From unilateral transfer to bilateral transition: Towards an integrated model for language management in the MNE

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ABSTRACT

In this theory building paper, I propose a framework for analyzing language transition in the MNE. The paper suggests the application of the institutional theory of practice transfer to language transition. The adaption of the practice transfer model to language transition takes account of the evolutionary context-oriented nature of language processes in the MNE, the impact of the characteristics of the parent company, and the activist role of language management programs as institutional agents.

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> "Language, in its expressive function, addresses and invokes the other".
> Emmanuel Levinas

Language plays an important role in the internationalization of a business enterprise. According to Welch et al. (2005), "Language is almost the essence of international business" (p. 11). Schweiger et al. (2003) argue that language is a critical factor for the multinational enterprise (MNE) in its efforts to address the growing challenge of integrating people from disparate places and cultures, who are unable to meet face-to-face, into a cohesive global organization. At the most intuitive level, language facilitates intra- and inter-organizational communication. Research has shown how the negligence of language management leads to the distortion and blockage of information and communications, and negatively impacts teamwork and performance (Thuc Anh et al., 2006; Welch et al., 2005; Henderson, 2005; Brannen, 2004). There is also evidence that an effective language strategy can positively contribute to the establishment of trust and cohesion across the MNE's global operations (Schweiger et al., 2003; Henderson, 2005; Welch et al., 2005; Brannen, 2004). The importance of these issues is highlighted against the backdrop of the continued geographic spread of multinationals, their growing number of employees in foreign subsidiaries, and the broadening array of local languages that are utilized through the global organization (Harzing and Feely, 2008). Effective internal communications and knowledge transfer are critical for the MNE because the MNE's primary advantage is the export of superior knowledge to its subsidiaries worldwide (Brannen, 2004; Kostova, 1999; Bartlett and Ghoshal, 2000). Kostova (1999) and Kedia and Bhagat (1988) have noted the difficulties and obstacles that the transnational transfer of knowledge may encounter. Given its impact on cross-border information sharing and knowledge transfer, the integrity of communications is vital for effective international management (Kogut and Zander, 1993). As the basic infrastructure of effective communications, language becomes a key parameter in successful internationalization.

From the broader perspective of the interaction of language and reality, the importance of language in the international context has been reinforced both theoretically and empirically by research that has shown the power of language in shaping social and

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organizational reality (Phillips et al., 2004), as reflected in studies of the impact of language in the global environmental regulatory arena (Suddaby and Greenwood, 2005), and in framing large-scale cross-border structures such as globalization (Fiss and Hirsch, 2005). The influential role of language in constructing global and organizational reality, together with the impact of language on the operational capability of the MNE, appear to be sufficient cause to justify practical and theoretical interest in language in the multinational context.

This paper focuses on language management in the MNE. Citing the importance of language management to the multinational organization, scholars in the field, including Harzing and Feely (2008) and Maclean (2006), have been critical of the lack of theoretical and systematic research in this area. Indeed, the role of language has been largely ignored, and was only recently rediscovered, in the international business research context (Piekkari and Zander, 2005; Welch et al., 2005). Until recently, the study of language in the MNE has been, subsumed as a component within the overall context of culture, or discounted, as for example by the idea that language gaps play only a minor role when effective translation software is deployed.

According to Maclean (2006), the management of language in the MNE should not be left to chance, nor is it a problem, as often perceived, that is relevant just for senior management or marketing. Rather, language management is part of the everyday reality of parent–host relations at all levels of the multinational organization. The linguistic problem can no longer be isolated to specific operational areas; rather language now impacts the core competency of the business, thus requiring a focused management effort and a well-defined strategy (Maclean, 2006; Janssens et al., 2004). The current paper addresses this practical need, in particular given the noted absence of a theoretical framework for the analysis of language management in the MNE.

1. Theoretical background

In the first section of the theoretical background, I will discuss the foreignness of culture in the MNE. This will lay the foundations for a survey of more recent studies that have focused on the specific challenges that language engenders for the multinational organization. I will then review studies that have discussed strategies and management techniques that the MNE can use to address and overcome the language barrier. Finally, to complete the theoretical background, I will discuss a model of practice transfer in the MNE. I will argue the applicability of this model, which derives from institutional theory, to the transfer of language.

1.1. The challenge of cultural foreignness for the MNE

This section introduces the concept of the "liability of foreignness" and approaches that have been suggested for its possible mitigation. These approaches offer theoretical perspectives that I will subsequently use in proposing a framework for language management in the MNE, while suggesting that the successful implementation of language policy in the MNE is dependent on the acknowledgement and management of the gap of foreignness rather than its mitigation.

Cultural distance is a key indicator of foreignness (Shenkar and Lou, 2004; Brannen, 2004). Hymer (1976) introduced the concept of "foreignness as a liability," assuming that operating abroad has unavoidable costs such as higher coordination costs, unfamiliarity with the local market, and ignorance of the local culture. The competitive disadvantage experienced by foreign firms, relative to local firms, is termed by Hymer the "liability of foreignness". His argument has, and continues to be, widely applied in research of internationalization (Goodall and Roberts, 2003; Mezias, 2001; Zaheer and Mosakowsky, 1997).

In contradistinction to Hymer's approach, Hurt and Watson et al. have argued that foreignness is not necessarily a liability (Hurt, 2007; Watson et al., 1993). Their case study demonstrated that, through an evolutionary process, a level of teamwork emerged that was not only able to minimize the liability of foreignness, but moreover, utilize diversity as an asset. From the perspective of the current paper, it is assumed that the organization's ability to harvest the potential harbored in cultural diversity is dependent on its ability to effectively hurdle the challenge of language.

While the MNE literature presents a broad range of problems resulting from the liability of foreignness, there has also been research into the conditions that mitigate its negative effects (for example, Glick et al., 1993). In a study of currency trading, Zaheer and Mosakowsky (1997) confirmed the existence of the liability of foreignness factor, while observing that the potency of this factor decreases over time as the foreign operation remains in the host country. However, this study did not address the time or cost exacted by a process of adjustment that is left to run its course without proactive managerial intervention.

A more proactive approach has been reflected in studies of coaching as a tool in adapting to heterogeneity (Barkema and Shvyrkov, 2007; Bhagat et al., 2002; Watson et al., 1993). Similarly, according to Gomez-Mejia and Palich (1997), MNEs are able to overcome the negative impact of heterogeneous cultural environments through the adoption of proactive, deliberate strategies and policies. This proactive orientation will inform the current study in the specific context of language management.

In seeking to analyze and remedy the liability of foreignness, a key challenge is to frame the field of action. Studies drawing on the relational approach to Human Resources Management (HRM) emphasize the human needs of the subsidiary, and suggest a host-centric orientation for the management of foreignness. The relational approach to HRM focuses on the development of people (Lado, 2000), encompassing the concept of the employee as a person and a partner. In a study of the organizational learning process in cross-cultural team work within the MNE, Milliman et al. (2002) adopt a relational approach, proposing development of a cross-cultural performance feedback tool that managers can use to bridge cultural gaps and prevent conflict. Levy et al. (2007) emphasize that global HR managers need to demonstrate both cognitive and personal openness towards cultural diversity. Conway and Monks (2008) note the importance of relating to both the cultural and historical contexts, as well as the experience and perspective of the employee. Adler gives clear expression to this relational orientation in her moralistic call to view the other