Language Strategy: Beyond Englishization

Heejin KIM^{a)}

Abstract: This paper reviews existing studies on the language strategies of multinational corporations (MNCs)—a subject that has received increasing attention since the late 2000s. In most of these existing studies, both academics and practitioners have tended to focus primarily on Englishization. That is, English as a lingua franca has been taken for granted, and most related studies have discussed organizational problems caused by Englishization and the solutions to those problems. However, English as a lingua franca is only one of various options, and it is incorrect to conclude that MNCs' available language strategies are limited to Englishization. Instead, existing studies on language strategy take more multi-faceted perspectives and propose bilingual or multilingual strategies, choosing the term "language strategy" because of the increased emphasis on these various options.

Keywords: multinational companies, language strategy, English as a lingua franca, Japanese corporations

^{a)} Graduate School of Economics, Tohoku University, 2-1-1 Katahira, Aoba-ku, Sendai, Miyagi, Japan, h-kim@econ.tohoku.ac.jp

A version of this paper was presented at the ABAS Conference 2016 Winter (Kim, 2016).

©2016 Heejin Kim. This is an Open Access article distributed under the terms of the Creative Commons Attribution License, which permits unrestricted reuse, distribution, and reproduction in any medium, provided the original work is properly cited.

Introduction

An organization without a set language for communication is inconceivable. Employees in an organization use languages to express and exchange opinions, hold discussions, solve problems, learn and grow, make decisions, and maintain records. As the globalization of business has created organizations with subsidiaries across the world, language barriers have given rise to various problems that would have gone unnoticed in the case of domestic organizations, where employees communicate in their native language. Given this globalized business environment, it is imperative for multinational corporations (MNCs) to devise a language strategy.

Language strategy is defined as “the rules and regulations that govern language use in MNCs” (Peltokorpi & Vaara, 2012) and has only quite recently received interest in research (Marschan, Welch, & Welch, 1997). This paper’s scope of review includes not only studies using the term “language strategy” but also studies on the same topic using different terms such as “language policy,” “corporate language,” “functional language,” and “language management.”

Neeley (2012, 2013) and Neeley and Kaplan (2014) played an important role in popularizing the term “language strategy” in academic discussions on MNCs and language. In particular, the papers by Neeley (2012), Neeley, Hinds, and Cramton (2012), and Neeley and Kaplan (2014), published in the *Harvard Business Review*, were so pioneering that they were ranked as the most popular articles in the *Harvard Business Review*. Using the examples of Japanese firms such as Uniqlo and Rakuten, which were the most proactive among Japanese firms in adopting English as a lingua franca, Neeley (2012) suggested the necessity of adopting English as a lingua franca and developing expertise and policy on the internal management of the language usage. Incorporating the perspective of human resource

management (HRM), Neeley and Kaplan (2014) argued that language strategy is critical to MNCs' global human resource management. They pointed out that employees' language and cultural skills need to be seriously considered when recruiting, training, evaluating, and promoting them in order to realize a language strategy suitable for the firm's value proposition.

Table 1 shows the growing trend of Japanese firms adopting English as a lingua franca.

An increasing number of firms (such as Takeda Pharmaceutical Co., Ltd. and Mitsubishi Corporation) have set TOEIC requirements

Table 1. Trend among Japanese firms toward adopting English as a lingua franca

Company	Industry	Year of Implementation	Main policy
Sharp	Electronics	2010	Decision to make English a lingua franca of the R&D division.
Rakuten	E-commerce	2012	Performance evaluations of employees includes English proficiency. TOEIC score of 800 or higher is required when recruiting.
First Retailing	Apparel	2012	As a rule, English to be the language used at meetings etc., wherein non-Japanese employees are in attendance, even if these events are held in the company's Japanese offices.
Honda	Automotive	2020	Target to establish English as a lingua franca by fiscal year 2020.

Source: Compiled by the author from various press releases.

for recruitment and promotion as they move toward using English as an official lingua franca in the future. Also, firms that have strengthened their internal English language study programs (Asahi Breweries, Ltd., Mitsubishi Estate Co., Ltd., and Hitachi, Ltd.) have been increasing rapidly since 2010.

