

UNIVERSITY OF VAASA  
FACULTY OF BUSINESS STUDIES  
DEPARTMENT OF MANAGEMENT

Asim Ijaz Dar N86504

LANGUAGE BARRIERS IN VERTICAL COMMUNICATION WITHIN THE  
MULTINATIONAL CORPORATION

Master's Thesis in Management  
International Business Studies

VAASA 2010

## CONTENTS

LIST OF TABLES	5
LIST OF FIGURES	6
ABSTRACT	7
1. INTRODUCTION .....	8
1.1. BACKGROUND OF THE STUDY .....	8
1.2. PROBLEM AREA OF THE RESEARCH.....	11
1.3. PURPOSE AND RESEARCH QUESTIONS .....	12
1.4. OVERVIEW OF THE THESIS .....	12
2. LITERATURE REVIEW .....	14
2.1. DEFINITIONS AND KEY CONCEPTS.....	14
2.1.1. Multinational Corporation.....	14
2.1.2. Organizational Communication .....	14
2.1.3. Internal Communication .....	14
2.1.4. Language .....	15
2.2. ROLE OF COMMUNICATION IN ORGANIZATIONS.....	15
2.3. COMMUNICATION PROCESS AND ITS ELEMENTS.....	17
2.4. LEVELS AND TYPES OF COMMUNICATION .....	19
2.4.1. Verbal Communication .....	19
2.4.2. Nonverbal Communication .....	21
2.5. COMMUNICATION CHANNELS, NETWORKS AND THEIR CHALLENGES .....	21
2.6. DOWNWARDS AND UPWARDS COMMUNICATION.....	22
2.7. HORIZONTAL COMMUNICATION .....	23

2.8. LANGUAGE .....	25
2.8.1. Language and Organization Communication .....	25
2.8.2. A Common Corporate Language within the Multilingual MNC .....	26
2.8.3. Importance of Language .....	27
2.8.4. RESEARCH ON LANGUAGE .....	28
2.10. THE IMPACT OF LANGUAGE BARRIERS IN MNCs .....	31
2.11. STRATEGIES TO OVERCOME LANGUAGE BARRIERS .....	35
2.11.1. Building of Redundancy in Communication .....	35
2.11.2. Adjusting the Mode of Communication .....	35
2.11.3. English as Lingua Franca .....	36
2.11.4. Machine Translation and External Translators or Interpreters .....	37
2.11.5. Language Management Training.....	38
2.12. THEORETICAL FRAMEWORK .....	39
3. RESEARCH METHODOLOGY .....	42
3.1. QUALITATIVE RESEARCH APPROACH.....	42
3.2. CASE STUDY APPROACH .....	43
3.3. DATA COLLECTION .....	44
3.4. DATA ANALYSIS .....	47
3.5. VALIDITY AND RELIABILITY.....	49
3.6. CASE COMPANY.....	52
4. EMPIRICAL FINDINGS.....	55
4.1. LANGUAGE BARRIERS BETWEEN HQ AND SUBSIDIARY .....	55
4.2. STRATEGIES TO OVERCOME THE LANGUAGE BARRIER .....	60
4.2.1. Build in redundancy in the communication exchange.....	61

4.2.2. Adjust the mode of communication .....	61
4.2.3. English as Lingua Franca .....	63
4.2.4. Machine Translation .....	65
4.2.5. External translators or interpreters.....	66
4.2.6. Language management and cross cultural training.....	67
4.2.7. Mediating or Contextual Factors .....	68
5. CONCLUSION.....	70
5.1. IMPLICATIONS FOR THEORY .....	75
5.2. SUGGESTIONS FOR FURTHER RESEARCH.....	76
5.3 LIMITATIONS .....	77
5.4 IMPLICATIONS FOR PRACTITIONERS .....	78
REFERENCES.....	79
APPENDICES.....	89

LIST OF TABLES	5
Table 1. Dimensions of Language Barriers	31
Table 2. Media and their Information Richness	36
Table 3. Details of Interviewees	46

LIST OF FIGURES	6
Figure 1. Communication Cycle	33
Figure 2. Theoretical Framework of the Study	40
Figure 3. Impact of Language Barriers on Communication	60
Figure 4. Strategies to overcome Language Barriers	69
Figure 5. Final Framework of the Study	74

---

**UNIVERSITY OF VAASA**

Faculty of Business Studies

Author:

Asim Ijaz Dar

Topic of the Thesis:

Language Barriers in Vertical Communication  
Within the Multinational Corporation

Name of the Supervisor:

Adam Smale

Degree:

Master of Science in Economics and Business  
Administration

Department:

Department of Management

Major Subject:

Management

Program:

International Business

Year of Entering the University:

2005

Year of Completing the Thesis:

2010

Pages: 92

---

**ABSTRACT**

**Purpose** – The Purpose of this study is to provide a better understanding of the language related issues and its impact on communication between HQ and subsidiaries in a Scandinavian MNC.

**Design/methodology/approach** – The research is based on a qualitative in-depth single case study. The empirical data was collected through semi-structured interviews from the company, Lyreco. The theoretical framework was constructed by taking into consideration all the solutions and some mediating factors such as time and distance.

**Findings** – It was found that language acts as an important barrier between HQ and subsidiaries, slowing down the communication process. However, the study highlights that these were not only language differences that caused a barrier but also cultural differences. At the same time, language policies also have their influence on the functioning of multinationals. In addition; the research suggests some solutions to deal with language barriers. However, each solution has a combination of advantages and disadvantages, and no certain solution can be considered as a perfect one to deal with the language barriers. MNCs thus need to understand the language barriers well and mix and match the solutions into a blend that is right for the company context.

**Research limitations** – This study was confined to a single case study. The results might therefore have more value if the data sample had been larger or with multiple case companies.

**Originality/value** –The study highlights the crucial role of the language in international business and draws attention to the potential for communication problems arising from the language diversity.

---

**KEY WORDS:** Vertical Communication, Language

## **1. INTRODUCTION**

This section discusses the background of the study, considers the problem area, explores the research questions and outlines the basic structure of the study.

The ability to communicate effectively is one of the most important elements for an organization. People such as supervisors, subordinates, co-workers or clients spend a lot of time in communicating with each other. However, effective communication is a challenging task. Communication skills play an important role in the organizational life. This has created a strong need for managers to obtain communication skills and apply them in organization practice. Effective communication between managers and employees leads towards effective performance. Language is a key factor in effective organization communication. Thus, language needs to be considered a very important element in multinational companies since it affects almost every aspect of their business activities (Marschan et al. 1997).

### **1.1. Background of the study**

During the last decades, due to globalization, all companies are becoming more and more multicultural by operating in different countries where the majority of employees with diverse cultural backgrounds are working together. They have different ethnicities and values with different languages. Marschan et al. (1997) observed that language is an important element in managing all the operations of MNCs because it fills almost every aspect of their business activities; i.e. if one employee wants to convey the message to another employee it is necessary for both of them to know the same language. Only in this way can the sender send the message and the receiver understand it.



Language is also a central function in verbal or written, person to person, group to group, and person to group communication. In small organizations communication can be carried out face to face in a spontaneous manner and only a few misunderstandings occur. In large organizations information must travel further among several employees and different departments; this immediately makes communication more complex. The larger the company grows, the harder it is for organizational members to communicate. In multinational corporations communication is mostly difficult. Employees in MNCs are not only communicating between different departments, but between different countries and cultures as well. MNCs for that reason needs to make even better efforts when informing and consulting their labor force (Smith, 1991).

Internal communication designates the way in which leaders inform influences and motivate organizational members; internal communication carries messages that inform organizational members about current organizational goals, tasks, activities and problems. These messages help organizational members to understand the present state of the organization, help them accomplish specific tasks, and finally these messages will help the organization to fulfill its goals. Furthermore, internal communication gives employees a chance to give feedback, it helps them form a sense of belonging to a social group and it promotes company culture (Kreps, 1990). Managers cannot influence all the communication that takes place within the organization, but they can listen to the employees and provide them with the possibilities and tools to help them improve communication. Part of internal communication is formal; a lot of it is unplanned and informal communication that is beyond managers' immediate control. If the formal communication structure is working properly, negative rumors and speculations

can be reduced to a minimum, but personal contact and informal communication between employees will always be an important part of organizational life.

In an effort to improve their competitive edge, many MNCs have adopted growth strategies by integrating units. The purpose is to increase synergy effects such as economies of scale, transfer of knowledge between units and the possibility of combining and refining economic resources. Different units across national borders are being integrated to improve the speed at which the company is able to react to changing economic conditions. But these synergy effects are hard to achieve without successful internal communication (Ghoshal et al. 1994). That is why it is especially important to pay attention to internal communication within MNCs.

In most MNCs English language as a medium of instruction is used. English as the common corporate language alleviates some of the communication problems; however, it does not solve the problem when many subsidiaries are located in non English speaking countries (Charles and Piekkari, 2002). In Scandinavian countries local languages are mainly used in MNCs. Thus, with the use of the local language sometimes there is the possibility of miss-communication in the company. That is why the present study focuses on the issues of language in MNCs in Scandinavian countries. In spite of the significant role of foreign languages and international communication, few studies focus specifically on foreign language skills and their role in enhancing communication in the MNC environment. Communication is seen as a tool in the strategic management of international operations, and language skills as essential for performing daily activities within the MNC (Charles and Piekkari, 2002).

The notion that cultural differences are a barrier to doing business abroad is now commonly accepted (Adler and Gundersen, 2008; Hofstede, 2001). However, this commonplace acceptance might have blinded researchers and practitioners to a more basic country-related characteristic with the same impact: differences in national languages (Harzing, 2003). Multi-national companies (MNCs) are multi-lingual almost by definition (Luo and Shenkar, 2006) and every MNC will need to find a way to deal with the language barrier it encounters when expanding into countries. It is therefore surprising that language diversity has attracted so little attention in the field of international management and business.

## 1.2. Problem Area of the Research

Language may no longer be overlooked due to the increasing importance which is assigned to it by international management scholars. However, the role of language differences has yet to be fully investigated in multinational management processes. For example, the language dimension has been given little attention as compared to the importance recently given to information and knowledge factors in the international management literature; however, language is a crucial element for the transformation of knowledge and information.

