

# Language Strategies by MNCs: an empirical assessment

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## Abstract

This work uncovers the preferred language strategies used by Multinational Corporations (MNCs) in a multilingual context, having as the main basis the typology developed by Janssens et al (2004) and assesses the role of language plays in the internal MNC communicational process, as perceived by its users.

The empirical assessment is based on data gathered from two surveys, one targeting 50 MNCs operating in Portugal with subsidiaries all over the world, and a second one targeting 2943 employees of one of those MNCs.

Using exploratory statistical analysis on the two samples (19 MNCs and 467 employees) we concluded that for intra-subsidiary communication there is a preference for the use of local language, though along with other languages. For inter-subsidiaries, as well as with headquarters (HQ) communication, the prominence of English is confirmed, although at subsidiary level more than one language is used. Additionally, despite the stronger tendency towards a mechanical language strategy, there is also a coexistence with the cultural language strategy. Finally, regarding the role of language as an enabler and/or troublemaker in MNCs, results reveal that there is a broad perception, that language is more an enabler than a troublemaker.

**Keywords:** language, language strategies, corporate language, linguistic diversity, MNC, communication, multinational context

## **1. Introduction**

In order to study language in an international business context, the MNC seems to be, per excellence, the most appropriate arena as it is a typical environment where different languages operate and play particular roles. The obviousness of the language complexity inherent to that multilingualism emphasises the relevance of developing and deepening an analysis in this field of study.

First we analyse MNCs by identifying the standard internal structure, its communication flows and implications in terms of language functions. By doing so we aim at comprehending the role language plays within the wide range of communicational networks, and identifying where it is seen as a key element. We provide a general overview of the most relevant contributions on language and communication in the MNC, starting by addressing the main characteristics of multinational organisations and the different communication flows within MNCs, and analysing afterwards the role of language and inherent complexities. Additionally, we explore different possible 'strategies' multinational companies might opt for and briefly present some of its advantages and drawbacks as suggested by existing studies.

Our main objective is twofold: (a) to analyse the preferred language strategies used by MNCs in order to confirm/refute the tendency for the adoption of English as a functional language and (b) to understand the role language plays in the MNC's communicational process as perceived both by each language user and by the MNC as a whole.

## **2. Language and communication in MNCs**

### **2.1. MNCs and its communication flows**

The dynamics of communication is *per se* a complex phenomenon, but this is even more noticeable when we consider communication among a myriad of subsidiaries geographically scattered. Unarguably, language is the basis for such a multifaceted process. Accordingly, Charles (2006: 278) states that "companies need to see internal communication as an integrated issue, including both formal and informal communication. They need strategies for implementing their language policies – strategies that take into account the language challenges that individual employees face in globalised operations".

Existing studies on language in a broad sense, focus essentially on international management and/or cultural issues, and do not consider language as part of in-house communication (Andersen and Rasmussen, 2004). Notwithstanding, in the latest years, there is a growing concern about language and communication in international business (Piekkari and Zandar, 2005; Charles, 2006). Inter-unit communication, along with inter-unit collaboration, is considered a pivotal element for corporate competitiveness (Gupta and Govindarajan, 1991). Barner-Rasmussen and Björkman (2007) argue that inter-unit trust and shared vision are closely (inter) related to language fluency and trust building mechanisms in the MNC. Björkman (2007) has studied control mechanisms in foreign subsidiaries and considers language as a specific resource able to affect the type and degree of control exercised over the subsidiary.

Being co-ordination, or rather global coordination, especially in the MNC business environment, a necessary condition for success (Harzing, 2006), adjusted communication strategies, need to be considered in this context.

MNCs, as well as researchers, do not seem to be aware of the importance personal networks have for the exchange of know-how between units (Anderson and Rasmussen (2004). Yet, not only are communication flows in both directions between subsidiary and headquarters important, but inter-unit communication is also of utmost importance for strategic synergies within the whole MNC, which are more and more being considered in the literature (Kalla, 2006). Indeed, we commonly encounter in the literature on MNCs key terms such as inter-unit knowledge sharing or knowledge transfer (Barner-Rasmussen and Björkman, 2007) and social capital (Kalla, 2006), all of them have communication, and particularly language underpinning its understanding and /or its assessment.

Regardless of the specificities associated with each MNC, a general truth seems to apply to them all: “physical distance makes effective communication necessary and cultural distance makes effective global communication essential” (Spinks and Wells, 1997 in Harzing and Feely, 2003: 38). MNCs, having operations in geographically distant regions, and inherently with different cultures and languages, have an increased difficulty in achieving effective communication. Empirical evidence collected by different authors (*cf.* Argente and Forman, 2002; Clampitt and Downs, 1993; Tourish, 1997; Tourish and Hargie, 2004 *a in* Kalla, 2006), demonstrates that “companies with effective communications strategies tend to be successful, while others often fall short

of the optimal performance” (Kalla, 2006: 11). The same authors further alert to the fact that although the importance of communication in the MNC is widely recognised, it is not a commonly required competence in employees.

Within the broader concept of communication, different levels are concerned: organisational level as a whole (verbal and non-verbal communication; communication skills, and effectiveness of communication); corporate communication (formal communication by experts in communication or senior managers); management communication (as an extension of corporate communication but more focused on communication between managers), and communication by all employees, both at a formal and informal level (Kalla, 2006).

Although language is currently relatively absent from different studies on International Business Communication, it indeed “matters in global communication” (Charles, 2007). According to Bovée and Thill (2000), effective communication only takes place when participants “achieve a shared understanding”. Such effectiveness can only possible when speakers or agents involved in the communicational process fully understand each other and low language competences might well be an obstacle.

Marschan-Piekkari et al (1999) find evidence that lack of local language fluency limits transfer of knowledge. More specifically, language affects the total system within which knowledge transfer takes place (Welch and Welch, 2008).

Besides the language complexity in terms of internal functionalism,<sup>1</sup> the MNC performing a variety of business activities in different locations and inevitably in a variety of cultures and languages faces an additional difficulty in respect to the crucial and challenging management task: the unification of the MNC, widely held as the major management task (Marschan et al., 1997).

## **2.2. The role of language in the MNC**

In the field of international management, language has also been identified by different authors as a necessary research object (Marschan et al., 1997; Barner-Rasmussen, 2003; Feely and Harzing, 2003; Piekkari and Zandar, 2005; Luo and Shenkar, 2006). Its importance has first been identified by Wiedersheim-Paul (1972) and Johanson and

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<sup>1</sup>By language complexity in terms of internal functionalism we consider, for example, the different vocabulary needed in particular job functions, as there are language specificities depending on the departments or business areas of a MNC. As such, language fluency and thus effective communication is highly compromised when developed skills and specific lexicons in different languages are required.

Vahlne (1977) who studied internationalisation patterns and recognised language as an element of psychic distance capable of influencing the firm's internationalisation process. A more recent study by Hood and Tuijens (1993) demonstrates that language is one of the most relevant aspects considered by companies when choosing the location of their subsidiaries in other countries. Marschan et al. (1997) found that the English-speaking business environment was considered as crucial in the case of Japanese manufacturer's location decisions in Europe.

More recently, along with the growing importance of inter-subsidary relationships (Andersen and Rasmussen, 2004), language appears in the literature as a strategic "social technology" deserving a more profound analysis in international business communication, inter-unit relations, control and co-ordination, knowledge and technology transfer. We also frequently encounter in the existing literature, references to language as "power-wielding instrument in organisations" (Charles, 2006) or as "a source of power" (Anderson and Rasmussen, 2004). While some authors (*e.g.*, Marschan, 2004) focus on the "subtle power" of language, others develop conceptions upon language as a barrier for international business communication (*e.g.*, Feely and Harzing, 2007).

Table 1 provides an overview of the key aspects considered in the literature in regard to the role of language both as enabler and as a troublemaker or as a barrier. Essentially, language appears as an enabler when its users are highly proficient, and it can be a barrier when they have relatively poor or no skills.