As businesses become more globalized, English will undoubtedly become essential as the official language of business. However, is the conventional wisdom true that English as a lingua franca promotes internal communication and makes information sharing and decision making more effective? Does this apply to all industries, countries, and sectors?

Research Flows of Language in International Business (IB)

1) MNCs and language

Discussions on the subject of language in the field of international business began in the 1970s with research on international marketing and exports. At the time, the main goal of analyzing languages used in target overseas markets was to examine the attractiveness and accessibility of those markets (Johanson & Wiedersheim-Paul, 1975; Mughan, 1990).

At the end of the 1990s, discussions stressing the importance of language in international business began to increase, along with the need for research on this topic. For example, Marschan et al. (1997) focused on the importance of language issues in the day-to-day management of MNCs and examined how overseas subsidiaries reacted when English was used as the lingua franca. This theme was further developed in the 2000s. According to Brannen, Piekkari, and Tietze (2014), there have been widely three developments in research related to language employed in MNCs since 2000.

- (1) The separation of language from culture
- (2) A shift at the analytical level from individuals to organizations
- (3) The integration of related research, which had existed in isolation, into a single field of study

2) Language as a constraint to strategic resources

One of the most prominent changes in the development of the existing studies was a shift in perspective from viewing language as a given external condition (such as a barrier or handicap) to regarding it as a manageable strategic resource.

For example, in early studies on international marketing and exports, language was considered a key factor indicating the physical distance between a home country and a host country (Johanson & Wiedersheim-Paul, 1975). Studies along the same line have continued and developed to the present day (Schomaker & Zaheer, 2014).

Meanwhile, major developments in related studies that started around 2000 were introduced by a growing awareness of language as a manageable strategic resource (Brannen, 2004; Luo & Shenkar, 2006; Neely, 2012, 2013; Neeley & Kaplan, 2014; Piekari & Tietze, 2011; Welch & Welch, 2008). These studies maintain that MNCs that understand the importance of language strategy and implement appropriate language strategies can acquire and maintain a competitive advantage.

An increasing number of studies on this topic are being conducted from a range of perspectives such as knowledge transfer, decision making, and human resource management. For example, Welch and Welch (2008) noted that MNCs' attitudes about language strategy have a major impact on knowledge sharing and flows. Pointing out that language strongly influences processes such as the sender's ability to transfer knowledge, the receiver's ability to absorb

knowledge, knowledge transfer mediums, and feedback mechanisms, they reinterpreted prior studies on knowledge transfer through the lens of language. In addition, through an interview survey of eight German and Japanese MNCs, Harzing, Koster, and Magner (2011) showed that language issues become barriers, slowing down the speed of decision making and increasing related costs. This study introduced 12 measures taken by these eight companies, summarizing and dividing the measures into three categories: unofficial methods, solutions at the organizational level, and the use of bridge individuals.

In sum, an increasing number of studies are treating language as a valuable strategic resource of MNCs and investigating methods of managing the use of a lingua franca in MNCs, which has been passively considered as a given condition embedded in the business culture.

Types of Language Strategies

Assuming “Englishization” to be the only language strategy available for MNCs would be erroneous because existing studies suggest a broader array of options. In terms of numbers, of course, most studies focus on the importance of English as a common language, and many favor the use of English as a lingua franca to address and solve organizational problems. Yet, more balanced discussions are offered by interesting “multilingua franca” perspectives such as bilingual strategies (Yoshihara, Okabe, & Sawaki, 2001, 2002) and multilingual strategies (Luo & Shenkar, 2006; Janssens & Steyaert, 2014). Table 2 is an overview of the basic arguments related to these strategies.

Table 2. Types of language strategies

	Lingua Franca Strategy	Bilingual Strategy	Multilingual Strategy
Definition	The use of a single language (in particular English) as the lingua franca	The simultaneous use of English and the native language of the company's home country	The use of multiple languages, including English, the native language of the company's home country, and other local languages
Representative studies	Neeley, Hinds, & Cramton (2012); Neeley (2013)	Yoshihara, Okabe, & Sawaki (2001, 2002)	Luo & Shenkar (2006); Janssens & Steyaert (2014)

Source: Author

1) Lingua franca (uni-lingual) strategy

Several scholars have examined the question of how and why MNCs adopt English as their lingua franca, with Dor (2004) and Neeley (2012) coining the term “Englishization” and Boussebaa, Sinha, and Gabriel (2014) opting for the term “corporate Englishization.”

