as they will modify their language according to the linguistic competence of the counterpart when communicating in a foreign language. Concerning the specific language strategies used by the interviewees, some try to speak more slowly, while others highlight the need to be precise, clear and succinct and to simplify their language by avoiding the use of complex vocabulary and metaphors with which others might not be familiar. Furthermore, communicators will check mutual understanding regularly. One way to do so is to build in redundancy in the communication exchange (Harzing et al., 2011). All respondents note that they frequently summarize and repeat key messages several times during the communication,

ask their communication partners questions for clarification and give them ample opportunities to ask questions. If possible, they also engage in code-switching, whereby speakers switch to their native language in multilingual settings. By doing so, speakers attempted to clear misunderstandings quickly and communicate knowledge effectively. In many cases, they also act as cultural mediators in multilingual settings.

*From the common corporate language to an organizational language*

Many respondents find the magnitude of language-related difficulties to decline over time. More importantly, they also create a common understanding that is expressed in and through a shared organizational language. The positive effects of a company language include at least three main aspects. First of all, an “organizational language” is most often described as a rather simplified version of the common corporate language English that has the purpose to facilitate communication between speakers of different native languages. Said one top manager:

“It is good thing that no one of us has English as his native language. This makes a ‘meta language’, some other language, our own kind of English, which we all understand, which may not have a thousand words, but enough to convey the message.”

In a similar vein, one respondent jokingly remarks: “our official language is bad English”. In this context, language can be considered a critical means to create an open and trustworthy atmosphere that encourages individuals to communicate with each other, irrespective of their English-language fluency.

Another respondent describes the use of company speak as “a way of shortening your language”. This implies that elaborate speech is replaced by a reduced language with the purpose to enabling the fast transfer of knowledge, as it makes lengthy explanations redundant.

While company speak is characterized as a simplified version of the common corporate language of English, it includes at the same time technical and/ or professional acronyms,



special terms, and abbreviations (Du-Babcock and Babcock, 2007). This explains why technical communication is typically perceived as relatively unproblematic, as is illustrated in the following quote:

“I have the feeling that they understand each other very well, whatever country they come from, because these technical abbreviations, most of them are in English. They are a common standard. This business is very major and very standardized. Between them, I don't think, speaking in a foreign language, they have problems.”

“Company speak” not only includes company-specific vocabulary and abbreviations, it also establishes company-specific communication rules on *“the way that we speak, the way that we refer to people, the way that you write an email, how you deal with each other on a daily basis”*. In this sense, company speak is constitutive of and immanent in organizational culture, which can override socio-cultural differences by establishing a company-wide shared of conduct. In this sense, it can be seen as a key means to unify the widely diverse MNC staff, instill into them a sense of togetherness, and create for the employees a feeling of forming part of an international firm (Marschan et al., 1997; Marschan-Piekkari et al., 1999a; Vollstedt, 2002).

Yet, an organizational language also creates new and additional communicative challenges. New hires typically experience a severe language barrier when joining a new firm. One interviewee recounts her experiences when she first joined the company:

“When you come from the outside to this industry, then it feels like you came to a different planet. First half year, I didn't get nothing. I was writing the minutes of the extended board meeting [...] I had no idea what they are talking [...]. Because there are that many specific expressions, industry-specific. When you come from the outside. But when you are once in, you have all the details [...] You get used to that.” (P 15).

Several interviewees also emphasize that there exist very different ways of communication within their firm, with different functional departments speaking languages. They view them as a key source of misunderstandings in cross-functional communication. One respondent even finds that “the functions’ own languages as such bring an equal challenge compared to

English as a foreign language”. When hearing a presentation given by the firm’s finance team, the respondent, being an HR manager, found that although he “basically understood everything, the words and sentences the person said, but still, it sounded very strange. I could not understand anything what they had done”.

### *Managerial implications*

In many cases, the development of an organizational language will happen naturally as individuals engage in interaction with linguistically and culturally different individuals. Said one interviewee:

“When you work together for a while, then you calibrate the language or languages, let's put it this way. Or the expressions. So then you know. But the starting point is always you have to watch your famous assumption and you learn it by doing.”

This comment strongly underlines the importance of close personal interaction between linguistically and culturally different groups so that individuals can become aware of each other’s differences and learn to adjust to each other. Also expatriation and foreign assignments can represent important opportunities for employees to become more cognizant of linguistic and cultural differences, as well as improve their language skills (Harris and Moran, 2004, p.29). Similarly training programs can offer important settings, where individuals can forge strong personal bonds.