Communication between subsidiaries of the same multinational corporation (MNC) is a problem faced by staff as the demands for communicating across borders are pushed downwards in the organizational hierarchy. Although strategies to alleviate some of the communication problems are used, this does not solve them all, particularly when many subsidiaries are located in non-English speaking countries. In that situation communication between subsidiaries can be a significant casualty. Thus, to understand the exact role of language and language

related issues in MNC communication between HQ and subsidiaries, it has been necessary to consider language as a separate factor. In this study we present empirical evidence from a Scandinavian corporate headquarters in Denmark and its subsidiaries in Sweden and Norway, looking at both languages problems and various solutions.

### 1.3. Purpose and Research Questions

The main purpose of this thesis is to analyze the influence of language barriers on communication between headquarters and subsidiary in an MNC and proposed some strategies to overcome these barriers.

The research questions are summarized as follows:

- (a) In what ways does language affect communication between corporate headquarters and foreign subsidiaries located in countries with different national languages?
- (b) What strategies are used to resolve the language barriers and how effective are these strategies?

The study seeks to answer the research questions by collecting data through empirical research.

### 1.4. Overview of the Thesis

The thesis is structured in five sections. The first section is an introduction to the research. It discusses the general background of the study, considers the problem area, and explores the research questions, as well as providing an overview of the study.

Theories, concepts as well as terms are discussed. In addition, it presents the conceptual framework of the study that emerged from the literature review of the research is presented.

The methodological approach and research strategy used in this study can be found in Section 3. It presents the research methods and the process of the data collection as well as an analysis of the empirical data. It also includes specific information about the case company.

Section 4 presents the results and findings of the research study. It includes an analysis of the empirical data collected from semi-structured interviews as well as various other sources.

Finally, Section 5 discusses the main research results and contributions of the thesis. It also discusses the limitations of the study as well as suggestions for further research.

## **2. LITERATURE REVIEW**

### **2.1. Definitions and Key Concepts**

#### **2.1.1. Multinational Corporation**

Hill (2001) defines an MNC as “any business that has productive activities in two or more countries”. Multinational Corporations (MNCs), by definition, operate through foreign subsidiaries across continents and across a great variety of languages. Rather than managing individual units as independent entities, modern multinational corporations tend to foster flows of information, products, people and money with and between the various subsidiaries that form the corporation.

#### **2.1.2. Organizational Communication**

Goldhaber (1993) defines organizational communication as “the process of creating and exchanging messages with a network of interdependent relationships to cope with environmental uncertainty”.

#### **2.1.3. Internal Communication**

Internal communication is the pattern of messages shared among organization members; it is human interaction that occurs within organizations and among organization members. Formal internal communication channels are extremely important managerial tools for directing, coordinating and restructuring organizational activities (Kreps, 1990).

#### **2.1.4. Language**

Language can be defined as a shared communicative culture, with the sharing of mental representations to some extent, generating a social environment in which language is useful and adaptive.

### **2.2 Role of Communication in Organizations**

Communication is one of the basic functions of management in any organization and its importance cannot be neglected. In the process of communication information, ideas, thoughts, opinions and plans are transferred between various parts of an organization. It is not possible to have human relations without communication. However, good and effective communication is required not only for good human relations but also for good and successful business. Effective communication is required at various levels and for various aspects in an organization (Thomson, 2007).

Communication within the organizations is a crucial function and its underestimation may easily lead to the dangerous state of organizational disorder (Subramanian, 2006). To understand the exact role of the communication, one may simply calculate the time spent on the interaction with other members of the organization: superiors, subordinates, co-workers, and external partners such as customers and suppliers. Efficiency in communication is required at every step, from sharing ideas and giving instructions to negotiating salaries and solving conflicts. Furthermore, organizations consist of people who contribute to the accomplishment of the organizational goals through their participation in various processes. Communication plays a very important role during these processes. For instance, employees use communication throughout the process of learning at work, while it is also applied during decision-making processes. Therefore,

communication is involved in many various organizational processes and it occupies a crucially important part of the working time.

The role of communication is considerably increased in the case of managerial interaction. It is not an exaggeration to claim that communicating is basically what managers do. More precisely, communication is the fundamental element of any managerial activity, such as planning, organizing, motivating and controlling. It consumes by far the largest amount of the managerial time, and essentially it leads towards the realization of organizational goals by coordinating the work of every member (Timm and De Tienne, 1995). As a matter of fact, a few decades ago, every problem in the field of management was explained as a problem in communication. This tendency was promoted by the idea that any business survives by effectiveness in communication. Nowadays, despite the change in managerial approach towards a broader point of view, communication is still considered as the critical factor for organizational success (Torrington, 1994).

Taking the above into consideration, one may consider communication as a crucial element of success due to its coordinating and integrating role. Moreover, when applied by managers, communication becomes a particularly challenging task, which occupies the largest part of their time and effort. Naturally, successful managerial performance requires a set of specific skills. Since communication is a demanding task for every manager and it determines to a great extent the effectiveness of the entire organization, those skills assume a high degree of importance. In a study of college graduates from various fields, the majority of the respondents considered communication as crucial for their career success. More precisely, the majority of the respondents considered communication skills to be



more significant than their major subject (Adler, 1989). According to the same source, a clear example of the need effective communication skills is the fact that the average business executive devotes approximately 80% of his/her working time to communication.

### 2.3 Communication Process and its Elements

Communication is generally divided into specific elements. Those elements exist in any kind of communication and are connected through a particular sequence. This systematic set of elements is called a communication process. Thus, regardless of the objectives of the interaction and the means to achieve them, the communication process has three parts: Sender-Message-Receiver (Schirato et al. 2000).

**Source:** the source is that element which is the originator of a message. Some researchers tend to differentiate between source and sender. However, the sender transmits the message, but does not always originate it. In any case, the source or sender encodes the message. In other words, Encoding means turning an already conceived idea into a message ready for transmission.

**Message:** this element refers to the stimulus that the source or sender transmits to the receiver. A message may be verbal, non-verbal, or both.

**Channel:** the channel can be explained as the means by which a message is transferred from the source to the receiver.

**Receiver:** the receiver refers to the destination of a particular message. The receiver decodes the message and interprets it. In other words, Decoding means giving the received message through individual perception.

**Feedback:** since feedback is also a message, it can be verbal, non-verbal, or both. It is basically a response to the received message, and thus may be positive or negative (Infante et al. 1997).

After presenting the elements of the communication process, it is important to examine the relationship between these elements. An effective communication process is based not only on a careful selection of those elements, but also on their interaction. This is a fact that must be considered by the management in advance.

The communication process is considered to be dynamic. In order to achieve efficiency, managers have to adjust the process to the specific circumstances. There can be cases where the roles between the participants are not strictly separated (Adler, 1989). Sometimes the sender is solely a sender, while the receiver is limited to receiving and decoding the message. On the other hand, there are occasions where the roles mix and the sender is at the same time a receiver. For example, during a meeting, a superior sends and simultaneously receives messages from his/her subordinates. Therefore, the complexity of the communication process increases. Another factor that must be examined is the background of each communication process. It is difficult to separate one communication incident from another. The events that occur prior to the ongoing process tend to affect it, directly or indirectly. Finally, communication process is regarded as irreversible. This results in a need for careful planning before and during the process. According to the above paragraph, the communication process is better understood by its division into some generally accepted elements. The special characteristics of these elements, as well as the established relations can be regarded as potentially problematic areas. Thus, the management must be aware

of the dynamic nature of the communication process and related issues before the action takes place.

## **2.4 Levels and Types of Communication**

'Communication' is a broad term including interaction of different types, at different levels. Communication may take place within an individual who processes available information (intrapersonal) or between two or more individuals (interpersonal). Moreover, internal communication refers to interaction among members of the same organization, while external communication also includes external members - for instance, customers or suppliers. In addition, the management is involved in group and organizational communication, which is the interaction that aims at coordinating the efforts of all the members towards the accomplishment of the tasks at hand (Timmet al. 1995). Despite the existence of intrapersonal communication, its activities are beyond the goals of this study. Besides that, the term 'managerial communication' will be used for any kind of interaction between management and subordinates, regardless of the specific organizational level.

There are two types of communication. The first is called verbal and can be expressed in words. The second category refers to the communication that is not expressed in words and is called non-verbal.

### **2.4.1 Verbal Communication**

### Face-to-Face Communication

The daily organizational work is carried out mostly through verbal communication. This includes meetings, interviews, directions, counseling, personal talks, and so on. In face-to-face communication the sender and the receiver have an opportunity to make them clear, and this way of communicating obviously has the advantage over others. However, face-to-face communication may become problematic since most people believe that just transmitting the message is enough for communication and they do not consider whether the message has been received and understood by the other person. Some people thus use the listening time to assembling their own arguments and responses and do not pay attention to what the other person is actually saying; and if the communicated message is an order or instruction, the efficiency of the message often gets lost through lapses of memory.

### Written Communication

A wide range of organizational activities are carried out in written form, i.e. circulars, reports, manuals, job descriptions, etc. Written communication is required in certain situations, such as when the same message is to be conveyed to a large number of people in distant places and when the message is complex in nature, e.g. about work methods, rules and regulations, etc.

The shortcoming of written communication is that there is no certainty about its being read by its receivers. Also, the chances of getting a feedback are less in the case of written communication than in the case of face-to-face communication.

### **2.4.2. Nonverbal Communication**

The messages are not only transmitted through spoken and written words but also through nonverbal means, which are equally important in expressing oneself. For example, nodding of the head conveys agreement, frowning expresses displeasure, shrugging of the shoulders signifies grudging withdrawal, and so on. These signs convey the intentions behind the words and help in understanding the intended meaning of the message.

## **2.5. Communication Channels, Networks and their Challenges**

Numerous channels are used for internal and external organizational communication. Yet, while channels such as bulletin boards, intranets, newsletters and e-mail are an efficient mode of communication for certain messages, the power of face-to-face communication cannot be underestimated. Media such as reports and letters are less effective for information exchange than "dynamic" channels such as one-on-one conversations, corridor chats and small-group meetings that incorporate communication among employees.