Reiche, Harzing, and Pudelko’s (2015) study serves as a representative example investigating the effectiveness of English as a lingua franca. They analyzed how the use of a common language by overseas subsidiaries and headquarters managers impacted the transfer of tacit knowledge to the subsidiaries. Analyzing 817 samples from nine countries, they concluded, “Shared language

among subsidiary and HQ managers positively related to tacit knowledge inflows at the subsidiary level. Further, we theorized and empirically showed that the relationship between shared language and subsidiary knowledge inflows is mediated by two variables: shared HQ goals and vision, and centralization.”

Meanwhile, Neeley et al. (2012) and Neeley (2013) focused on internal organizational issues arising from the use of English as a lingua franca. Neeley et al. (2012) surveyed five MNCs in Germany, France, Japan, and the U.S., noting that side-effects of using English as a lingua franca include a decline in employee collaboration, productivity, and performance; thus, proper management is critical when using English as a lingua franca. Neeley (2013) conducted interviews with 41 individuals in French firms in their second year of using English as a lingua franca and described how the use of English could lead to organizational inefficiencies, such as diminished confidence among non-native speakers, or negative behavioral responses, such as increased hostility and distrust toward native speakers.

Lauring and Klitmoller (2015) studied avoidance among employees at three Danish MNCs with regard to using the company’s official lingua franca, which was English in all the cases. Their study found that five factors (level of formality, method of communication, group size, power differences, and closeness of relationship) influenced English usage avoidance. As indicated by the above, there has been a steady accumulation of studies on both the effectiveness and side-effects of adopting English as a lingua franca in MNCs.

2) Bilingual strategy

At the same time, some studies have suggested that given the many issues involved with Englishization, approaches other than total Englishization should also be considered. For example, Japanese researchers such as Yoshihara et al. (2001, 2002) and Okabe (2005)

argued in favor of a “bilingual strategy” and published the results of joint studies conducted since around 2000. Arguing for the necessity of a bilingual strategy that balances English and Japanese, they conceptualized the negative aspect of global management in Japanese language as a “language cost” and the positive aspect of operational knowledge transfer facilitated by the use of Japanese language as a “language benefit.” Examples of language cost include direct costs such as simultaneous interpretation fees and opportunity costs involved in the use of human resources and information. At the same time, they note that management using Japanese language as the medium of communication has the benefit of creating novel ideas and advanced technological capabilities since the language allows ideas to be shared freely through discussions and arguments, as evidenced in “waigaya,” Honda’s experimental strategy. “Waigaya” involves free discussions and arguments that facilitate the sharing of ideas within the organization. A questionnaire survey of Japanese firms conducted by Yoshihara et al. (2001, 2002) showed that even though 85.7% of firms felt a necessity to increase communication capability in English, they were passive regarding the implementation of a bilingual strategy.

Studies conducted by Yoshihara et al. (2001, 2002), Okabe (2005), and Sawaki (2013) form a valuable foundation demonstrating the need for bilingual strategies in Japan. These studies suggest ways to overcome the limitations and issues involved in conducting international business primarily in Japanese by implementing measures such as training, overseas assignments, and recruitment in order to facilitate the management of the use of English in companies. Their research outcomes are considered to have highly practical implications for Japanese firms because they are not biased toward English as a lingua franca and consider the affinity between Japanese-style management and the Japanese language. However, studies conducted in Japan have followed a unique path, making

almost no reference to related overseas studies on this topic. Likewise, global research streams focusing on this topic do not include empirical investigations on Japanese MNCs, which indicates a clear gap between global research streams and studies in Japan on the topic of language strategy.

3) Multilingual strategy

The third strategy views MNCs as multilingual communities (Barner-Rasmussen & Aarnio, 2011; Janssens & Steyaert, 2014; Luo & Shenkar, 2006; Peltokorpi & Vaara, 2012; Steyaert, Ostendorp, & Gaibrois, 2011) and emphasizes the need for a “global language design” optimized to each MNCs’ characteristics and the regions in which it operates. Luo and Shenkar (2006) argued that global language design requires consideration of three premises: strategic rationality, the evolutionary process, and bounded rationality. In other words, the functional language used between a headquarters and its overseas units may differ depending on the headquarters strategy (multidomestic, global, or hybrid), structure (regional, divisional, matrix, or geographical), and transnationality. On the other hand, conditions at overseas units that may affect the choice of a functional language include the market entry mode, strategic role (global innovator, integrated player, or local market seeker), and the number of expatriate employees. These researchers asserted that unlike culture, language can be strategically selected to fit the circumstances and strategies of the headquarters and its overseas operations.