**Table 1: Key aspects of language as enabler and troublemaker**

Language as Enabler	Authors (date)	Language as troublemaker or as a Barrier	Authors (date)
Effective communication	Piekkari (2006)	Miscommunication Misunderstanding as a result of the need to avoid loss of face Loss of rhetorical skills Code Switching	Feely and Harzing, (2007)
Social technology	Lamberton (2002)	Mistrust among employees	Feely and Harzing (2002)
Power-wielding instrument	Charles (2006)	"Subjective (dis)empowerment"	Charles (2006)
Source of power	Anderson and Rasmussen (2004); Piekkari et al. (2005)	Power/authority distortion	Vaara et al. (2000); Feely and Harzing (2003)

3.

L a n g u a g e	Languages as a “reconfiguration agent”; it continually reconfigures the international knowledge transfer system, acting as a precursor	Welch and Welch (2008: 2)	Able to exclude	Janssens et al. (2004)
	Able to unite people and organisations	Charles (2006)	Able to divide people and organisations	Charles (2006)
	Integration	Piekkari et al. (2005)	Disintegration	Piekkari et al. (2005)
	Enables Global coordination	Feely and Harzing (2003)	“poor communication across languages could be the stumbling block in a multinational's quest for global integration”	Marschan et al. (1997: 519)
	Promoter of social networks	Vaara et al. (2000)	Dissatisfaction and frustration among employees	Charles (2006)
	Career opportunities	Barner-Rasmussen and Bor (2005)	Excludes employees from particular assignments – career impediment	Feely and Harzing (2003)

### strategies adopted by MNC

#### 3.1. Language strategies: a common corporate language

Several authors (*e.g.*, Marschan-Piekkari et al., 1999b; Barner-Rasmussen, 2003; Feely and Harzing, 2003; Andersen and Rasmussen, 2004; Fredriksson et al., 2006; Luo and Shenkar, 2006) analysed the use of a common language within the communicational process of a multinational corporation. Similarly, others (Charles, 2006; Kogut and Zander, 1992 *in* Welch and Welch, 2008) advocate that MNCs prefer a common corporate language to facilitate communication within the MNC. Albeit a single language policy is preferred by most multinational corporations, Luo and Shenkar (2006) highlight that the larger the number of countries where the MNC operates, the greater the multilingual and multicultural environment cultural the more difficult it will be to use a single functional language across such a cultural and linguistic diversity, and it might even be counterproductive.

Yet, what seems to be a solution to language complexity might not be indeed. Sorensen (2005) demonstrated that the common language serves mainly administration functions and is most used in board meetings or conferences, essentially at management levels. Fredriksson et al. (2006) also believe that the fact that a language is ‘officially’ adopted in the organisation, that doesn’t make it a ‘shared’ language. Most of the time there is a “company speak” (Marschan-Piekkari et al., 1999) along with the institutional/ official/ corporate language. According to Bruntse (2003 *in* Fredriksson et al., 2006) there are MNCs which choose more than one corporate language according to designated communication goals in external exchanges.

Several authors concluded (Fredriksson et al., 2006; Sorensen, 2005) that there is an interplay between languages. Thus, a common language *per se* does not solve the complexity of multilingualism, given that even when there is an officially defined common language, communication might take place in multiple languages, *i.e.* in the language the speaker is skilled at.

### 3.2. Language strategies: mechanical, cultural and political perspectives

Janssens et al. (2004), using translation studies as a basis, theorize about the way MNC approach the multilingual setting where they operate. They suggest three metaphorical approaches to understand the different types of language strategies: the cultural, the political and the mechanical. According to the authors “a language strategy refers to several components: the decision which language(s) can be used, the role of translators in creating multilingual texts, the method used to validate the translation process, and consequently, the types of texts that are expected to be produced.” (Janssens et al., 2004: 415).

Table 2 summarises the basic assumptions of each of the three strategies and the role of language underpinning each of them. The mechanical approach has as basic assumption the idea that a universal language is possible because cultures are homogeneous. Therefore a common or standardised language would be the solution to multilingual environments and a way to avoid potential misunderstandings. In line with this, the authors suggest that translators are transmitters of the original message and thus we can infer that the message is not lost by translation. Language is considered as a factor complicating communication processes within MNCs and as such selecting one language, as the corporate *lingua franca*, is a remedy that easily resolves language-based problems.

**Table 2: Type of language strategies used by MNC**

Language strategy	Perspectives		
	Mechanical	Cultural	Political
Assumptions	<ul style="list-style-type: none"> <li>- Universal language and homogeneous culture</li> <li>-By standardising language, eventual miscommunication problems are solved</li> <li>- Considers translators as transmitters of the original message</li> </ul>	<ul style="list-style-type: none"> <li>-Languages are key to the creation and understanding of culture</li> <li>- MNC are understood as being culturally embedded and linguistically diverse</li> <li>- Only native speakers as key informants of a specific culture, can be translators</li> </ul>	<ul style="list-style-type: none"> <li>- Power and Language are closely related</li> <li>- The choice of a given language as the common corporate language is politically triggered</li> <li>- There is competition due to status and power</li> </ul>

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Role of Language	<ul style="list-style-type: none"> <li>- One common language; a neutral code</li> <li>- Language is perceived as merely a means of transferring information, - It has a pragmatic role and it is viewed by management as such ;</li> <li>- A variety of languages is meaningless</li> </ul>	<ul style="list-style-type: none"> <li>- Set of multiple local languages are encouraged</li> <li>- Language as a key to understand different foreign cultures ;</li> <li>- Local language proficiency thus valued in expatriate assignments</li> <li>- Learning the foreign language considered as a vehicle to enhance communication between groups</li> </ul>	Instrument to include or exclude
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Source: Adapted from Janssens et al. (2004) and Piekari (2006).

The cultural perspective recognises the heterogeneity of cultures and a cultural dimension of the communicational process. Languages are understood as essential for the creation and understanding of various cultures and the multinational organisation is viewed as a multicultural and multilingual setting. As such, different languages can be used in different local contexts in interaction with each other. As a culturally embedded environment, the MNC will then opt for pluralistic language solutions, instead of a single corporate language.

The political perspective has as basic assumption the idea that language is closely related to power and thus the option for a particular language is closely related to the political decision making process. Different languages represent a context of competition and hierarchy. Neither are cultures nor languages viewed as neutral but are rather associated with control and power .In light of this perspective, as Janssens et al. (2004: 404) refer “[a] language strategy in an international company is a way to decide which languages can be spoken and therefore, which groups and/or individuals will be involved in the international communication process”. The selection of a given company *lingua franca* is a political process, not a neutral act as suggested by the instrumental view. However, Janssens et al. (2004) emphasize the idea that, although being based on different assumption, these three strategies are not mutually exclusive. Independently from the language strategy adopted by a multinational company, in broad terms, one common corporate language or multiple languages, the communication process is likely to take place in languages, others than the officially defined. Moreover, different language strategies might eventually coexist, as it will be demonstrated later in this work.



## **4. Methodology and data collection**

### **4.1. Research questions and research design**

Our aim is to provide evidence on the preferred language strategies by the MNC established in Portugal and with subsidiaries all over the world and to compare ‘official’ and employees perceptions on the role of language. In line with this objective, the data collected aimed at answering the following research questions:

1. What is the preferred (‘official’) language strategy by MNCs to cope with multilingualism?
2. How do the MNCs and MNC’s employees perceive the role language plays?

As Ghauri and Grønhaug (2005) recognise, the best research method, is the one that is able to provide the answers to our research questions. Therefore, we consider the quantitative questionnaire survey as the research method which better serves our purpose, *i.e.* to obtain feedback from a variety of MNCs on the language strategies they used to cope with the complexity of the business environment where they operate (Research Questions 1). Additionally, and in order to cross check official and individual perceptions on role of language (Research Question 3), a single case study approach is used in combination with a survey to the MNCs.

### **4.2. Questionnaires**

The first questionnaire consists of two main parts: a first part to assess the languages used within the MNC communicational network (intra-subsidiary, inter subsidiaries and between subsidiary and headquarters), and a second one with statements addressing the role of language in order to collect data on how the MNC perceives language and its role in the business environment where they operate.

In the first part of the Questionnaire 1, the respondent could opt between five distinct languages 1) Portuguese - which can represent the home country in case the MNC in question is headquartered in Portugal, or the host country language, in case the inquired firm is a subsidiary; 2) English - held the *lingua franca* of international business; 3) Parent Language, language of the home country, 4) Other Language, and 5) Two or More languages. The company can opt for this last option when, for example, the languages spoken are more than one (which can eventually be options 1, 2, and/or 3).