The communication networks provide a clear direction for information flow inside an organization, while increasing the chances for a better understanding of the process (Timmet al. 1995). Networks can be broadly defined as associations of individuals, who share a common interest, and they are usually formed in order to provide mutual assistance and helpful information (Random House Unabridged Dictionary, 2006). There are two basic types of networks: formal and informal. Formal networks are regarded as systems established by the management. They reflect the officially designed interdependencies, related to the information flow. However, these flows do not always follow the formally indicated channels and

this is where the informal networks contribute to the communication process (Timm et al. 1995). Informal communication includes the informal relationships among the organizational members. Naturally, the management has limited control of the formation and the further development of informal networks, since they tend to grow spontaneously according to the individual and group interests. In many situations, informal networks are more effective (Subramanian, 2006). Considering all the above, managers must acknowledge the role of both networks during their interaction with the subordinates in order to achieve an overall effectiveness in communication.

Whenever the communication is applied to the organizational reality, another important factor must be born in mind. It refers to the direction of the information flow. Every company has a specific hierarchical structure, which consists of predefined authorities and responsibilities (Piperopoulos, 1999). More precisely, information flow can take a horizontal or a vertical direction, where the vertical can be divided into downwards and upwards. Horizontal direction concerns the communication between the employees of the same hierarchical level. In the case of the downward, the information flows from the management to the subordinates; while in the case of upward communication, senders are the subordinates and receivers the managers.

## **2.6. Downwards and upwards communication**

The first element of downward communication concerns the task description and contains the possible means applied by managers when giving the instructions to their subordinates. In this case, the more educated the employees are, the less detailed the instructions can be. The second aspect refers to the appropriate work structure and describes the combination of role inside the company, his/her

responsibilities and authority, as well as the volume of the information. Sometimes, managers deliberately hinder the information flow in order to avoid confusion or conflicts. The third element of the downward communication focuses on the information regarding practices and policies of the organization, while the fourth is obtained from the workforce feedback. The last aspect refers to the ideology, which reflects the managerial attempts to increase the level of the personnel's commitment and acceptance of the managerial objectives (Piperopoulos, 1999).

Upward communication, on the other hand, aims at a description of the accomplishment of tasks and is a form of feedback for the managers of an organization. Moreover, through this type of communication, employees can share their opinion regarding working processes and make suggestions for improvements. In many cases, the upward communication can increase the level of the personnel's participation in the strategy making or planning processes. The main obstacle during this type of communication refers to trust. Honest and open exchange of ideas and information requires a trustful environment. Another aspect that may hinder the upward communication concerns subordinates' perception regarding initiative and independence. Quite often, employees are afraid that frequent communication can be regarded by managers as lack of independence. Nevertheless, upwards communication may offer valuable information to the management and benefit the entire organization.

## 2.7. Horizontal Communication

The exchange of information among employees at the same level in organizational hierarchy is known as horizontal communication. Such communication is

important for effective organizational functioning. Managers themselves use and encourage their employees to use horizontal communication to perform the following vital tasks:

**To coordinate activities**

Facilitating coordination of work assignments among departments or within groups helps managers and employees accomplish specific tasks and achieve interdependent goals.

**To share information**

Permitting exchange of information about plans and activities among departments allows employees and managers to benefit from the ideas of more than one person.

**To solve problems**

Allowing exchange of ideas between departments and cooperating with other departments reduces costs, prevents overlapping work tasks, and reduces difficulties in reaching solutions.

**To promote understanding**

Encouraging a common understanding across departments and groups helps employees and managers to focus on specific tasks.

**To minimize destructive conflict**

Communicating horizontally is the best way to resolve disagreements and to coordinate priorities.



### To develop interpersonal support

Strengthening interpersonal relationship helps managers and employees increase rapport and cohesiveness (Bovee et al. 1993).

## 2.8. Language

Language is the means by which data is transferred from sender to receiver both verbally and non-verbally. It is a means of cultural socialization by which information is communicated from one generation to another (Gudykunst and kim, 1997; Terpstra and David, 1985). Hall (1989) described language not only as a system for transferring messages but also a system for managing information and releasing thoughts and responses. Scollon and Scollon (1995) identified the functions of language as transmission of information and maintaining relationships. Management theorists also classify the role of language as a facilitator that provides for the possession and transmission of information through social interaction with others (e.g. Dhir and Goke-Pariola, 2002; Feely and Harzing, 2003).

### **2.8.1. Language and Organization Communication**

Language is key element in effective organizational communication. In fact, language influences the course, content, qualitative significance and utility of all communication flows within multinational companies. Moreover, language can also have an impact on conflict management in cross-cultural teams, appropriate marketing and sales policies, relations to local actors and knowledge transfer. Language choice and usage affect presentation and interpretation, which allows

corporate headquarters to control global planning and subsidiary coordination (Luo and Shenkar, 2006).

Communication can quickly become problematic between people of different cultures, even when their native language is the same. Challenges may be related to differences in cross-cultural communication styles, values, protocol or expectations, among others. This is important, because in many cultures, doing business requires building connections. The use of language in a business setting determines first impressions and can open or close doors. Establishing links and communicating politely in global business relationships also requires an understanding of the basics of meeting and greeting in other languages (SHRM's 2008).

In addition, Thomas (2008) claims, that many multicultural teams perform poorly due to the lack of valuation of the languages and cultures of others on the team. In short, language is an important factor that influences the communication flows and overall performance of multinational, and therefore multilingual, organizations.

### **2.8.2. A Common Corporate Language within the Multilingual MNC**

According to Sorensen (2005) a common corporate language is only introduced for the need of global operations and it is used as an administrative managerial tool. Many scholars have highlighted the multilingual character of MNCs (Barner-Rasmussen and Bjorkman, 2007; Janssen's et al. 2004). Barner-Rasmussen and Bjorkman (2007) argued that introducing a common company language will not render the firm monolingual, and diversity will remain in the global firm as the MNCs are multilingual almost by definition (Andersen and Rasmussen, 2004;

Marschan et al. 1999b; Sorensen, 2005). According to Bruntse (2003) some MNCs have more than one language or use multiple languages for internal communication. The language selected as the corporate language in the MNC is different to the language spoken in the home country, if the multilingual reality within the MNC is considered. Additionally interaction between employees and subsidiaries takes place in their local languages (SanAntonio, 1987). Thus, internal language diversity pertains between the companies.

Sorensen (2005) conducted a survey of 70 companies operating in Denmark. He found that despite the common corporate language being English, all documents were generated in the local language. When documents in English arrived at subsidiaries, they were translated into the respective local languages. English was not seen as a dominant language in companies there, but more generally as a “transit language” between various parallel local languages. Yet, English was the preferred language in oral communication between MNC units, as well as in board and executive meetings attended by non-Danish speakers. Fredriksson et al. (2006) argue that there are discrepancies between company policy and employee practices with regard to language use.

### **2.8.3. Importance of Language**

Marschan et al. (1997) argue that in managing multinationals, language needs to be considered an important element because it fills almost every aspect of their business activities. A shared company language does not necessarily ensure that meaningful communication occurs. They consider the impact of language, both as a facilitator and as a barrier to effective communication flow, on the multinational's

ability to control and coordinate its global network. An investigation of the Finnish elevator company, Kone and its diverse subsidiaries, demonstrates the persistent impact of language, and the range of individual responses to language constraints (Marschan et al. 1997). An important implication of the analysis is that multinationals need to ensure that language does not become a nonessential or forgotten issue; it should rather be viewed in more strategic terms. An important first step might be to include language aspects at the highest level of strategic planning and implementation: thinking through the language consequences of strategic decisions on global operations; examining the demand for language provision throughout the global entity; and identifying possible barriers to implementation created by the inevitable differences in language proficiency.

Philipson (1992) identifies two particular features of the role of language in international business. The first is the choices made by MNCs regarding language use, whether to adopt a corporate lingua franca (and if so, which language to adopt). The second is the study of the advancement of English as a lingua franca, through linguistic imperialism. Linguistic imperialism is usefully described as the process by which speakers of one language come to feel it necessary to use another language to the point where they believe they can and should use only that foreign language when it comes to transactions dealing with the more advanced aspects of life (Ansre, 1979, cited in Sliwe, 2008).

#### 2.8.4. Research on Language

The role of language in MNCs was first observed by San Antonio (1988) in his study on language use in an American company in Japan. She considered the

significance of language as a symbol of group identity and as a source of power and development for Japanese employees. Marschan et al. (1997, 1999a, b) treated Language in many case studies as a source of power in several Finnish companies. Additionally, they also clarified the difficulty of achieving a common corporate culture and disseminating company information.

Feely and Harzing (2003) suggested a number of solutions in terms of management of language differences to MNCs, ranging from interpreters to machine translation and from corporate languages to expatriation. Kingston (1996) emphasizes in an analysis of the Gec Alhstom merger that the many communication difficulties between French and English speakers arise due to language differences. He further noticed that the speaking of French among French speakers lead to frustration and exclusion felt by English colleagues.

Neal (1998) conducted an extensive survey with foreign parent company managers working in UK subsidiaries, and identified language problems as the major source of frustration, dissatisfaction, and friction between them and their UK colleagues. Yoshihara's (1999) research highlights the importance of language issues to Japanese MNCs, describing the two pillars of their international HRM strategy as "Management by Japanese" and "Management in the Japanese language".

Piekkari et al. (2005) and Vaara et al. (2005) investigated the role of corporate language selection in merged companies. They illustrate that the adoption of a common corporate language to facilitate integration and communication was interpreted by the organization whose language was not chosen as a political choice and as a result led to breakdown rather than integration. How translation

studies can be used to separate perspectives on language strategies for MNCs was observed by Jansen et al. (2004).

The role of language skills in facilitating communication between HQ and subsidiaries was reflected by Barner-Rasmussen and Bjorkman (2005) and Buckley et al. (2005). They considered that by taking into account the mechanistic perspective, language can become an uncomplicated means of communication. According to Henderson (2005) language is seen as closely related to culture. He further emphasized the association between language and cultural diversity. Also looking at the cultural perspective, Zander (2005) found some major differences in communication style preferences between countries in the same language group and challenges the view that language similarity necessarily means cultural similarity. Most recently, Luo and Shenkar (2006) conducted a wide-ranging analysis and identified factors influencing the selection of language use within an MNC ranging from MNC strategy and structure, to subsidiary role and expatriation.