Developing Luo and Shenkar’s (2006) study, Peltokorpi and Vaara (2012) conducted an eight-year survey of 101 Japanese subsidiaries of Europe- and U.S.-based MNCs. Their data analysis categorized the overseas subsidiaries into four groups on two axes, one axis being their stage of development (developing/established) and the other being their strategic role (locally adaptive/globally integrated). The

findings suggested a contingency model whereby the language policies and practices of MNCs will differ by subsidiary type. Their research suggested that various factors must be considered when creating and implementing a language strategy since this strategy intended by an MNC's headquarters is recontextualized by the influence of the internal and external requirements of overseas subsidiaries.

Discussions

Confronting the same difficulties and barriers may lead to significantly different outcomes for those companies that can and cannot treat the obstacles as manageable variables. Language barriers between a headquarters and its overseas subsidiaries, or among the subsidiaries themselves, may be problematic for one company but a strategic resource for another. In this paper, three approaches to language strategies (lingua franca, bilingual, and multilingual) are introduced as an increasing number of studies treat languages as strategic resources of MNCs. However, the following research issues remain.

First, although many studies have emphasized the importance of and need for English usage in MNCs, research on the relationship between language strategy and performance remains underdeveloped. Many Japanese firms appear to be on the “English as a lingua franca” bandwagon, but there has been absolutely no validation of whether these policies are optimal. While more studies have been examining the practical implementation of language strategies (Peltokorpi & Vaara, 2012; Sharp, 2010), most studies have not analyzed the implications of this implementation. For example, Tietze (2008) explained the benefits of language policy, such as communication efficiency, knowledge transfer, mutual understanding, learning, reporting, and collective identity, but did

not mention how these goals can be achieved.

In fact, in the case of Japanese firms that have high competitive advantage in their “monozukuri” (manufacturing) capability, adopting English as a lingua franca in the production and development divisions can impede the smooth transfer of technology and can be a factor that weakens international competitiveness in the long term. While discussing the trend toward Englishization at South Korean firms, Yoshihara et al. (2001) and Sawaki (2013) argued for the necessity of setting English as a lingua franca in Japanese firms. However, recent developments in South Korean firms make their arguments less convincing. Some South Korean firms began using English as a lingua franca about 10 years before Japanese firms did, but their attempts have still not been successful. One of the pioneers in this area, LG Electronics, set the goal of using English as a company-wide lingua franca (English as a Common Language, or “ECL”) in 2002 and moved forward with a gradual implementation, starting with the Digital Appliance division and then moving to other divisions (Mo & Park, 2009). This trend later expanded to other firms such as Samsung and SKT, but these efforts were all suspended around 2010, including at LG (Mo, 2015). Mo (2015) stated that the low return on investment and the major side effect of a decrease in internal communications leads to the abolition of English as a lingua franca. Yoshihara et al. (2002) and Okabe (2005) discussed the “language cost” to Japanese firms incurred by management not conducted in English; however, the cost of conducting management in English should also be considered.

Second, despite the abundance of research on knowledge transfer and communication in MNCs, scant research has focused on language, which is the basic tool of knowledge transfer and communication. The impact of language strategy on cross-border knowledge transfer is an interesting topic for future investigation. Arguments on language strategy in existing studies

primarily focus on HRM-related implications (Heikkila & Smale, 2011; Marschan-Piekkari, Welch, & Welch, 1999) and stress the necessity of hiring certain types of human resources and implementing development practices. Studies with more diversified perspectives are needed with regard to organizations' adoption of specific language strategies and the broad impact that this has on all functional areas, including product development, production, and marketing.¹

Acknowledgements

This work was supported by JSPS Grant-in-Aid for Publication of Scientific Research Results, Grant Number JP16HP2004.