The second part of the questionnaire consists of a seven-point Likert scale (1=Totally false; 7 = totally true) where the respondent is faced with a group of statements addressing different aspects of language in the context of MNCs. In this part, a total of 34 statements were included in order to assess the perception of respondent MNC in regard to the role of language.

The respondents of this questionnaire were the Human Resource Directors (HRD) of the largest MNCs operating in Portugal as they tend to be, given the functions performed, the individuals who within the MNCs are expected to possess a more profound knowledge of the organisation as a whole.

In order to answer Research Question 2, a single case study, combined with a quantitative approach was used and the Questionnaire 2 was sent by email to employees of the European division of one of the MNCs which had responded to Questionnaire 1.<sup>2</sup> The respondents of the second questionnaire are employees working in different subsidiaries spread in more than 10 European countries. This enables the comparison between the 'official' version provided by the HRDs of the MNCs inquired with the individual perceptions and experiences made available by employees. Moreover, it permits a wider knowledge on how employees perceive the role of language in the multilingual environment they are daily involved in.

Questionnaire 2 is constituted by two groups of questions: a first group intended to characterise the sample (age, job title, nationality, formal schooling, language skills, location of the subsidiary); the second group assesses with 36 statements whether language is perceived as an enabler or/and troublemaker, for the respondent to classify using a seven- point Likert scale, where 1= totally false and 7 totally true.

Bearing in mind that "in international or cross cultural research it is important that the instrument is adapted to the specific culture in which it is used and not to just one of the cultures in the study" (Ghauri and Grønhaug, 2005: 127), as the respondents were from different European countries, the questionnaire was translated into the languages spoken by the majority, namely, English, Portuguese, German, Polish, Spanish and French.

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<sup>2</sup> It would be interesting to include the employees of all the other respondent MNCs but constraints of time and difficulties of approaching MNCs prevent that. Nevertheless, the restriction to the employees of a single MNCs does not undermine our research purposes – to compare the 'official' perspective with a more 'real world' perspective by MNCs employees. The selection of the MNC in analysis was based on the criterion of practicality, that is, speed and easy of access.

They were all made available online, and the respondents could choose the language they preferred.

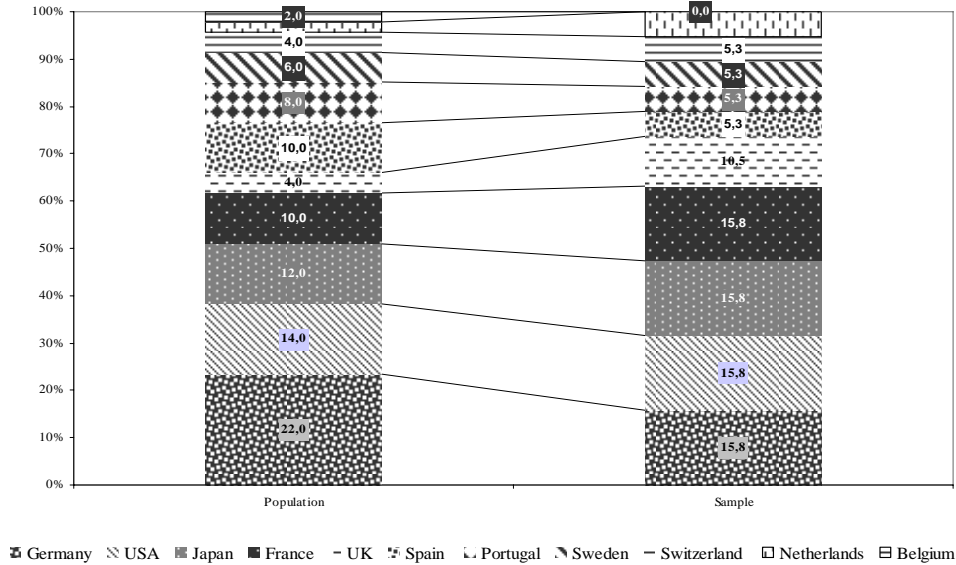
So as to enable a comparison of both official and individual perceptions, as explained earlier, both questionnaires are inevitably similar in the part with questions addressing the role of language (both as enabler and troublemaker). Accordingly, the questionnaires included different dimensions where language could be understood both as a strategic force and as an obstacle to effective communication, in light with the table 1 presented before.

#### **4.3. The population and the sample of the MNCs**

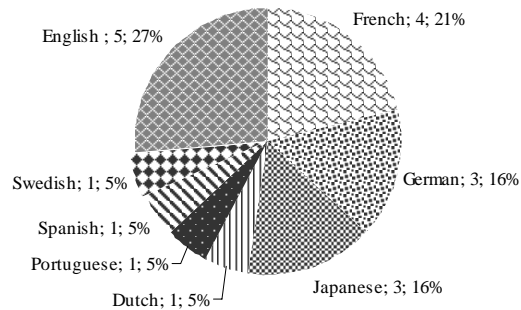
The choice for subsidiaries established in Portugal was not only due to the (recognisable) easier access/feedback, but and utmost because it constitutes an innovative environment given the (excessive) focus of the scarce existing research on Anglo-Saxon companies where English is deemed to play the most important role. In this vein, we avoid a potential bias towards English as a *lingua franca* (Fredriksson et al., 2006).

The main criteria for the selection of 50 MNCs were large size MNCs, varied home country language and industry sector. From the total of 50 MNCs we managed to get response from 19 MNCs, 38% of the total, which presents a reasonable response rate for a non compulsory survey. Figure 1 shows the distribution of the respondent MNCs by country of origin, in comparison to the population. In terms of home countries, our sample is representative of the population in most cases, being the UK and Spain noticeable exceptions: there is an over representation of the UK – weighting 10,5% in the sample versus 4% in the total population – and an under representation of Spain (weighting 5,3% in the sample versus 10,0% in the total population).

In regard to the home country language (Figure 2), similarly to the population the majority of the respondent MNCs are headquartered in an English speaking country (5). The home country (language) was a criterion for the selection of the population in an attempt to have a sample as varied as possible in terms of home country language. However, we could not avoid having respondent MNCs with English as home country language in the first place. We then have French in the second place (4), followed by Japanese (3) and finally Portuguese (1) Spanish (1) and Swedish (1).

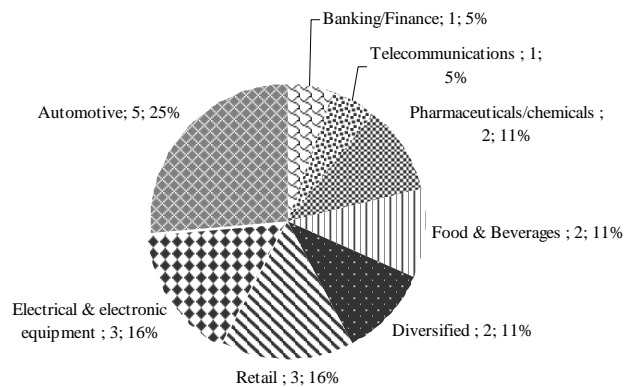


**Figure 1: Representativeness of the sample of MNCs by country of origin (%)**



**Figure 2: Respondent MNCs by home country language (number and %)**

In terms of industry sector (Figure 3), and similarly to the population, the majority of the respondent MNCs are from the Automotive industry (5) followed by the Electrical & Electronic Equipment industry (3) and Retail (3). Food & beverages (2); Pharmaceuticals (2); Diversified (2), Telecommunication (1) and Banking/Finance (1) are also represented.