## **2.9. The Dimensions of Language Barriers**

A language barrier is defined as a problem of miscommunication, which not only causes miscommunication but leads to many other factors, which increase miscommunication and also prevents the flow of information (Harzing and Feely 2008). There are three dimensions to language barriers. The first dimension is the number of different languages that a company has to manage (the language diversity). The second is the number of functions and the number of levels within those functions that are engaged in cross-lingual communication (the language

penetration) and the third is the complexity and refinement of the language skills required (the language sophistication) Feely and Harzing (2003). See Table 1

Table 1. Dimensions of language Barriers

Language diversity
Language Penetration
Language Sophistication

(Feely and Harzing 2003)

## 2.10. The Impact of Language Barriers in MNCs

According to Feely and Harzing (2003) the true cost of the impact of language barriers has to be seen in terms of the way language barriers distort and damage the relationship. This leads towards pressure and constraints on the strategies followed by the organization. Language barriers affect the level of suspicion, mistrust and conflict between HQ and subsidiaries. Such mistrust will cause the parent company to be more formal and less subjective in its evaluation of subsidiary performance, and may also hinder collaborative processes such as knowledge and technology transfer.

Language barriers hinder successful communication between a parent and its subsidiary company and the communications process can be severely disturbed.

Communication failure leads to uncertainty, anxiety, hardened attitudes and a general underestimation of the out-group's capabilities. Factors such as code switching, power-authority distortions, and parallel information networks increase with the risk of affective conflict, which then broadens the sense of suspicion and friction. The combined impact of the anxiety, polarization, suspicion, and negative stereotypes is to increase the sense of separation between the parent company and its subsidiary, and communications between the two become stagnant (Harzing and Feely 2008).

Harzing and Feely (2008) proposed a model of communication in which different components contribute to a vicious circle, which creates language barriers i.e. uncertainty, anxiety and mistrust, which produces misattribution, conflict and cognitive distortion, to which the various parties respond by engaging in greater formality in communication, which is less effective and the circle is completed. Their model focuses on the HQ-subsidary relationship in MNCs, but the idea that communication problems arising from language differences might produce a vicious circle seems relevant to a range of settings within international business.



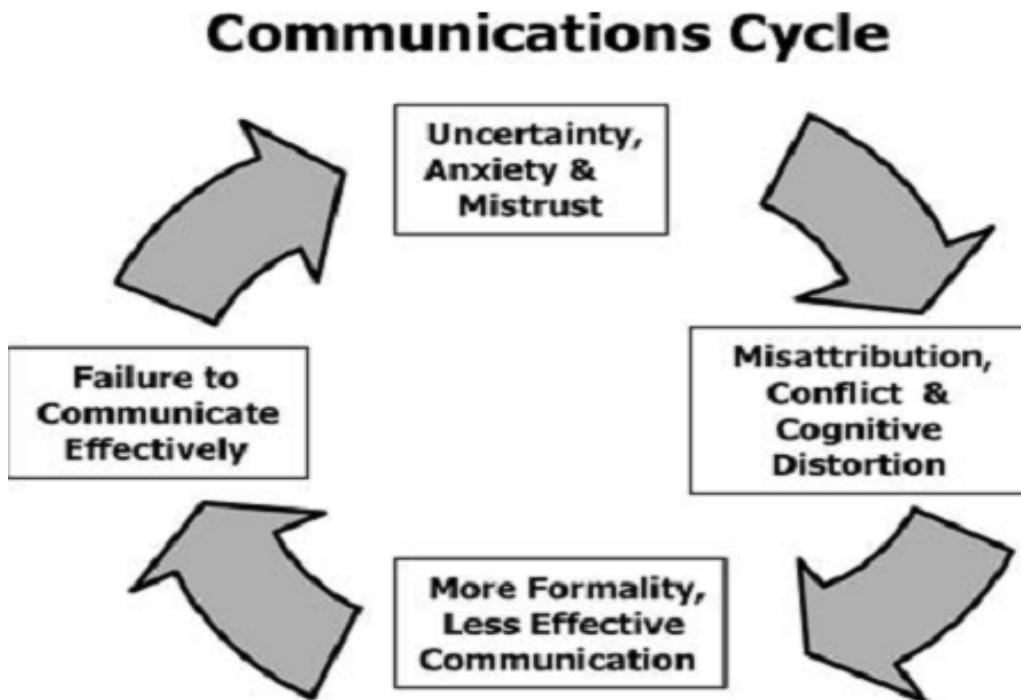


Figure 1. Communication Cycle adopted from Harzing and Feely (2008)

In MNCs, managers belonging to different language groups interact routinely. Even if the managers under consideration are relatively competent in the language of the other party, loss of rhetorical skills is always present as the use of humor, symbolism, sensitivity, negotiation, persuasion, and motivation requires a very high level of fluency. These are skills that are more important in managerial positions than in operational positions. Schneider (1996) found that senior managers had more language-related problems than production employees. As a result of loss of rhetorical skills, misunderstandings are therefore easily caused, resulting in uncertainty and anxiety (Gudykunst, 1995; SanAntonio, 1988).

Yoshihara et al. (2001) indicate that misunderstandings and delays in decision-making are the most important costs associated with the language barrier. Employees proficient in company languages and with access to all communication channels are able to bond socially across the organization, but employees lacking in linguistic resources feel themselves separate from the information network and decision making processes (Marschan et al.1999). According to Sriussadaporn (2006) a lack of language skills creates different problems in MNCs.

Another barrier to communication within the multilingual workplace is thin communication, which is defined as the removal of organizational members from informal interaction performed in a non-native, corporate language such as English. The reason why language usage appears thin is that non-professional speakers of English are often confined to a relatively limited range of linguistic registers, catering for professional exchanges rather than small talk, and they feel afraid that an exposure of such linguistic weaknesses will reflect badly on their professional competence (Park et al. 1996). As a consequence, multilingual organizations see a reduced degree of socializing, small talk and gossiping, which has implications for information transfers.

Not only language barriers themselves affect companies. Language policies also have their influence on the functioning of multinationals. Thomas (2008) argues that corporate language policies are most likely to directly or indirectly affect every person who works within a multinational company. This impact does not only affect the domain of work conduct but also intercultural communication throughout the organization. In other words, the solution picked by a company can be one of great impact. Language, for example, can give certain employees the power to act as informal gatekeepers and position can be used to filter, distort and

even block information (Marschan et al. 1997). Additionally, time and distance factors also impact the effectiveness of information being shared among employees working in different units of the company.

## **2.11. Strategies to Overcome Language Barriers**

The first category contains solutions that individual communication partners have come up with on a day-to-day basis. The second category can be distinguished from the first category by the fact they are all formal rather than informal solutions, and are structurally embedded into the company rather than initiated by individuals on a day-to-day basis.

### **2.11.1. Building of Redundancy of Communication**

Building in redundancy is a relatively simple way to overcome the language barrier. It could mean asking your communication partner to repeat information several times, checking on understanding by asking your communication partner to repeat the information you have just given, providing illustrative examples, and building in frequent summaries, especially in meetings (Feely and Harzing, 2010).

### **2.11.2. Adjusting the Mode of Communication**

An informal day-to-day solution to the language barrier is to adjust the mode of communication. There are several modes which are used for communication i.e. phone, email etc. (Feely and Harzing, 2003). Much research has been conducted on

media choices. One line of research, which has attracted a lot of interest, is the information-richness theory by Daft and Lengel (1986). The theory basically says that different communication media have different information richness as table 2 depicts.

Table 2. Media and Their Information Richness

Communication Media	Information Richness
Face to face communication	Highest
Telephone	High
Written, Personal	Moderate
Written, Formal	Low
Numeric, Formal	Lowest

(Source: Daft and Lengel, 1986, 560)

### 2.11.3. English as a Lingua Franca

A lingua franca is a language systematically used to communicate between persons not sharing a mother tongue, in particular when it is a third language, distinct from both persons' mother tongues. Hagen (1999) suggested that to rely on a lingua franca can be a spontaneous approach to overcoming the problem of lack of a shared language in international business transactions. According to

Henderson (2005) the key challenge for MNCs is that the team members use lingua franca as a 'surface' language to facilitate exchanges and "continue to use diverse expressive and interpretive mechanisms derived from their respective language systems".

Previous work on language usage within multinational companies has suggested that multilingualism creates a difficult managerial situation with great implications for cross-cultural communication (Marschan et al. 1999b). The main problem increases when a number of languages used within a corporation, and an obvious solution to this problem has been to introduce lingua franca (mostly English) in order to improve managers' ability to control and coordinate international activities (Feely and Harzing, 2003). The introduction of a company language has proved helpful to internal and external communication since it provides a common medium for all members of the organization and offers easy access to all the information channels.

#### **2.11.4. Machine Translation and External Translators or Interpreters**

A solution that is practical only for written materials (though portable translation machines for face-to-face interaction do exist) is machine translation. Machine translation and interpreters are also used to overcome the language barriers. However, because of the substantial costs involved in using professional translators and interpreters, they were only used to translate significant documents such as contracts and technical documentation and to provide simultaneous interpretation at important board meetings or video-conferences. (Feely and Harzing, 2010)

### **2.11.5. Language Management Training**

Language management problems exist in multinational companies. These problems, however, are not only language problems (e.g. the absence of linguistic competence), but also communicative and socio-cultural problems. Language management training is thus systematically devoted, not only to management of language (in a narrow sense), but also to communicative and socio-cultural management. These three dimensions are interrelated (Neustupny, 2003). Research confirmed that not even good knowledge of the corporate language guarantees that communication between expatriates and local employees will not be 'managed'. Reasons for this can include different communicative norms or different socio-cultural expectations. On the other hand, it is true that communicative or socio-cultural management is easier if the employees possess advanced language competence. It is indicative that organized management in the branches of multinational companies in Central Europe was initially devoted primarily to linguistic problems and only then to communicative and socio-cultural problems. This is most visible through the fact that the companies organize intercultural training sessions (Nekvapil and Sherman, 2009). Eliminating group differences through training programs for culturally diverse employees can generate respect for individual differences in attitudes, values and behaviors (D' Netto and Sohal, 1999). Some practices suggested (D' Netto and Sohal, 1999) in the area of training include:

“Identifying specific training needs which are linked to the organization’s goals and objectives; assessing individual workers training needs to enable participation within a training program; developing individual annual training plans which cover knowledge, operational and interpersonal skills, facilitating individual’s entry into job skills training; evaluating literacy language and numeracy to access ability to undertake job training;

linking training to award restricting, enterprise agreement, process improvement and pay scales; and identifying present skills of staff through an audit process which assesses language, literacy, numeracy and skill competency levels”.