The findings cast some doubts on the usefulness of language training as a sole means to improve communicative efficiency. While employees do need to speak the language at a reasonable level and with adequate fluency in order to participate actively in cross-lingual communication, it seems questionable whether the mere participation in language courses represent an adequate way to enhance communication efficiency. Language trainings often rank learners in terms of the Common European Framework (Council of Europe) and put a very high emphasis on oral and written skills. Yet, studies have shown that it is not necessary to sound like a native speaker to achieve communication success (Ehrenreich, 2010;

Kankaanranta and Planken, 2010). Language training have been frequently criticized for their strong focus on vocabulary, grammar and syntax and that they often lack applicability to real-life organizational settings (Charles and Marschan-Piekkari, 2002). The interview data in this study also highlight the fact that highly proficient speakers can potentially reinforce the language divide when failing to adapt to the multilingual and multicultural reality of the MNC and adopting an ethnocentric or parochial approach to deal with the challenges of language diversity. Consequently, language courses should put a greater focus on raising inter-cultural awareness and teaching employees how to interact with colleagues from different cultural backgrounds. In this sense, they should not only be aimed at nonnative speakers but also at native speakers, who have been found to be notoriously poor at accommodating to nonnatives (Sweeney and Hua, 2010).

### **LIMITATIONS AND AVENUES FOR FURTHER RESEARCH**

First, study presented here is largely of exploratory nature. Further research should quantitatively test the effects of language diversity and its effects on the MNC. Moreover, the research sample in this study includes predominantly MNC employees with a high proficiency in English. Although they came originally from very different linguistic and cultural backgrounds, the interviewees represent a rather homogenous group given their similar education, career paths and high international experience (Reeves and Wright, 1996). Further research should therefore include a wider range of employees with different personal characteristics and more varying degrees of linguistic proficiency in the selected common corporate language. Also the sample did not include any native speakers of the selected corporate language, who have been found to experience the language barrier differently and who may need to develop different solutions to it. Secondly, this study draws predominantly upon interviews. While they have provided detailed insights into the challenges caused by language diversity as directly experienced by the interviewees and the strategies used to

overcome them, it might be useful to combine them with other data collection methods to investigate the extent to which these language barrier solutions are actually used in practice (Gerritsen & Nickerson, 2009). Such data collection methods might include observations and/or the analysis of corpora, e.g. business meetings or written texts.