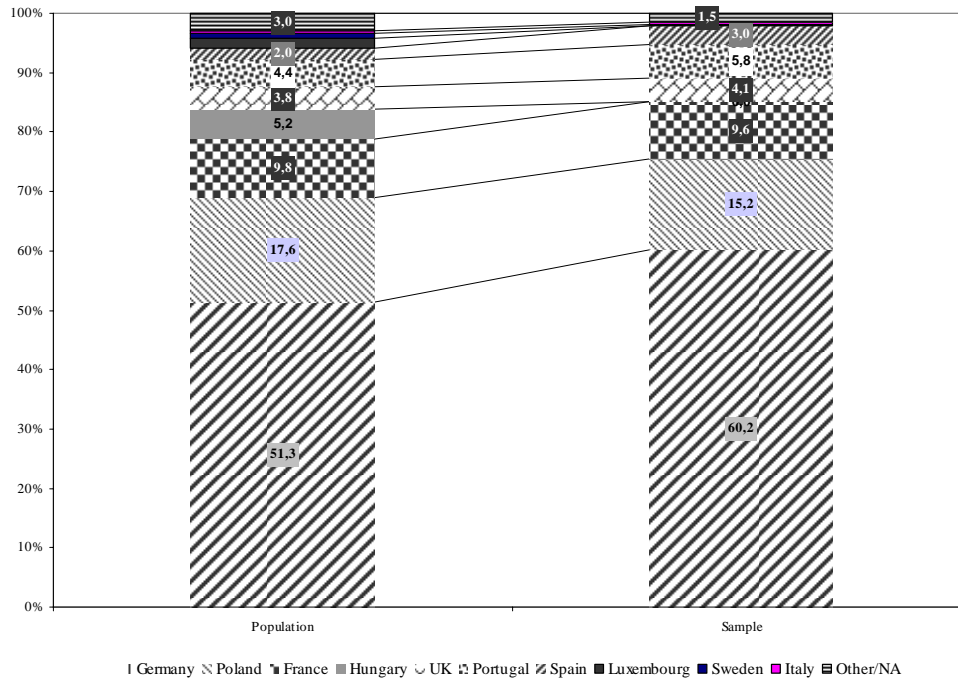
**Figure 3: Respondent MNCs by industry sector (number and %)**

#### **4.4. The population and sample of the employees of the selected MNC**

The company chosen for the case study in order to be able to compare official and individual perceptions is one of the respondent MNC. It is a MNC headquartered in the USA and a leading global supplier for the automotive, computing, communications, energy, and consumer accessories markets. It has 136 manufacturing sites, 36 joint ventures, 28 technical centres and a total of 124.000 employees all over the world.

Our population however is not the employees of the whole corporation but the employees of one of its European divisions, with a total figure of 2943 individuals, spread by subsidiaries in more than 10 countries. We obtained responses from 467 employees, which represent 16% of the total population.

Figure 4 indicates that the sample obtained is fairly representative by country of origin of the population. The relative low percentage of respondents was the result of institutional barriers during the data collection process.



**Figure 4: Population and sample of employees of the selected MNC by country of origin (in %)**

As far as the age of respondents is concerned, most of them (almost 55%) were between 36 and 50 years old, followed by the group of under 35 years old with 31% and those over 51 with almost 13 %. Regarding Education, our sample is quite well educated with over 80% of the individuals possessing a university degree. Almost half of the respondents are holders of a Bachelor's or undergraduate degree and almost 30% hold a Master degree.

## 5. Empirical Results and Discussion

In this section we present the results of the empirical assessment of language strategies by MNCs. We opt for presenting the results divided into research questions, and as such, we dedicate a subsection of this chapter to each of the questions.

### 5.1. What is the preferred language strategy by MNCs to cope with multilingualism?

#### The quantitative analysis of the 19 MNCs

The concept "language strategy" is herewith to be understood simply as the language choice as we consider that language has a pivotal role and as such, the use of one or the

other is likely to have totally different outcomes depending on the fluency /lack of it from its users. Accordingly, we analyse the results regarding the choice for different language (both at oral and written levels) first at intra-subsiary level, then at inter subsidiaries and finally between subsidiary and the HQ.

### 5.1.1. Intra-subsiary communication

As far as the communication inside the subsidiary is concerned, not surprisingly, given that we are dealing with MNCs established in Portugal, most of the companies (53,8%) choose “Portuguese” as the preferred language in the different communicational contexts. The option “Two or more languages” appears in the second place in 35,9% of the cases. The options “Parent language” and “English” appear next with around 8%. However, if we consider these latter options as “Two or more languages”, the percentage of this item raises to 46,2%. Table 3 shows the percent division in terms of language choice inside the MNC.

**Table 3: Intra-subsiary communication (% of total MNCs)**

	Portuguese	English	Parent Language	Two or more languages	NA
Written communication	51,7	10,5	7,3	<b>36,3</b>	5,3
Oral communication	55,9	5,3	8,3	<b>35,5</b>	5,3
Mean	53,8	7,9	7,8	<b>35,9</b>	5,3

More than assessing empirically the language choice, our objective is to understand whether a language is commonly used or if communication takes place in a mixture of languages, which indeed appears to be the case of the respondent companies, even when we are referring to the communication within the subsidiary. As demonstrated by several authors (e.g., Anderson and Rasmussen, 2003; Sorenses, 2005), there is local diversity in terms of language even when there is a common official language “imposed” by the MNC.

A further analysis of the language choices in the different communicational context, both at written and oral levels, reveals that there is no noticeable difference between the different communicational contexts suggested, *i.e.*, there is a clear preference for “Portuguese”, in this case the local language, and “Two or more languages” appears as the second choice for most of the items (Table 4).

In the first three items of written communication of the Table 4, (1) Mission /vision/symbolic official texts; (2) Website; (3) Written business correspondence (letters, memos, emails, faxes) as well as in item (5) Bulletins (informative or other), 11 out of the 19 inquired companies (57,9%) refer that “Portuguese” is the preferred language. Nevertheless, for 6 MNCs (31,6%) the preferred choice is “Two or More Languages” referring to items (1), (2) and (3). In case of items (5) and (7) (IT System(s)), a reasonable percentage of companies (36,8%) choose “Two or More Languages”.

A similar analysis can be drawn in of items (6) Manuals, Work(flow)Instructions; (7) IT System(s); (9) Invoices/Orders and Other documents and (10). Performance Appraisal, where “*Portuguese*” appears in the first place with 8 to 10 MNCs (42,1% to 52,6%), with “Two or More Languages” being the option also chosen by a significant part of companies (6 to 7 MNCs; 31,6% to 36,8%).

Also worth noticing appears to be the option for “Two or more languages” in items (4) Formal Reports and (8) Meetings (Agenda, Minutes) with more than half of the companies under study. Considering that formal reports are addressed mainly to top management and, in many cases, expatriates or speakers of a different language, to use more than one language is viewed as the best strategy in terms of language choice by 10 MNCs (52,6%).

The above evidence corroborates the idea that the linguistic diversity is a necessary condition even when we are referring to communication taking place inside a single subsidiary unit, in this case, a Portuguese one.

For most of the items chosen to indicate the written communication intra-subsiary, “Portuguese” and “Two or more languages” are the preferred languages strategies indicated by the companies in our sample. Even if we consider that English can be included in the option “Two or More Languages” (as Portuguese can be) the idea that can be drawn is that nor English nor a one single language, a corporate language, alone is sufficient for the written communication inside a subsidiary unit, *i.e.* written communication takes places in different languages.

**Table 4: Intra-subsiary written communication (% total MNCs)**

	Portuguese	English	Parent Language	Two or more languages
1. Mission/vision/symbolic official texts	57,9	5,3	5,3	31,6
2. Website	57,9	10,5		31,6



3. Written business correspondence (letters, memos, emails, faxes)	57,9		10,5	<b>31,6</b>
4. Formal Report	36,8	5,3	5,3	<b>52,6</b>
5. Bulletins-(informative or other)	57,9			<b>36,8</b>
6. Manuals, Work(flow)Instructions	47,4	10,5	5,3	<b>36,8</b>
7.IT- systems	42,1	<b>21,1</b>	5,3	<b>31,6</b>
8. Meetings (Agenda, Minutes)	42,1			<b>57,9</b>
9. Invoices/Orders and Other documents	52,6		10,5	<b>36,8</b>
10. Performance Appraisal	52,6	10,5	5,3	<b>31,6</b>
11. Job Advertisements	63,2		10,5	21,1

The results regarding the preferred languages in different contexts of oral communication are according with the previously described tendency in terms of language choice for written communication, *i.e.*, the option for “Portuguese” prevails by large, as Table 5 demonstrates. Only in item (4), Presentations: Top Down, do ten MNCs (52,6%) indicate that “Two or More Languages” are of preferable use. Presentations coming from higher hierarchical levels are often performed by expatriates who integrate top management, and accordingly more than one language is used in such contexts in most cases. It is interesting to notice that a substantial number of companies, 4 to 8 (21,1% to 42,1%), opts for “Two or more Languages” even when referring to intra-unit communication.