## 2.12. Theoretical Framework

The theoretical framework is built to address both research questions, considering the mediating factors that could affect the core consequences of the research study. Below is the theoretical framework of the study.

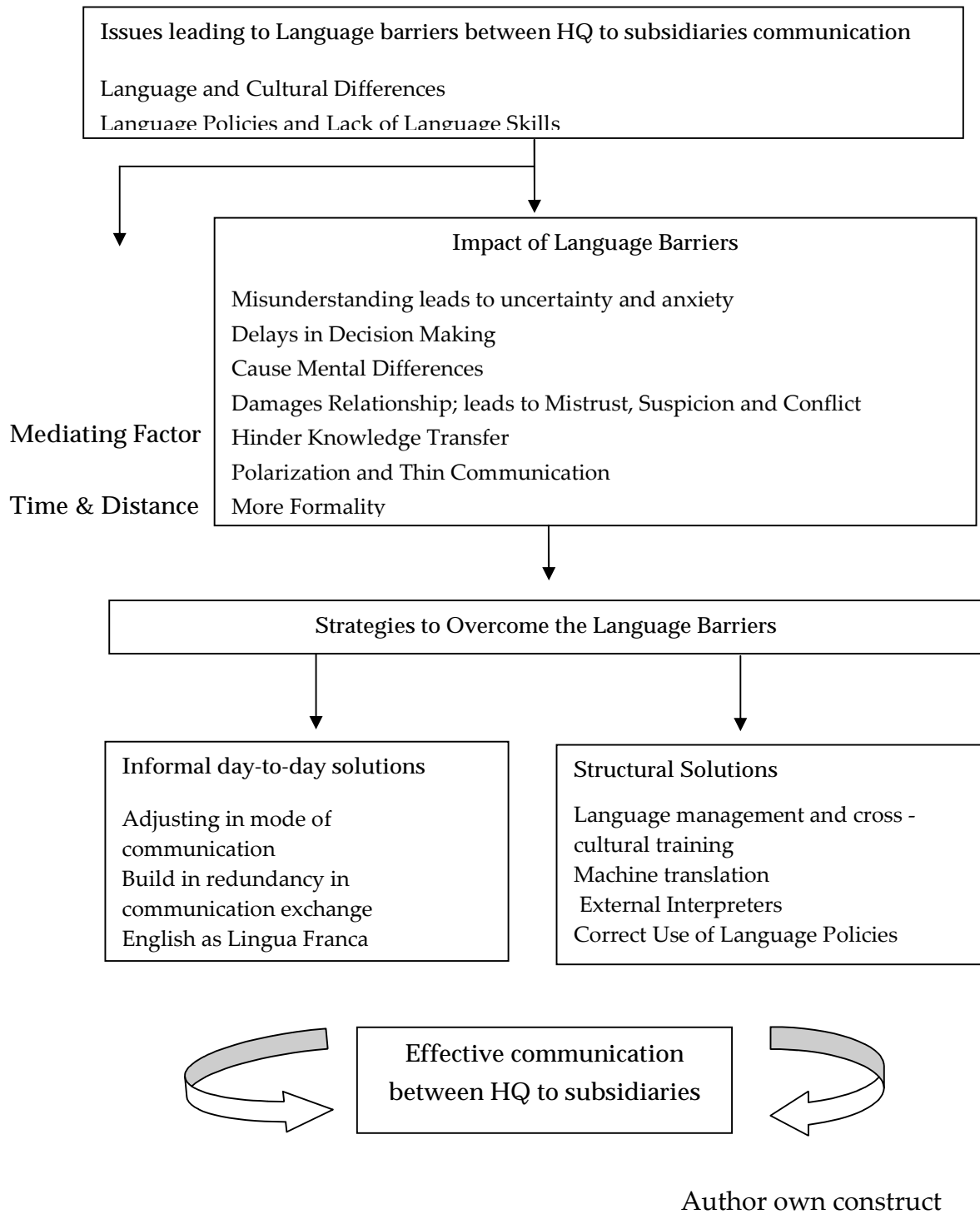


Figure 2.Theoretical Framework of the Study



The theoretical framework is built up in accordance with the literature review. In the above figure the issues leading to language barriers and their impact on communication are shown. The impacts, which are discussed in the literature, are misunderstanding, delays in decision making, mental differences, relationship damages, hindering of knowledge transfer, polarization, increased formality in relations, and thin communication, which hinders the effective communication process. In the framework there are also some mediating factors, such as time and distance, which can also cause problems in the communication process.

A number of informal and formal strategies are presented in this framework to overcome the consequences caused by language barrier.

Last in this section the role of communication and its various levels and types are discussed. Language was found to be defined in various ways and classified in multiple categories. The study then highlighted different dimensions of language barriers and the impact of language barriers on communication in the MNC. Finally some solutions to deal with the language barriers are mentioned.

### **3. RESEARCH METHODOLOGY**

This section first presents the general research approach applied in this thesis. It then describes in more detail the particular methods used for gathering the data that make the empirical base of the thesis. Finally, the section includes methodological discussions that contribute to the credibility of this thesis. Furthermore, the purpose of this section is to explain the research methods further and to identify the research approach for facilitating readers to position the work within the research designs.

#### **3.1. Qualitative Research Approach**

Due to the nature of the research problem the study will be of qualitative nature. As Glatthorn (1998) put it, studies deriving from a qualitative perspective focus on meaning and understanding, taking place in naturally occurring situations. This research follows a qualitative approach. A qualitative approach is particularly helpful in understanding the views, opinions and attitudes that may be encountered during the collection of the empirical data. It leads to in-depth examination of the research topic due to the collection of the data through open-ended questions. Another significant characteristic of the qualitative approach (Joppe, 2000) is a larger level of flexibility offered to the researcher, since this method is considered less structured than the quantitative method.

All the above tend to act as facilitating factors during the study by allowing more space for investigation. Moreover, the qualitative approach is valuable in studies related to human behavior, since its results reveal a considerable amount of information regarding people's attitudes. However, it is important to bear in mind

that qualitative research is applied to a much smaller sample than the quantitative approach and thus, tends to be less representative. In addition, such in-depth analysis based on a less flexible structure cannot be easily repeated.

The selection of the qualitative approach has been based on the previously discussed characteristics of this method. Since the topic of this research is highly related to the human behavior, the qualitative method was considered as the most appropriate to capture the dynamics of the members' interactions within an ethnically diversified organization. Furthermore, by using this flexible method, the researcher obtained the opportunity to collect the empirical data through semi-structured interview questions. Therefore, the interviewees did not have to follow strict guidelines and could discuss a wider range of issues regarding the research topic. All the above increase the possibilities for a deeper examination of the matter. Moreover, the empirical data has been collected from a relatively small sample, a practice that is applied in the qualitative method.

### 3.2. Case Study Approach

The research method will be the case study approach. According to Yin (1994) the form of the study questions provides an important clue regarding the most relevant research strategy to be used. The case study strategy is most likely to be appropriate for 'how' and 'why' questions and the aim of this study is to answer these types of questions. Furthermore, the case study method is a fruitful approach when studying contemporary phenomena within a real life context, especially when the boundaries between phenomenon and context are not clearly evident

(Yin, 1994) and when the aim of the research is to explore, describe, and explain a phenomenon (Glatthorn, 1998).

According to Yin (1994) a case study is an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used. The case study method is especially suitable for studying real life events such as organizational and managerial processes (Yin, 1994).

### 3.3. Data Collection

An in-depth semi-structured interview was chosen to be the most suitable method for data collection as it allows for large quantities of information to be passed on in a relatively short period of time (Marshall and Rossman, 1999). In a semi-structured interview, it is possible to change the order of questions and clarify the given answers. Instant clarifications and explanations can be made face-to-face, thus greatly diminishing the potential for misunderstandings to occur (Marshall and Rossman, 1999). While constructing the questions of the interview, the researcher must apply means which will encourage the process of obtaining answers. In other words, different forms of questions have different implications. Variations in the used language, as well as the speaking style of the interviewer may influence the results of the interview. Therefore, the questions have to be expressed in clear words that will be understood by the interviewees and will lead to relevant answers. Also, the questions must not be offensive.

Moreover, when constructing the interview questions, the researcher has to bear in mind the dangers of bias. Bias may appear in a question that is expressed in a way, which excludes some answers. Thus, questions that lead the respondents towards a particular direction are considered biased, since they do not allow the interviewees to respond in an alternative way (Gillham, 2005).

Taking all the above into consideration, the empirical data was collected through semi-structured interviews. All nine interviewees are members of the case company. The researcher has attempted to select a representative group of interviewees, including managers and employees of different nationalities.

The study dealt with non-native speakers of English in three countries. The sample area of the study is the company's Danish headquarters and its two foreign subsidiaries, one in Norway and one in Sweden. The data collection for the qualitative analysis was conducted during a two-month period between April and June 2010. The data collection was exploratory and inductive in nature.

Semi-structured interviews were the primary sources of data, but were used in conjunction with several other sources. The interviews were 30 to 40 minutes on average. The first two interviews were pilot interviews, where follow up questions were asked at the end of the interviews. The pilot interviews were quite productive in the sense that they allowed appropriate wordings and consecutive ordering of the question to be designed. Some minimal changes were made with words and follow up questions were formulated to get better responses. All the interviews were carried out in English and were recorded and transcribed as soon as possible after the interview. (For a detailed description of the interviewees, see Table 3)

Table 3. Details of Interviewees

Number & Place	Age	Designation	Nationality
Interviewee 1 Danish HQ	52	Logistic Director	Netherlands
Interviewee 2 Norwegian Subsidiary	29	Warehouse Manager	Norwegian
Interviewee 3 Swedish Subsidiary	27	Ledger Assistant	Swedish
Interviewee 4 Norwegian Subsidiary	29	Receiving Manager	Norwegian
Interviewee 5 Norwegian Subsidiary	40	Custom Service Manager	Norwegian
Interviewee 6 Danish HQ	42	Maintenance Ledger	Danish
Interviewee 7 Norwegian Subsidiary	35	Sales Manager	Norwegian
Interviewee 8 Norwegian Subsidiary	35	Sales Manager	Norwegian
Interviewee 9 Norwegian Subsidiary	33	Sales Manager	Norwegian

While the selection of employees from different nationalities, departments and with different employment status facilitates the presence of a broader range of opinions and perceptions, the selection of the semi-structured questions aims at the achievement of considerable balance. In other words, this type of interview question allows the respondents an important degree of flexibility. They may express their opinions in a more open way. However, contrary to the open questions, a semi-structured interview offers some level of control to the researcher, since the basic direction for the responses of the company members is still provided by the interviewer. A detailed interview guideline is given in the appendix.