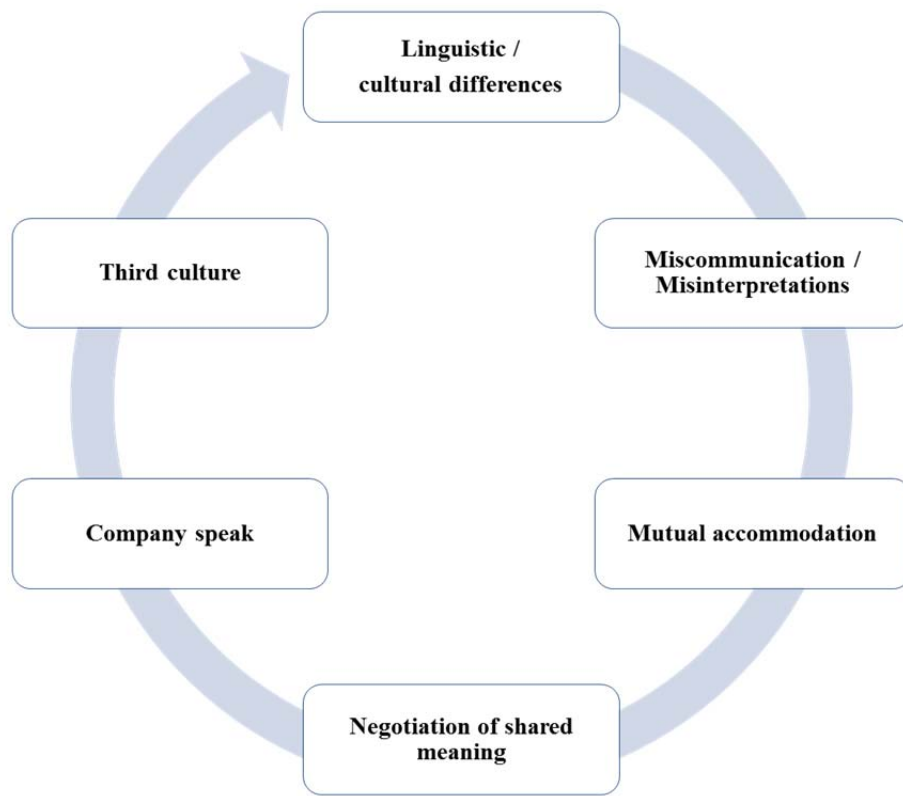
### **CONCLUDING REMARKS**

This paper has examined the impact of language diversity within firms. On the one hand, this paper shows that language diversity can pose considerable challenges to intra-organizational communication and it will initially be characterized by misunderstandings and misinterpretations. Specifically, it shows that nonnative personnel, irrespective of their degree of proficiency, often feel that they are put at a considerable “linguistic disadvantage” (Marschan-Piekkari and Reis, 2004) vis-à-vis native or more proficient colleagues. They often experience a high degree of discomfort, stress and anxiety in foreign language communication, and hence are often disinclined to participate actively in formal and informal business settings where English is used.

On the other hand, this study also finds that employees from all hierarchical levels of the firm are highly aware of the potentially detrimental effects of the language barrier on communication and actively seek to reverse its negative dynamics as they adjust to each other. This finding indicates that successful communication depends to a very large extent is the willingness of participants to accommodate to each other and willingness to negotiate new discourse conventions. This presupposes that people possess a “global mindset”, as many respondents refer to it, which includes a number of different factors including motivation to engage in intercultural communication, willingness to adapt to the cultural differences, being respectful of other cultures, as well as empathy. Inversely, ethnocentrism is discussed as key barrier to overcoming the language barrier.

As corporate members engage in communication, not only will the language barrier decline but also a shared language will develop over time in multilingual, multicultural situations. Such a language can potentially minimize the challenges of corporate language use by establishing a company-wide shared meaning system, which is accordingly reflected in the linguistic repertoire of the firm. Hence it includes not only specific vocabulary, terms and abbreviations, but also more general communication rules. While company speak may be used in many instances for efficiency and effectiveness reasons, with emphasis being put on its descriptive function, it may also be used to promote a common sense of identity and instill into the communication exchange a feeling of togetherness that can override individual linguistic and cultural differences.

Overall, this study highlights the dynamic, interrelated nature of language and culture, which have so far largely been treated as static concepts in the current IB literature. Moreover, the findings highlight the strong interrelationship between language and culture. This suggests that the strict separation between language and culture that has been advocated in some articles does not reflect actual perceptions on linguistic diversity. In this sense, it also challenges the mechanistic or instrumental perspective (Janssens et al., 2004) that many IB studies have adopted when studying the role of language in MNC management and presents evidence that the phatic, hegemonial and performative dimensions (Tietze, 2007) should be taken into greater consideration when studying the role of language in the MNC context.

**APPENDIX****1 Development of an "organizational language"**

**Table 1: Respondents' profiles**

<b>Business unit</b>	<b>Location</b>	<b>Management level</b>	<b>International experience</b>	<b>Native language</b>	<b>Foreign language skills</b>
Innovation Management	Austria	Senior	Yes	German	English
Corporate communication	Austria	Senior	Yes	Croatian, Dutch (fully bilingual)	English German Italian French
Business School	Austria	Senior	Currently inpatriate	Croatian	English German
Accounting	Austria	Non-managerial	No	Polish	English German
Marketing	Austria	Top	Yes	German	English
Corporate communications	Austria	Senior	Currently inpatriate	Croatian	English French
Project Management	Slovenia	Senior	Yes	Albanian	English German
Project Management	Slovenia	Junior	No	Slovenian	English German
Corporate communication, Human Resources	Slovenia	Top	No	Slovenian	English
Assistant to the CEO	Slovenia	Non-managerial	No	Slovenian	English
Roaming	Slovenia	Non-managerial	No	Croatian	English Slovenian
IT	Slovenia	Top	Currently expatriate	German	English Bulgarian
Marketing	Croatia	Top	Yes	German	English Croatian
Human Resources	Austria	Top	Currently inpatriate	Swedish	English

Human Resources	Austria	Top	No	German	English
Human Resources	Austria	Top	No	German	English Italian
Human Resources	Austria	Top	Currently inpatient	Portuguese	English
Human Resources	Austria	Head of works council white collar	No	German	–
Human Resources	Austria	Representative of works council blue collar	No	German	–
Human Resources	Sweden	Top	No	Swedish	English
Human Resources	Finland	Top	No	Finnish	English
Human Resources	Belgium	Top	No	Dutch	English



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