**Table 1: Intra-subsidiary oral communication (% of total MNCs)**

	Portuguese	English	Parent Language	Two or more languages
1. Meetings (Spoken Interaction)	57,9	0	0	<b>31,6</b>
2. Conference/Phone Calls	52,6	5,3	0	<b>36,8</b>
3. Intra-subsidiary - Video-conferencing	52,6	5,3	0	5,3
4. Presentations: Top Down	47,4	0	0	<b>52,6</b>
5. Presentations: Bottom up	52,6	5,3	0	<b>36,8</b>
6. Informal Conversation / Small Talk	63,2	0	0	<b>26,3</b>
7. Job Interviews	68,4	0	0	<b>21,1</b>
8. Training	47,4	0	0	<b>42,1</b>

A thorough analysis of different contexts of intra-unit communication, both in written and oral forms, corroborates the tendency for the use of the local language (Portuguese), tough together with other languages. The communication contexts where a larger number of companies demonstrate preference for more than one language are in contexts where top management or higher hierarchical levels are likely to take part, namely, formal reports, meetings and top-down presentations.

### 5.1.2. Inter-subsidiaries and between subsidiary and HQ communication

In the different (written and oral) forms of communication at the inter-subsidiaries and between subsidiaries and HQ level the options “English” and “Two or more Languages” are chosen by the majority of the companies. The option “Two or More language” omits information on the exact language in question, but English is most certainly included, among other(s) language(s).

**Table 2: Communication inter subsidiaries and between subsidiary and HQ (% distribution for n=19)**

	Inter-subsidiaries			Subsidiary-HQ		
	Portuguese	English	Two or more languages	English	Parent Language	Two or more languages
Written Communication	11,5	<b>45,0</b>	<b>43,6</b>	58,4		<b>36,4</b>
Oral Communication	5,9	<b>43,7</b>	50,4	56,9	5,6	<b>37,5</b>
Mean	8,7	<b>44,3</b>	47,0	57,7	5,6	<b>36,9</b>

While for the communication between subsidiaries the option “Two or more languages” seems to be preferred to “English” only, for the communication between subsidiaries and HQ “English” is indicated as the most used language. Nonetheless, in both cases communication inter subsidiaries and between subsidiaries and HQ is clearly carried out in a mixture of languages as Table 6 demonstrates. Such evidence is in line with Piekkari (2006) and this, in turn, is congruent with the position of several authors (e.g. Marschan-Piekkari et al., 1999b; Feely and Harzing 2003, Sorensen, 2005; Fredriksson and Piekkari, 2006) that a common corporate language by itself does not serve the purpose of effective communication inside a MNC as a whole. The evidence that several languages coexist is clear in line with Fredikkson et al. (2005) who argue that internal communicational processes inside a MNCs are characterised by linguistic diversity.

Luo and Shenkar (2006) strongly argue that global MNCs most certainly use a uniform language. However, the results presented so far do not corroborate such idea, but rather the contrary. Indeed, the evidence gathered from the 19 MNCs located in Portugal is that more than one language is used. The results further confirm the clear prominence of English, especially for the communication outside the subsidiary, and highlight the importance of the local language (in this case Portuguese) inside the subsidiary. As argued by Piekkari (2006) the use of an English-language approach does not solve the complexity resulting from the language diversity in the MNCs context.

### 5.1.3. Language strategy: mechanical, cultural or political?

#### a) Language strategies of MNCs in global

In order to provide a more complete answer to our first research question, and in line with the literature review, we analyse our results under the mechanical, cultural, and political approaches. The first questionnaire (to the MNCs) included several statements reflecting each of the strategies aimed at assessing the tendency towards one of them and are presented in Table 7.

We have asked the 19 MNCs in our sample, whether there was a common corporate language. And, indeed, this appears to be the case in all of them (Table 7). Moreover, the vast majority (84%) of the respondents state that language is simply a mean to effectively communicate and accordingly (95%) of the companies reveal providing the necessary training for the development of language skills of its employees. Yet, only in 53% of the cases the percentage of the annual training is above 25% of total training. They hire employees already possessing developed English skills, being a mandatory requirement in 74% of the cases. Language skills are regarded as a valuable manner to overcome the difficulties for in-house communication, resulting from the variety of languages and cultures involved

Being English widely considered the *lingua franca*, we have also included some questions in order to assess whether English was the most important language inside the corporation (also to contrast with the first part of the questionnaire), which was proved being significantly true in 79% of the cases.

Consequently there is clear evidence that MNCs in our sample have a strong tendency towards the mechanical approach, as the high percent value in all the corresponding statements demonstrate. Looking at the mean of all of them, we reach a value of 81% (Table 7). Despite this unanimous perception of the common corporate language, at the same time, all enquired MNCs reveal that local languages are used along with the corporate language. It is surprising that we have again 100% assuming that other languages are used in parallel with the officially defined, which, in turn, validates the results previously presented regarding the language choices. Analysing these results in light of the cultural language strategy, the multiplicity of languages are no longer viewed as obstacles to the communicational process but rather as enabler of better understanding of the surrounding realities. As argued by Brannen (2004, in Piekari,

2006), language is seen as key in the understanding of different cultures and as an essential aspect of the cultural context. As such “... an international company will opt for a language strategy where the multiplicity of languages is respected” (Janssens et al., 2004: 421).

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In the two other statements which are more related with the relation between language and culture, the respondents do not show such a strong agreement. Indeed, 43% believe that the cultural background of the subsidiary is related with the language strategies adopted, and 53% agree that home country culture influences language related decisions. The average of the three items is 59%, considerably lower than the value obtained in regard to the mechanical perspective.

**Table 3: MNCs language strategies: mechanical, cultural and political**

Language Strategy	% total MNCs
1. There is a common corporate language in the MNC	100
2. The role of language is merely instrumental as an enabler of effective communication	84
3. The MNC provides the needed training for improvement/acquisition of language skills	95
4. Language training is above 25% of total annual training	53
5. English is the most important language in all subsidiaries	79
6. English skills are a mandatory requirement when hiring new employees	73
<b>Mechanical Perspective (Average %)</b>	<b>81</b>
1. Local languages are used in subsidiaries along with the common corporate language	100
2. The cultural background of the subsidiary is related with the language strategies adopted	43
3. Language policy was strongly influenced by culture of home country	53
<b>Cultural Perspective (Average %)</b>	<b>59</b>
1. Political decisions trigger the language choice in the MNC	32
2. Subsidiaries are autonomous regarding language decisions	21
3. The language strategy has changed as a result of an internationalisation decision (merger, acquisition, strategic alliance, etc)	37
4. The strategy regarding language has changed as the company entered new market	32
<b>Political Perspective (Average %)</b>	<b>30</b>

Looking at the political language strategy, political decisions do not appear to trigger the language choice in the MNCs in most cases as only 32% of the analysed cases agree with the corresponding statements. Regarding the statement “Subsidiaries are autonomous regarding language decisions” only, 21% believe they do. The majority (58%) still believe that there is no autonomy at subsidiary level in regard to language related decisions, which indicates that language related decisions are taken at a central level, at HQ level. Language decisions in the MNCs in this study do not appear to have changed, at least in 32 to 37% of the analysed cases. Piekkari (2006) argues that a

language is never instrumental, but always has connotation of power relationships. This is, however, not easy to assess, and the MNCs might not even assume it.

As demonstrated in Table 7, there is a clear tendency in the MNCs towards a mechanical language strategy, *i.e* they seem to believe that selecting one common language is the better option to overcome the difficulties raised by the multiplicity of languages. Yet, the cultural language strategy also appears to be present among these MNCs, though in an inferior percentage (59%). In turn, the political approach does not prevail. The relationship between power and language which lies behind the political language perspective is not valued among the MNCs in our analysis. As recognised by Janssens et al. (2004), and further reinforced by Piekkari (2006), the three language strategies are not mutually exclusive; rather they are likely to coexist as our analysis demonstrates. In fact, the results express that there is a reasonable overlap between the mechanical and the cultural approaches.