### 3.4. Data Analysis

According to Yin (1994) 'data analysis' includes examination, classification and sorting of the gathered evidence in order to apply it to the topic under the investigation.

Data analysis is working with data, organizing it, breaking it into manageable units, synthesizing it, searching for patterns, discovering what is important and what is to be learned, and deciding what you will tell others.

According to Yin (1994) analyzing case study evidence is difficult because the strategies and techniques have not been well defined in the past. Nevertheless, every investigation should start with the general analytic strategy-yielding priorities what to analyze and why. Within such a strategy, there are four dominant analytic techniques, which are applicable to any case study: pattern-matching,

explanation-building, time-series analysis, and program logic models (Yin, 1994). Therefore, when analyzing the collected data, the researcher must include the above techniques.

After reviewing the relevant literature and developing the research questions, a theoretical framework has been formed based on the research questions. Taking into account the above, the interview questions have been developed. They aim at answering the established research questions and at providing the researcher with the empirical data. This data has been collected through the conducted face-to-face interviews. Afterwards, the researcher has been documenting all the empirical data and organizing it according to the described issue. By classifying the collected data, the researcher has been able to proceed with the reduction process. In order to avoid any possible repetition of the interviewees' statements, a thorough analysis of the documented data is essential.

All interviews were taped and transcribed, and a record was created for each case. Simultaneously, the empirical data was first carefully re-read and replicated several times to allow deep familiarization with it and analysis with respect to the literature review.

To obtain a proper understanding of the interviewee responses relevant literature was analyzed wherever possible and then the responses analysed by the use of data coding. During the coding process some categories that had not been considered initially, such as cultural differences and mediating factors, were



introduced as soon as it became apparent that these topics were important in more than just a small number interview. The reflections from reading of the data as well as insights arising during that process obviously impacted the data analysis process.

### 3.5. Validity and Reliability

The three aspects of validity namely construct validity, internal validity, external validity and reliability of the study (Bryman and Bell, 2003; Yin, 2003a), will be discussed in this section. Reliability is generally about getting the same results from research that has been conducted on different occasions. Reliability includes reliability of measurements, accuracy of type and consistency. Reliability of measurement concerns the accuracy of the measurement system. It means the repeatability of the results of the study. Accuracy of type is about the reliability of the instrument used to collect the data. This means that if we measure the same thing with other instruments, the same results are obtained (Shank, 2006).

The reliability of measurement has been optimized by realizing many qualitative interviews. Nine interviews were carried out, some of them having different cases or experiences to refer to. Thus, the accuracy of the measurement system is here ensured. The accuracy of type has been verified carefully in accordance with the design of the study. The semi-structured interview is a perfectly accurate instrument for the qualitative research undertaken. To preserve consistency, each question has been carefully created and verified according to the research questions and the whole set of questions. Moreover, the researcher conducted by

himself all of the interviews to ensure all questions are asked and understood in the same way. The interviewer also made sure he well understood the answers given by repeating the main points and asking for confirmation.

Validity is concerned with whether the research findings represent the reality and are true. Validity refers to truth. The results found and observed are then required to correspond to what actually happened in reality. Many biases can prevent the validity of a research. For example, contextual factors such as company lay-offs, management instructions, and changes in the interviewee's profile during the research can have a major impact on the data and the findings at a certain time. Moreover, personal factors such as the interviewee's interest in answering in a certain way or willingness to answer in the way the interviewer wishes them to, are also likely to intervene in the validity of the findings. Finally, ambiguity about causal relationships between two variables can also affect the validity. (Saunders et al. 2000)

All the background information regarding the respondents, their companies and their career paths has been checked carefully. Possible biases about personal factors were also examined and taken into account. Moreover, the diversity of cases was a priority for the interviews. Persons from different nationalities, fields, home countries, ages and gender were chosen to preserve the validity of the results. Two pilot interviews were conducted in the beginning of the data collection to test the set of questions. No major change was required. Only the way

of asking some questions was modified to ensure a full understanding of the respondents.

In addition to the tape recording, some notes were taken in each interview, particularly about the contextual elements that could affect the findings. The transcription of the records was done as soon as possible after the interview. Data collection and analysis were carried out during a relatively short period of time. Thus, the interviews were still present in the mind of the researcher when analyzing and interpreting the data. These measures ensure that the transcription and analysis of the interviews is as close to reality as possible. Finally some precautions have been taken in order not to influence the respondents in their answers.

Similarly, internal validity refers to the issue of causality, i.e. whether a suggested causal relationship holds (Bryman et al. 2003). Such issues were carefully considered during the interpretation. Re-reading, analysis and presentation of the data was carried out following established procedures (Yin, 2003a). External validity, on the other hand, refers to the question of whether the findings of the study can be generalized beyond a particular research context (Bryman et al. 2003). The theoretical generalization was applied. In other words, findings, explanations and conclusions were used to frame relevant questions in the qualitative part of the study.

### 3.6. Case Company

Lyreco is a global company established in 1926 in France. The company originated as a distribution company, and first concentrated on the domestic market. The company gained significant domestic experience, and then went across national borders. The strength of the company is based on high quality service in distribution networks. The domestic experience helped the company to also benefit from international markets. Today, the company is operating in 5 continents, namely Asia, Europe, North America, Africa, and Oceania. Its vast experience helped the company to choose more integrated entry modes when entering foreign markets. In order to have more control, the company has relied only on wholly owned subsidiaries. The geographical coverage of the company is presented below as specific countries:

North America (Canada)

Europe (Austria-Italy-Norway-Poland-Slovakia-Spain-Sweden-Switzerland United kingdom-Ireland-Hungary-Germany-France-Finland-Demark)

Asia (Hong Kong-Japan-Korea-Singapore-Malaysia-Taiwan-Thailand)

Oceania (Australia)

Africa (Egypt)

This extensive geographical presence requires a huge number of employees. Today, Lyreco has more than 10,000 employees worldwide.

Lyreco, a leading distributor of office supplies to businesses, provides its customers with online, fax and telephone ordering services that complement its face-to-face sales function. In a fast moving market, the company's ability to convert new enquiries into sales is critical. Therefore, when Lyreco was advised to upgrade its ageing Unix-based automatic call distribution system, the company seized the opportunity to improve internal communications and enhance management information by refurbishing the company's contact center architecture and telephony requirements across the UK and Ireland. Office products company Lyreco adopted BT-supplied IP-based contact centre architecture to enhance customer service. The managed end-to-end BT solution has removed internal communication barriers and resulted in significant performance improvements.

Lyreco's Scandinavian headquarters are in Denmark. The corporate language is English. However, communication between HQ and Scandinavian subsidiaries mostly takes place in Danish. Lyreco personnel use e-mails and telephones for non-face-to-face interaction.

Some high officials use video or call conferencing to interact with other colleagues based in different regions, mainly at international level. The overall interaction seems to be undertaken through talks and sharing facts, ideas and opinions through e-mails and telephones. Lyreco holds regular meetings. Such meetings are arranged once a week at managerial level. Operation consultants, training personnel and other staff also meet once a week. Similarly, managers working in

different positions meet quarterly. These meetings are platforms where basic decisions are clarified and planning for the next period is discussed and approved through consent of all involved personnel.

## 4. EMPIRICAL FINDINGS

The purpose of this section is to present the empirical findings of the study and to link them to the previously discussed theory. The findings are classified according to the following research questions. How can languages related issues and their impact on communication between headquarters and subsidiaries located in countries with different national languages be described? What strategies are used to resolve the language barriers and how effective are these strategies?

The purpose of this section is to discuss the findings and analyze those findings with regard to the research questions of the study.

### 4.1. Language barriers between HQ and Subsidiary

The issue of language seems to be an important point. In response to the research question, the vast majority of our interviewees indicated that a language barrier was indeed present in the interaction between corporate HQ and subsidiaries. However, the opinion about its importance differs significantly from respondent to respondent. Some of the participants view this issue as an important barrier in the communication process, while others consider it as one of the minor problems without serious negative impacts.

In about one third of these cases, the interviewer had specifically discussed language as a potential barrier in one of his questions and hence the interviewee's response might have been biased. However, this generally only happened when in initial pre-interview exchanges with the interviewee (when they asked what the

interview would be about and the interviewer referred to language diversity). The interviewee himself concluded that it would be about language barriers. Also, in all the other cases the interviewees mentioned the existence of a language barrier spontaneously in another context or after a broad probing question about the advantages and disadvantages arising from the fact that people in their company speak different native languages. It is also important to note that the issue of language as a barrier was often not just mentioned once in the same interview, but was mentioned multiple times in different contexts.

However, more than half of the interviewees also indicated that it was not only language differences that caused a barrier between headquarters and subsidiaries, but also cultural differences; whilst some indicated that in their experiences it was mainly cultural differences that were causing a barrier. As one of the interviewee pointed out:

“The most challenges and problems during communication come from cultural differences of the people; their different backgrounds and different ways of doing things. And when you communicate with people in a way you used to communicate with your own cultural background, it often does not bring the desired results.”

Another interviewee points out the following: “The problem is not so much of language, but mentality differences and variations in the cultural background.”



In addition, just over a quarter of the interviewees felt that although a language barrier might be present, they either did not feel it was very significant or they had solved it through various means and hence they did not feel it acted as a barrier anymore.

According to one interviewee, "Language is an important barrier in expressing and understanding each other. It is much easier to communicate in my native language. I do not have to keep cultural background in mind. I do not have to explain myself in details."

Three in nine of the interviewees saw the existence of different national languages in the company as an advantage rather than only as a problem, most often listing a variety of perspectives related to different languages and cultures. The most important direct problem that was identified with the language barrier was that everything takes more time and is more costly.

Hence, decision-making would generally be slower and less efficient if different languages are involved. This echoes findings by Yoshihara et al. (2001) who indicate that misunderstandings and delays in decision-making are the most important costs associated with the language barrier.

According to interviewees, whenever language acts as a barrier, it results in misunderstanding, which then leads to uncertainty and anxiety.