References

- Barner-Rasmussen, W., & Aarnio, C. (2011). Shifting the faultlines of language: A quantitative functional-level exploration of language use in MNC subsidiaries. *Journal of World Business*, 46(3), 288–295.
- Boussebaa, M., Sinha, S., & Gabriel, Y. (2014). Englishization in offshore call centers: A postcolonial perspective. *Journal of International Business Studies*, 45(9), 1152–1169.
- Brannen, M. Y. (2004). When mickey loses face: Recontextualization, semantic fit, and the semiotics of foreignness. *Academy of Management Review*, 29(4), 593–616.
- Brannen, M. Y., Piekkari, R., & Tietze, S. (2014). The multifaceted role of language in international business: Unpacking the forms, functions

¹ Takahashi (2013, 2014, 2015) provides very interesting perspectives in discussing the peculiarities of Japanese corporations. See Kim (2013, 2015) and Kobayashi (2015) regarding the overseas development of production development functions at Japanese corporations and Oki (2013, 2015, 2016) regarding the overseas development of production functions at Japanese corporations.

- and features of a critical challenge to MNC theory and performance. *Journal of International Business Studies*, 45(5), 495–507.
- Dor, D. (2004). From Englishization to imposed multilingualism: Globalization, the internet and the political economy on the linguistic code. *Public Culture*, 16(1), 97–118.
- Harzing, A., Koster, K., & Magner, U. (2011). Babel in business: The language barrier and its solutions in the HQ-subsiidiary relationship. *Journal of World Business*, 46(3), 279–287.
- Heikkilä, J., & Smale, A. (2011). The effects of 'language standardization' on the acceptance and use of e-HRM systems in foreign subsidiaries. *Journal of World Business*, 46(3), 305–313.
- Janssens, M., & Steyaert, C. (2014). Re-considering language within a cosmopolitan understanding: Toward a multilingual franca approach in international business studies. *Journal of International Business Studies*, 45(5), 623–639.
- Johanson, J., & Wiedersheim-Paul, F. (1975). The internationalization of the firm: Four Swedish cases. *Journal of Management Studies*, 12(3), 305–220.
- Kim, H. (2013). Local engineers as knowledge liaison: How Denso India succeed in developing wiper-system for Tata Nano. *Annals of Business Administrative Science*, 12, 45–62. doi: 10.7880/abas.12.45
- Kim, H. (2015). How psychological resistance of headquarter engineers interferes product development task transfer to overseas units. *Annals of Business Administrative Science*, 14, 171–191. doi: 10.7880/abas.14.171
- Kim, H. (2016, February). *Language strategy and knowledge transfer: Empirical research design for Japanese MNCs*. Paper presented at ABAS Conference 2016 Spring, University of Tokyo, Japan.
- Kobayashi, M. (2015). Requirement for engineers in embedded software development outsourcing. *Annals of Business Administrative Science*, 14, 97–108. doi: 10.7880/abas.14.97
- Lauring, J., & Klitmoller, A. (2015). Corporate language-based communication avoidance in MNCs: A multi-sited ethnography approach. *Journal of World Business*, 50(1), 46–55.

- Luo, Y., & Shenkar, O. (2006). The multinational corporation as a multilingual community: Language and organization in a global context. *Journal of International Business Studies*, 37(3), 321–339.
- Marschan, R., Welch, D., & Welch, L. (1997). Language: The forgotten factor in multinational management. *European Management Journal*, 15(5), 591–598.
- Marschan-Piekkari, R., Welch, D., & Welch, L. (1999). Adopting a common corporate language: IHRM implications. *International Journal of Human Resource Management*, 10(3), 377–390.
- Mo, J. (2015). *Englishization of Korean firms should be revived*. ChosunBiz.com Retrieved from http://biz.chosun.com/site/data/html_dir/2015/10/19/2015101901892.html (in Korean)
- Mo, J., & Park, M. (2009). Globalization of business and Englishinization: Case study of LG. *Global Education Report*, No. 2, Global Education Forum (in Korean).
- Mughan, T. (1990). Is “language for export” enough? *European Business Review*, 90(3), 22–25.
- Neeley, T. B. (2012). Global business speaks English: Why you need a language strategy now. *Harvard Business Review*, 90(5), 116–124.
- Neeley, T. B. (2013). Language matters: Status loss and achieved status distinctions in global organizations. *Organization Science*, 24(2), 476–497.
- Neeley, T. B., Hinds, P. J., & Cramton, C. D. (2012). The (un)hidden turmoil of language in global collaboration. *Organizational Dynamics*, 41(3), 236–244.
- Neeley, T. B., & Kaplan, R. S. (2014). What’s your language strategy: It should bind your company’s global talent management and vision. *Harvard Business Review*, 92(9), 70–76.
- Okabe, Y. (2005). Nihon kigyō no genngo kosuto to genngo benefit: Bairinngaru keiei no sogaiyouinn no bunnseki wo tuujite [Language cost and language benefit for Japanese companies: Why bilingual management does not take root in Japanese companies]. *Japan Academy of International Business Studies*, 11, 101–114 (in Japanese).
- Oki, K. (2013). Why do Japanese companies exploit many expatriates?:

- Analysis of overseas subsidiaries in Japanese companies. *Annals of Business Administrative Science*, 12, 139–150. doi: 10.7880/abas.12.139
- Oki, K. (2015). Knowledge-intensive mother factory: How can a mother factory support foreign factories without mass production activity? *Annals of Business Administrative Science*, 14, 293–308. doi: 10.7880/abas.14.293
- Oki, K. (2016). The history of a mother factory. *Annals of Business Administrative Science*, 15(1), 29–48. doi: 10.7880/abas.0151111a
- Peltokorpi, V., & Vaara, E. (2012). Language policies and practices in wholly owned foreign subsidiaries: A recontextualization perspective. *Journal of International Business Studies*, 43(9), 803–833.
- Piekkari, R., & Tietze, S. (2011). A world of language: Implications for international management research and practice. *Journal of World Business*, 46(3), 267–269.
- Reiche, B. S., Harzing, A., & Pudelko, M. (2015). Why and how does shared language affect subsidiary knowledge inflows? A social identity perspective. *Journal of International Business Studies*, 46(5), 528–551.
- Sawaki, S. (2013). Nihon kigyō no genngosennryaku ni miru sosikinouryoku no kouchiku ni kannsuru ichisironn: Kannkoku kigyō no eigoka tonō taihi kara [Building organizational capability through language strategy in Japanese firms: Comparative analysis with Korean firms]. *The Japanese Association of Administrative Science Proceedings*, 16, 449–452 (in Japanese).
- Schomaker, M. S., & Zaheer, S. (2014). The role of language in knowledge transfer to geographically dispersed manufacturing operations. *Journal of International Management*, 20, 55–72.
- Sharp, Z. (2010). From unilateral transfer to bilateral transition: Towards an integrated model for language management in the MNE. *Journal of International Management*, 16(3), 304–313.
- Steyaert, C., Ostendorp, A., & Gaibrois, C. (2011). Multilingual organizations as 'linguascapes': Negotiating the position of English through discursive practices. *Journal of World Business*, 46(3), 270–278.
- Takahashi, N. (2013). A hypothesis about lukewarm feeling in Japanese

- firms. *Annals of Business Administrative Science*, 12, 237–250. doi: 10.7880/abas.12.237
- Takahashi, N. (2014). Future parameter explains job satisfaction and turnover candidates in Japanese companies. *Annals of Business Administrative Science*, 13, 129–140. doi: 10.7880/abas.13.129
- Takahashi, N. (2015). Japanese work ethic and culture: A new paradigm of intrinsic motivation. *Annals of Business Administrative Science*, 14, 279–291. doi: 10.7880/abas.14.279
- Tietze, S. (2008). *International management and language*. London, UK: Taylor & Francis.
- Welch, D. E., & Welch, L. S. (2008). The importance of language in international knowledge transfer. *Management International Review*, 48, 339–360.
- Yoshihara, H., Okabe, Y., & Sawaki, S. (2001). *Eigo de keieisuru Jidai: Nihon kigyo no chosen* [International management in English]. Tokyo, Japan: Yuhikaku (in Japanese).
- Yoshihara, H., Okabe, Y., & Sawaki, S. (2002). Bairingararu keiei no tameno genngosennryaku [Language strategy for bilingual management]. *Discussion Paper Series of Research Institute for Economics and Business Administration*. Kobe, Japan: Kobe University.