#### **b) Language strategies of MNCs by nationality**

As the home country was one of the variables taken into account when choosing our population, we also analyse the three language strategies having the nationality of the MNC as an independent variable. We use the Kruskal-Wallis test (a non-parametric statistic used when samples do not have a normal distribution) to verify whether the differences between the nationalities are statistically significant regarding the items of language strategies.

As shown in Table 8, only in the total mean of the statements characterising the Mechanical Language Strategy (MLS), are there statistically significant differences between nationalities (P-value = 0,09). All the other differences noticed are not statistically significant.

We further look at the differences encountered for the overall items MLS, where the statistical significance was noticed. Starting with item (1) - There is a common corporate language in the MNC –, we verify that all the MNCs from the different nationalities have a high score, ranging between 5 (Portuguese MNC) and 7 (Spanish MNC). The level of agreement in item (2) - The role of language is merely instrumental as an enabler of effective communication - is also highly rated by all (minimum is 5, maximum is 6) except in one case, the Dutch case where the statement is even considered false. In item (3)- English skills are a mandatory requirement when hiring

new employees- only the Spanish MNC considers the statement totally false (score is 1), which is interesting to notice given that the Spanish are deemed to be highly patriotic and consider their languages and cultures as the most important ones. For all the other remaining groups the mean score is between 4 and 6,5. In item (4) English skills are mandatory requirements when hiring new employees, again the Spanish MNC rates the statement with 1, meaning that considers it totally false. All the other MNCs have the opposite opinion, *i.e.*, rate this item between 6 and 7, thus consider it totally true. In item (5) the rating is generally high, between 5 and 6,3 for training, but in item (6) - Language training is above 25% of total annual training – there are more differences. With the higher scores appear the German (6,5), Dutch (6,0) French (5,5) and Portuguese MNCs, followed by Swedish (4,0) and English MNCs (4,0) and the Spanish MNC appears again with the lower score (3,0), revealing that it provides lower language training to its employees. In fact, the Spanish MNC is the one that appears with the lower scores in all items, thus considering all statements as false.

**Table 8: Language strategies of MNCs by nationality:Kruskal-Wallis test on the differences between nationalities**

	English (n=5)	Spanish (n=1)	German (n=3)	French (n=4)	Portuguese (n=1)	Japanese (n=3)	Swedish (n=1)	Dutch (n=1)	Total Mean	Chi-Square	p-value
1. There is a common corporate language in the MNC	6,3	7,0	6,7	6,8	5,0	6,0	7,0	6,5	6,4	5,73	0,57
2. The role of language is merely instrumental as an enabler of effective communication	6,0	6,0	5,7	5,8	5,0	5,0	6,0	3,0	5,4	5,68	0,58
3. English skills are a mandatory requirement when hiring new employees	6,0	1,0	6,0	4,5	5,0	4,3	4,0	6,5	5,1	10,20	0,18
4. English is the most important language in all subsidiaries	6,5	1,0	6,3	6,5	6,0	6,0	5,0	7,0	6,1	7,65	0,36
5. The MNC provides the needed training for improvement/acquisition of language skills	6,3	5,0	6,3	6,5	5,0	6,3	5,0	6,5	6,2	7,62	0,37
6. Language training is above 25% of total annual training	4,0	3,0	6,5	5,5	5,0	3,0	4,0	6,0	4,7	8,72	0,27
<b>Total Mean</b>	5,8	3,8	6,2	5,9	5,2	5,1	5,2	5,9	5,6	12,26	0,09
1. Local languages are used in subsidiaries along with the common corporate language	6,5	5,0	6,3	6,3	5,0	6,3	7,0	7,0	6,3	7,19	0,41
2. Language policy was strongly influenced by culture of home country	4,8	5,0	3,0	5,3	3,0	4,0	3,0	6,0	4,4	6,70	0,46
3. The cultural background of the subsidiary is related with the language strategies adopted	4,8	3,0	3,0	5,5	3,0	5,3	6,0	5,0	4,6	7,83	0,35
<b>Total Mean</b>	5,3	4,3	4,1	5,7	3,7	5,2	5,3	6,0	5,1	7,10	0,42
1. Political decisions trigger the language choice in the MNC	5,7	5,0	3,0	4,0	3,0	5,3	1,0	6,0	4,4	5,85	0,56
2. The language strategy has changed as a result of an internationalisation decision (merger, acquisition, strategic alliance, etc)	6,0	3,0	6,0	4,5	5,0	2,7	1,0	3,5	4,4	11,44	0,12
3. Subsidiaries are autonomous regarding language decisions	4,0	5,0	4,7	6,3	6,0	5,0	1,0	5,5	4,9	8,23	0,31

4.The strategy regarding language has changed as the company entered new markets	5,3	1,0	5,0	5,0	5,0	2,7	6,0	5,0	4,5	8,19	0,32
<b>Total Mean</b>	5,3	3,5	4,7	4,9	4,8	3,9	2,3	5,0	4,6	9,19	0,24

## 5. 2. How do the MNCs and their employees individually perceive the role language plays - is language seen as enabler or as a troublemaker?

The main objective here is to understand how the role of language is perceived both by HRDs, *i.e.* an ‘official’ perspective, and by the employees.

### 5.2.1. The role of language: the official perceptions provided by the 19 MNCs

#### a) Language as enabler

The MNCs recognise that developed language skills promote career opportunities and that these skills are a key requisite for employees with overseas responsibilities (5,8) or when hiring new employees (5,1), empower employees (5,9) and are, in a broad sense, viewed as a strength (5,8) as shown in Table 9.

A common language is clearly perceived as having a significant role as a promoter of language transfer among subsidiaries and MNCs (5,6), in accordance with Welch and Welch (2008) and also recognise that language is a power wielding element in the whole organisation (5,0), congruent with Charles (2006).

**Table 4: The perceptions of the 19 MNCs on the role of language**

	English	Spanish	German	French	Portuguese	Japanese	Swedish	Dutch	Mean	Chi-Square	p-value
1. Employees with overseas responsibilities have more developed language skills	6,8	5,0	5,3	5,8	6,0	5,0	7,0	6,0	5,8	4,81	0,68
2. There are visible “language-based clusters within the MNC as a whole	5,3	3,0	4,7	6,0	3,0	4,0	6,0	6,0	5,0	10,97	0,14
3. Speakers of the same language favour knowledge transfer among subsidiaries	5,5	3,0	5,7	6,3	6,0	5,3	4,0	6,5	5,6	7,44	0,38
4. Language skills empower employees	6,5	5,0	5,7	6,0	5,0	5,7	7,0	5,5	5,9	4,52	0,72
5. English skills are a mandatory requirement when hiring new employees	6,0	1,0	6,0	4,5	5,0	4,3	4,0	6,5	5,8	10,20	0,18
6. Developed language skills are viewed by the MNC as a strength	6,3	5,0	5,3	6,8	5,0	5,3	6,0	5,5	5,0	9,44	0,22
7. Language is a power wielding element in the whole organisation	5,3	3,0	3,7	5,3	6,0	5,3	6,0	5,5	5,48	3,95	0,79
8. Language is perceived as “informal source of expert power”	4,0	5,0	5,7	5,3	3,0	4,3	6,0	5,5	5,9	5,31	0,62
Language as enabler	5,7	3,8	5,3	5,7	4,9	4,9	5,8	5,9	5,4	6,89	0,44
1.Different language competence originates mistrust and disintegration among employees	3,3	3,0	4,0	2,5	3,0	3,3	6,0	5,0	3,5	4,64	0,70
2.Lack of language competence might exclude employees from particular	4,5	3,0	5,0	5,5	5,0	4,7	6,0	6,5	5,1	4,81	0,68

	assignments										
3.Lack of language proficiency has already resulted in ineffective communication and thus caused damages to the company	4,5	5,0	5,3	3,0	3,0	4,0	3,0	3,5	5,9	5,22	0,63
4.Language is often a source of frustration and dissatisfaction among employees	3,5	3,0	4,0	4,3	3,0	2,3	3,0	3,5	3,5	2,26	0,72
Language as troublemaker	4,2	3,4	4,4	4,1	4,0	3,9	4,8	4,8	4,1	5,69	0,58

## b) Language as troublemaker

In regard to statements related to the role of language as troublemaker, the MNCs have much lower levels of agreement than towards language as enabler. The MNCs do not seem to agree with the statements where language is indicated as being able to originate distrust and disintegration among employees, or to be a source of frustration or dissatisfaction (3,5). Also the statement “lack of language proficiency has already resulted in ineffective communication and thus caused damages to the company” has low level of agreement among the respondent MNCs (4,0). We believe that such statements are more difficult to assess at HRD’s level than by employees, who experience *in loco* communicational situations where such feelings and consequences are more likely to arise. However, the MNCs recognise that the lack of language competence might exclude employees from particular assignments, by rating this item with 5,0.