According to another participant, "It is harder to communicate due to the change of language. It just makes the whole process more difficult and it creates problems for a full integration of the HQ and subsidiary employees."

The relationship between HQ and subsidiary is greatly influenced by language differences. These findings are consistent with the study of Feely and Harzing (2003). According to them the true cost of the impact of language barriers has to be seen in terms of the way it distorts and damages the relationship. Language barriers lead towards suspicion, mistrust and conflict between HQ and subsidiaries.

Another point of view related to the role of language is revealed in the following statement given by a respondent: "When language diversity is involved, strong needs for clear instructions appear. Communication problems can be created, since some of the cultures are more sensitive in admitting lack of understanding or asking for more details. This situation can become more problematic due to time pressure."

We only have one Danish corporate HQ in our sample; here interviewees indicated that the corporate language is English, whilst our empirical findings did not support this statement. However, views on the corporate language seemed to differ to a significant extent depending on the geographical location, the managerial level, as well as the native language of the respondents, thus confirming the earlier findings of Fredriksson et al. (2006), who identified

discrepancies between company policy and employee practices with regard to language use.

In sum, it is clear that most interviewees were aware of language differences as a barrier. It is essential to describe that the differences between Danish, Norwegian and Swedish vocabulary are not great. The languages are probably mutually understandable. Danes and Norwegians can understand each other. Most Norwegians can understand Danes; they often say it sounds like they are speaking Norwegian with a potato in their throat. Therefore, if you learn one it will be easier to learn the other. However, they are still two different languages and they have many differences, especially in spoken language. The written languages are very similar but the sounds of Danish are very different to those of Norwegian. Swedish and Danish do not have quite as much in common and a lot of Swedes simply cannot understand spoken Danish, and many Danes also have problems with Swedish. It is not unusual for Swedes and Danes in particular to switch to English because it is difficult for them to understand each other. The Scandinavian languages are similar and closely related, but chances of mistakes can still lead toward language barriers, especially in the case of spoken language.

At HQ, training in the various local languages of the subsidiaries is provided to the managers in order to tackle the situation. However this training is not provided to the staff of the subsidiaries. Companies often expect subsidiary employees to speak the home country language. Tung (1988) states: "Although local nationals can effectively manage their compatriots and relate well to domestic clients, they might

have problems with in communicating with corporate headquarters because of their unfamiliarity with the language”.

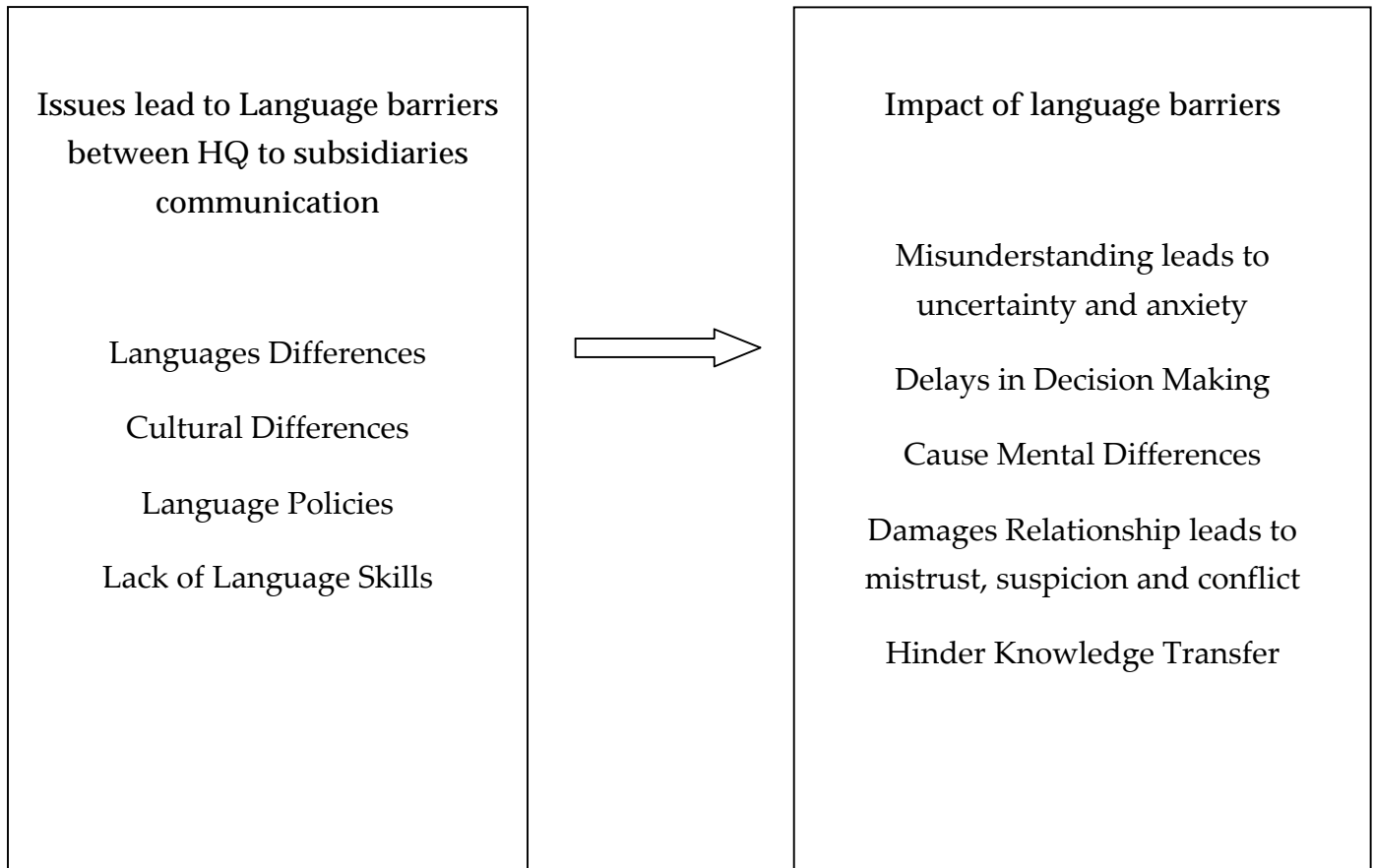


Figure 3. Impact of Language barriers on communication

#### 4.2. Strategies to overcome language barriers

#### 4.2.1. Build in redundancy in the communication exchange

According to two thirds of the interviewees this is the single most frequently mentioned solution to the language barrier. Seven out of nine interviewees mention that this can be a useful solution in reducing the language barrier; however, other respondents' answers were unsure; i.e. it can be useful, but also may not be. Some of the interviewees highlighted that:

“When talking to my boss at HQ, we sometimes double check the information which I do not understand exactly; by asking my boss that did you mean by this? So double checking definitely reduces misunderstanding”.

“In our company meetings I repeat important information several times so that all the other members understand this exactly as it is harder to understand the exact meaning of the message when the language is not you native.”

Managers many times assume that employees understand the message exactly. However, this is not necessarily true, so repeating the information can reduce this communication barrier.

#### 4.2.2. Adjust the mode of communication

All the interviewees talked about different modes of communication, i.e. e-mail, phone, face-to-face meeting, etc. Given that many of the communication exchanges

occurred between communication partners, who were not located in the same geographical location, it is not surprising that phone and e-mail were the most discussed communication methods.

Overall, the interviewees had a preference for e-mail over phone calls because it saves time. However, all the interviewees stated that face-to-face meeting is the greatest source of information exchange, but due to distance and shortage of time it cannot be preferred. In the nine interviews, in which the mode of communication was discussed, seven interviewees indicated they preferred e-mails, whilst the remaining two indicated that the most suitable mode of communication depends on the situation. As Charles and Marschan-Piekkari (2002) indicate, oral communication presents an additional challenge over written communication, because of differences in accents. However, even within the same mode of communication, adjustments might need to be made to overcome the language barrier.

Three out of nine respondents indicated that change in the mode of communication (i.e. from e-mail to phone or from phone to face-to-face) can reduce the language barrier to some extent. However, all the other respondents mentioned that it hardly makes any difference, and from their point of view this is not a useful strategy in the reduction of language barriers. Some of the interviewees highlighted that: "The mode of communication I should use depends on the situation. However, I mostly interact with the HQ manager by mail and when there is a serious issue,

we talk on the phone. I will say that to some extent adjusting the mode of communication can reduce the language barrier”.

#### 4.2.3. English as a Lingua Franca

A workforce within each nation has its own native language or more than one language or form of discourse and cultural environment (Adler, 1983). When MNC members belong to a different number of countries, such global and multinational backgrounds would suggest a multilingual setting. Such individuals from different countries often speak different languages, but the use of a lingua franca enables these individuals to communicate with each other.

Nearly every single interviewee indicated that English language capability was very important for promotion within the company, and many indicated that it played a role in recruitment as well, thus further reinforcing the current dominant role of English in business. Communication between Danish HQ and its Scandinavian subsidiaries takes place in Danish. One of the interviewees mentioned:

“There are some words which are used by both the countries languages but have different meanings from one another i.e. the word ‘Må’ is used in both of the languages however, In Norwegian it means ‘must’ and in Danish it means ‘would you like to do’ so these little

differences can lead to misunderstandings in communication. When a single language will be used at all the levels this issue cannot occur.”

A number of the interviewees indicated that English was used beside the local language as a daily language in their company. Quite a number of interviewees did say, however, that English had only been formalized as a corporate language relatively recently. According to an HQ interviewee:

“We have the Danish, Swedish and Norwegian languages spoken around us. Everyone probably understands, but if the worst came to the worst, they would switch to English.”

According to another respondent, “it is much easier to understand people that are not native English speakers, since they all use English in a relatively similar way. Particularly, this person states the following: ‘It is easier to extract meaning during the communication, because neither I nor my managers are native English speakers.’”

One of the interviewees pointed out “Communication in different languages leads to difficulties. It is harder to understand the exact meaning of the message when the language is not your native. For example, during meetings you must constantly pay more attention. Thus if one language would be used everywhere, it might reduce the language barriers”.



Nevertheless, using one corporate language limits all employees who do not master the language completely, since it lowers their communication access and, hence, power within the organization (Luo and Shenkar, 2006).