Although there are differences between the nationalities of the MNCs, they are not statistically significant according to the Kruskal-Wallis test (cf. Table 9). We bring to mind that despite the different home countries of the MNCs we are analysing, responses at the official level are provided, in the vast majority of the cases, by Portuguese HRDs.

### 5.2.2. The perceptions of employees on the role of language

While among the 19 MNCs there is no statistically significant difference when considering the nationality as independent variable, among employees located in different countries we find statistically significant differences for most statements (cf. Table 10), both for language as enabler and as troublemaker.

#### a) Language as enabler

The lower mean for language as enabler is found in the statement 1: “I have been assigned a project or a mission as a result of being proficient in a given language”, with 3,6. If on the one hand, the proficiency in a given language per se does not appear to be



perceived as a condition that enables the assignment to a particular mission or project, there is the wide recognition among employees that “Language skills empower employees” (score of 5,1). The statements with highest score are items 2 and 7. Item 2, “Fluency in a shared language in the MNC favours knowledge transfer among subsidiaries”, is rated with 5,7, which goes in line with the position expressed by Welch and Welch (2008) who consider language as a continuous reconfiguration agent acting as a precursor in the international knowledge transfer system. Employees also recognise the importance of language fluency rating the item 7, “Language fluency is a valuable asset for the company”, with 5,5.

In the first six statements the differences among employees are statistically significant (p-value = 0,00) and in the last two statements, still in regard to language as enabler, we find differences among employees’ location significant at 2% and 1% respectively. Detailing the analysis of the more notable differences, particularly item 1 and 5 which concern language competence, first as a way to be assigned a mission or a project, and second as a requirement for being hired, we verify that Spain has the highest score and UK employees the lowest. Understandably, the latter, being native speakers of English, held as the *lingua franca* of international business and as employees in a USA based company, are already in possession of developed competences in the most important language of the company. As for Spanish employees, is exactly the opposite, *i.e.*, and they indeed reveal that language proficiency is highly valued in their case. Still in regard to language competence, this time in a less spoken language, UK sited employees, though valuing more this dimension, are still the ones with lower rating (4,3), followed by German (4,5) and French employees (4,8).

**Table 10: Employees perceptions on the role of language**

	Portugal	Germany	France	Spain	Poland	UK	Other	Mean	Chi-Square	p-value
1. I have been assigned a project or a mission as a result of being proficient in a given language	3,8	3,6	3,9	4,9	3,2	1,7	3,8	3,6	24,66	0,00
2. Fluency in a shared language in the MNC favours knowledge transfer among subsidiaries	5,9	5,8	4,8	5,7	6,3	4,9	5,6	5,7	28,22	0,00
3. Language skills empower employees	5,6	4,8	5,2	5,6	5,6	5,3	4,7	5,1	32,06	0,00

4. There are visible language-based social networks within the company	5,0	4,8	4,3	4,9	3,9	3,3	5,0	4,6	30,28	0,00
5. My competence in a given language was an important requirement for being hired	5,5	4,3	4,8	5,5	5,8	2,2	3,3	4,6	75,67	0,00
6. The ability to operate in a language spoken by a minority and yet having strategic importance is extremely valuable	5,6	4,5	4,8	5,5	5,5	4,3	5,0	4,7	36,80	0,00
7. Language fluency is a valuable asset for the company	5,5	5,4	5,4	5,7	6,0	6,1	5,0	5,5	14,49	0,02
8. Language is a form of “informal expert power	5,9	5,4	5,0	5,5	5,2	5,2	3,9	5,3	16,44	0,01
<b>Language as enabler</b>	5,3	4,8	4,7	5,4	5,2	4,1	4,5	4,9	33,35	0,00
1. Different language competence is able to originate mistrust and disintegration among employees	5,0	4,5	4,2	4,0	4,5	5,7	4,5	4,5	15,37	0,02
2. I have already been disqualified from a particular assignment for lacking language necessary competence	2,5	2,6	3,3	4,2	1,8	1,8	3,5	2,5	27,21	0,00
3. I have already experienced situations where, language related misunderstandings have already resulted in inefficiencies	4,6	4,7	4,8	4,4	4,0	4,6	5,0	4,6	11,93	0,06
4. I have already felt disempowered for not having competence in a given language	4,3	3,7	4,2	3,9	3,1	5,0	4,3	3,7	22,61	0,00
5. I have already felt frustrated for not fully understanding what was being communicated in a language different than mine	3,9	4,3	4,3	4,7	3,8	2,8	4,0	4,1	12,19	0,06
<b>Language as troublemaker</b>	4,1	3,9	4,1	4,2	3,5	4,0	4,3	3,9	13,70	0,03

Note: 1= totally false; 7 = totally true; n=467

The items 4 (“There are visible language-based social networks within the company”) and 8 (“Language is a form of “informal expert power”) are inter-related with each other and in line with the conclusions from Andersen and Rasmussen (2004) who argue that language is able to build strong personal networks and is an informal source of expert power. Item 4 has overall high rating, except from UK employees, which is comprehensible for the same reasons as explained above. In regard to item 8, the Portuguese employees appear as the ones who recognise more this role in language (5,9) and the French ones who recognise it less (5,0) among all the nationalities. Similarly, item 2 (“Fluency in a shared language in the MNC favours knowledge transfer among subsidiaries”) has high scores in general, with Polish employees indicating the highest score (6,3) and French employees the lowest (4,8). This means that the results are in line with the findings from Kalla (2006) that communication intensity positively influences relational embeddedness and knowledge sharing, and further validate the idea that a shared language facilitates the exchange of information. In Nahapiet and Goshal’s (1998: 254) words “... for knowledge to be exchanged and combined, there has to be a shared medium of communication. People have to be able to make sense to each other”.

#### **b) Language as troublemaker**

Taking as a whole, for language as troublemaker the overall rating is lower (3,9) than for language as enabler (4,9), similarly to what we observed for the MNCs. We find the lowest ratings in the statements 1, “I have already been disqualified from a particular assignment for lacking language necessary competence” (with 2,5), and 4, “I have already felt disempowered for not having competence in a given language” (with 2,5). From this we conclude that while the fluency in a given language is regarded as strength, the lack of it *per se* is not perceived by the employees as exclusion from particular missions or assignments.. Although Feely and Harzing (2003) believe that lack of language skills are able to exclude from particular assignments and thus are able to work as career impediment, this does not appear to have been experienced by the respondents we are considering.

The items with higher rating are items 3 “I have already experienced situations where, language related misunderstandings have already resulted in inefficiencies” (4,6) and item 1 “Different language competence is able to originate mistrust and disintegration among employees” (4,5). In regard to item 1, there is a wide recognition that different language skills are be capable of originating mistrust among the agents involved in the communicational process. As recognised by Felly and Harzing (2002), the effect of imperfections in communication result in an increase in suspicion, caution, uncertainty and mistrust, thus causing disintegration. Still in regard to the statement in item 1, we recall the position by MNCs, where the level of agreement were considerably lower (3,5) than the one from employees (4,5) There are thus at this level interesting differences between official and employees’ perceptions. In this respect, we recall Charles (2006), who alerted that such language related problems are able to divide people and organisations.

All enquired employees tend to agree (4,6) with the statement 3 “I have already experienced situations where, language related misunderstandings have already resulted in inefficiencies”, however statistically significant differences emerge among them (p-value = 0,06). In this case, employees working in the Polish subsidiary appear with the lower score (4,0) and those in France with the highest score (4,8), which means that inefficiencies arising from language related problems are proved to be a more evident reality among French employees. The MNCs do not appear to have such a strong recognition of the inefficiencies arising from miscommunication problems (Feely and Harzing, 2007) as reflected in the relative low score (4,0).

### 5.2.3. The role of language: official vs employees' perceptions

#### a) Language as enabler

We verify (Table 11) that there are indeed statistically significant differences between official and employees' perception for three of the eight statements associated to language as an enabling agent.

The first case where we verify statistical significant differences (at less than 1%) is in item 1 ("Proficiency in a language as a key aspect in the assignment of new projects"). While the MNCs have a higher score (5,8) than employees, thus recognising that language proficiency is key in the assignment of new projects, employees do not demonstrate having experienced such reality (3,6).

Similarly, the perception of language as an agent able to empower employees is also significantly different in statistical terms when looking at both official and individual perceptions. Despite the official recognition that language empowers employees (5,8), employees do not appear to be so strongly convinced of that (5,1).

Another statement where we notice a (statistical significant) difference between employees and HRDs' perceptions is in item 6 ("Language skills in less spoken languages as a strength"). Once again, employees perception (4,7) is less convincing than the official one (5,8). That is to say that the inquired employees have a weaker belief that ability to operate in a language spoken by a minority, and eventually with strategic importance, is a strength.

**Table 11: Official vs employees' perceptions on the role of language**

	MNC (n=1)	Employees (n=467)	Other MNCs (n=18)	Mean	Chi- Square	p-value
1.Proficiency in a language as a key aspect in the assignment of new projects	7,0	3,6	5,8	3,6	24,10	0,00
2.Language as a "social technology"	6,0	4,6	4,9	4,6	1,91	0,39
3.A shared language as a promoter of knowledge transfer	6,0	5,7	5,6	5,7	1,04	0,60
4.Language as able to empower employees	6,0	5,1	5,9	5,1	5,02	0,08
5.Language skills as a requirement when being hired	6,0	4,6	5,0	4,6	1,22	0,54
6.Language skills in less spoken languages as a strength	6,0	4,7	5,8	4,8	8,11	0,02
7.Language as a power wielding instrument	6,0	5,5	4,9	5,5	2,54	0,28
8.Language as a source of informal expert power	1,0	5,3	5,1	5,3	4,05	0,13
<b>Language as enabler</b>	<b>5,0</b>	<b>4,9</b>	<b>5,1</b>	<b>4,9</b>	<b>0,29</b>	<b>0,86</b>

1.Mistrust and disintegration originated by lack of language competence	6,0	4,3	3,4	4,2	3,39	0,18
2.Exclusion from particular assignment due to poor language competence	7,0	3,6	4,9	3,6	11,03	0,00
3.Inefficiencies and miscommunication resulting from language-related problems	7,0	4,6	5,1	4,6	3,64	0,16
4.Language as a source of frustration and dissatisfaction	1,0	4,1	3,5	4,1	8,34	0,02
<b>Language as troublemaker</b>	5,3	4,1	4,2	4,1	2,0	0,4

## b) Language as troublemaker

In the statements concerning language as troublemaker we encounter differences between official and employees' perceptions in two items (2 and 4) but not in the overall mean (Table 11). We find lower rating in employees' feedback (3,5) than in MNCs (4,9) in item 2. This reveals that employees did not experience situations where, due to lack of language skills, they have been dismissed from a particular project or mission. In item 4, however, it is interesting to notice that the scores are different from the tendency we observed above, *i.e.* employees are more convinced (4,1) than MNCs (3,5) that language related problems are likely to cause feelings such as frustration and dissatisfaction, corroborating Charles' (2006) argumentation. The same author collected evidence through the interviewing method that "Language is a very personal thing. If people, on a daily basis, face situations where they feel deprived of their ability to communicate and express themselves adequately, there is ..., a sense of frustration, and a struggle to maintain dignity. In organizational life, this frustration is bound to result in employee dissatisfaction with the jobs and the company; inevitably, low performance levels will follow" (Charles, 2006: 275).

As a closing remark in regard to the role of language, we highlight that language is perceived both officially and at employees' level more as an enabler than as troublemaker. Moreover, although in the differences for the overall rating of all the dimensions of language as enabler as language as troublemaker, we do not note statistical significance, we verify that there are interesting aspects which are regarded differently by MNCs and their employees when we consider individually each dimension characterising language as enabler and/or as a troublemaker. If on the one hand, in the dimensions where language skills are regarded as promoter of career opportunities and as a means to empower employees, the official perspective is stronger. On the other hand, and interestingly, in regard to the awareness of language

related problems and resulting negative effects (*inter alia* inefficiencies, frustration, dissatisfaction) employees reveal having a stronger perception of that reality than MNCs. We further emphasize, in line with Charles (2006), that in multilingual environment such as the one characterising MNCs, managers and decision-makers should be aware of the importance of language and communication skills in the motivation and satisfaction of employees, which in turn, will be reflected in their performance, and consequently in the performance of the organisation.

## 6. Conclusions

In light of the idea conveyed by Luo and Shenkar (2006: 335) that “language is a strategic choice” we argue that the simple choice in terms of language is a strategy. We analysed not only the preferred language strategies to deal with in a multilingual business environment (involving different communicational levels: intra-subsiary, inter subsidiaries and between subsidiaries and HQ), but also the role of language as perceived by its users.

Regarding the language choices of the (19) respondent MNCs, and regardless of the existence of a common corporate language, the local language is the preferred for the intra-subsiary communication. However, there is also clear evidence, that even at this level, more languages are used along with the local language. For the inter-subsiaries communication, two or more languages are used and the status of English as *lingua franca* is highlighted particularly for the communication with HQ. In line with Maclean (2006), the corporate language is not the appropriate solution for the linguistically distinct realities such as the analysed cases.

Grounded upon the different language strategies as proposed by Janssens et al. (2004), we further detected a tendency towards a mechanical language strategy by the MNCs, where the basic underlying assumption is the idea that a universal language and thus language standardisation is the solution for miscommunication. However, despite the prominence of the mechanical language strategy we also verify that there is a coexistence with the cultural language strategy. In contrast, the political language strategy is the less noted among the analysed MNCs. It is commonly argued in the literature (e.g., Piekkari and Zandar, 2005), that using English as *lingua franca* is the ideal solution for a less problematic communication. However in light of the evidence

found in our study and as speculated by Tietze et al. (2003), one single language does not serve the purpose of effective communication within a multilingual context.

As far as the role of language is concerned, results have demonstrated that language is perceived, both at official and employees' level, more as an enabler than as troublemaker. However, while at an aggregate level, *i.e.* when analysing the mean of all dimensions of language as enabler and as troublemaker, we do not find statistically significant differences between the official and employees' perceptions, considering each dimension individually we verify that employees have distinct (and statistically significant) perceptions from the official. On the one side, the official perspective is more convincing in the dimensions where language skills are viewed as capable of promoting career opportunities and /or to empower employees. On the other side, regarding the consciousness of language related problem from miscommunication able to result negatively (such as inefficiencies, frustration, dissatisfaction, disintegration), employees reveal having a stronger perception than the one officially revealed by MNCs.

Although the present dissertation has contributed for the reassertion of the status of language in the MNC context, its limitations need to be put forward as some of them are likely to constitute paths to be explored in future research

A first limitation concerns the use of a single key respondent (in our case the HDR) in the survey to MNCs. Although this is a common approach in international management research (Piekkari, 2009), we tried to minimise this potential research pitfall by complementing the MNCs survey with an in depth survey to all employees of a selected MNC. This new approach enable us to compare the 'official' (HDR) and the 'real world' (employees) perspectives.

A second limitation concerns the fact of the selected MNC is headquartered in an English speaking country, which easily indicates the choice in terms of corporate language. Nevertheless such potential bias towards English, our results demonstrated that in practice the corporate language is not used by all.

Based upon the reviewed literature and the evidence found in regard to language strategies, we would suggest not only analysing language strategies in a larger sample, preferably with respondents located in different countries, but also analysing the practical implications/effects of particular language strategies. An empirical assessment

where the impact of one or other language strategy could be measured would make the MNCs decision-makers more willing to consider the importance of language related decisions and hopefully incite them to act accordingly.

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