A small minority of interviewees indicated that there was selective, but persistent, resistance against the adoption of English as a lingua franca. As one of the interviewee noticed “it is easier to communicate in one’s native language; I feel relaxed in using my own native language.”

Harzing and Feely (2008) proposed that using a lingua franca often incurs resistance and language barriers if MNC members use lingua franca as a foreign language. Team members learn to incorporate meaning in social and cultural contexts and learn to use language implicitly.

In addition, Thomas (2008) argues that the local languages of foreign subsidiaries have a geographical and specific market importance and are indispensable in local business decisions. Thus, language diversity is very important for multinationals besides as a common corporate language.

#### **4.2.4. Machine Translation**

Machine translation was discussed in all the interviews and the overwhelming opinion was that it was useless beyond gaining a very basic understanding of the topic of the translated materials. More than half of the interviewees never used it

for this reason, and the ones that used it found the results to be ineffective. One of the respondents described: when I used Google as a machine translator. It just gave me the meaning of the some words, but not the whole understanding of the message. I would say that it is just 10 or 15 % effective”.

Another respondent mentioned: “Well, our colleagues like them. And then I receive these e-mails that sound like English, but when I read them I could laugh my head off. You hardly can guess the meaning, just total nonsense”.

#### 4.2.5. External translators or interpreters

One of the respondents highlighted that “using the external translator or interpreter is an effective strategy to reduce the language barrier. However; we use it only to translate the very important material, as much cost is involved in using this strategy”.

Five out of nine interviewees mentioned external translators or interpreters as a way to overcome the language barrier. However, because of the substantial costs involved for professional translators and interpreters, they were only used to translate significant documents such as contracts and technical documentation, and to provide simultaneous interpretation at important board meetings or video-conferences.

The problem with external translators or interpreters is that they are often not familiar with the specialist matter. Yoshihara et al. (2001) reports on a Danish company – Novo Nordisk Pharmaceuticals – who adopted a best practice approach to this. They have a long-term contract with a dedicated interpreter who attends all their monthly board meetings and has developed a high level of understanding of their business and specialist vocabulary. For important meetings, this would seem to be an ideal solution.

#### 4.2.6. Language management and cross-cultural training

Finally, the company in our sample seems to consider language training as an important solution to overcome the language barrier. The Norwegian interviewees mentioned that they do not consider language as a big barrier between Denmark and Norway. Yet, there are many words in both languages that cause confusion. However, local language training is offered in the HQ but not at the subsidiary.

Swedish interviewees pointed out: “language diversity exists between the Swedish subsidiary and HQ in Denmark and the training is provided to managers at the HQ, but not at lower level because of insufficient resources. This training obviously reduces the language differences. All the interviewees indicated that language training is offered in their company, but in HQ when necessary and when results are fruitful”. According to one interviewee “At the manager level, the company hires employees who are efficient in corporate language. However, if something is lacking then it is improved by training.”

As Luo and Shenkar (2006) put it: “Proper language education can improve intra-network communication, inter-unit learning, parent-subsidiary coordination and integration”. However, companies still put more emphasis on language training of HQ managers. As Thomas (2008) argues, “while expatriate managers often have access to training in the language of the foreign subsidiary, local employees and manager often do not have access to the same resources to learn [ the language of the headquarters]”.

According to Moore (1999), an important starting point in cultural diversity training is awareness of different challenges faced by people with different backgrounds within the organization. Training programs facilitate the understanding and appreciation of differences that can arise in communicating and using language, different learning styles, different methods of dealing with conflicts and different tasks and relationship orientation methods. According to the interviewees language training is provided in their company, but cross-cultural training is not.

#### 4.2.7. Mediating or Contextual Factors

Various mediating factors also have an impact on effective communication between headquarters and subsidiaries:

“We remain busy almost all the time, as we all have specific responsibilities. Thus, it is not possible to visit other managers face-to-face. We would rather write an e-mail asking for

others' ideas to solve any problems. However, sometimes in case of crucial issue due to distance and shortage of time, the information is not rightly delivered and can lead to miscommunication."

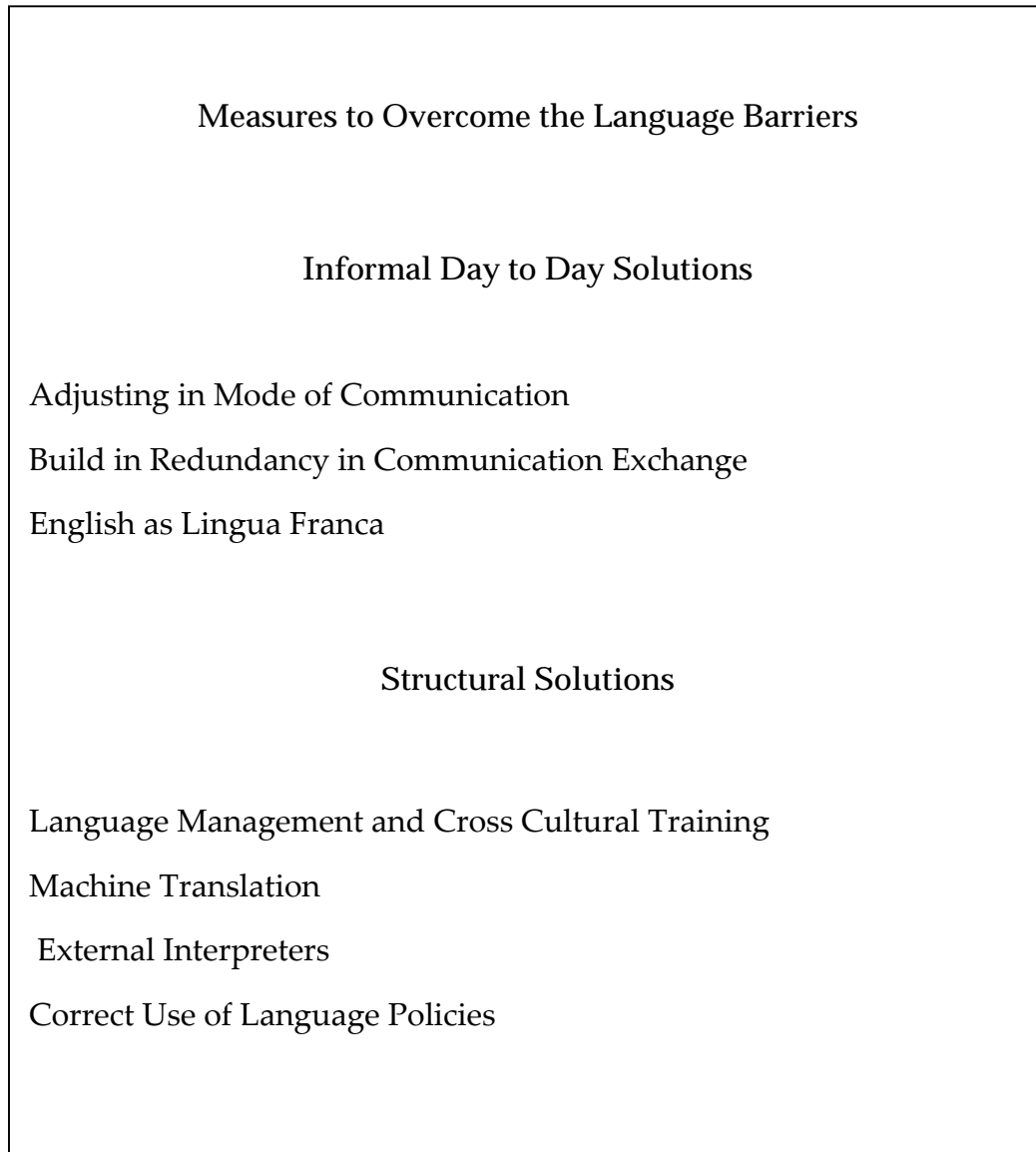


Figure 4. Strategies to overcome language barriers

## 5. CONCLUSION

The first section introduced the discussion regarding the problem and scope of the study. The problem area of the study was discussed by looking at various theoretical and practical aspects of the research problem. The main purpose of this thesis is to analyze the influence of language barriers on communication between headquarters and subsidiaries in an MNC, and to propose some strategies to overcome these barriers.

The research questions are summarized as follows:

- a) In what ways does language affect communication between corporate headquarters and foreign subsidiaries located in countries with different national languages?
- b) What strategies are used to resolve the language barrier and how effective are these strategies?

A deep review of the relevant literature provided a more concrete picture of the research problem. It also facilitated the design of the theoretical framework of the study. A single in-depth case study method was felt most appropriate to gain the empirical evidence for the study. In addition, different secondary sources such as the company's website, field visits, and nine semi-structured interviews were undertaken in order to obtain a practical view of the research problem. The empirical part was done in two parts, following two research questions. An

intensive discussion about the qualitative data provided clear picture of the research problem.

Our findings showed that language still seems to be a barrier between HQ and subsidiaries, causing miscommunication and many other negative factors which hinder the communication process. However, a number of interviewees also indicated that it was not only language differences that caused a barrier between headquarters and subsidiaries, but also cultural differences. At the same time, language policies also have their influence on the functioning of multinationals. Thomas (2008) argues that corporate language policies most likely affect directly and indirectly every person who works in a multinational company. However, our interviewees pointed out a number of solutions to deal with this situation. All the solutions suggested were applicable to some extent. The use of language training and the use of the Lingua Franca (English) were very common; however, there was a strong need for improvement and development in training programs, whilst machine translation, external translators and interpreters were rarely used due to limited resources. But a good command of English was seen as very important for promotion by most interviewees.

The solutions “build in redundancy in the communication exchange” and “adjust the mode of communication”, falling under the category informal day-to-day solutions, were suggested by the interviewees, but seemed to be not very effective. Building on our results, we suggest that MNCs use a combination of solutions to resolve the language barriers.

As discussed by Marschan et al. (1997) multinational companies could achieve global consistency in language through the correct use of staffing policies, the formation of cross-functional cross-border teams, and the provision of training programs.

Davignon (2008) argues that with the necessary language skills “problems will be solved quicker and delays will be avoided, if there is direct communication among people on all levels”. Therefore, companies should encourage their staff to use and develop language skills and offer trainings that are compatible with the demands of the workplace. (Davignon, 2008).

Cultural differences have to be recognized, accepted and understood. Cultural difference is positive as long as individuals are aware of it and cultural awareness is paid attention to. It depends on what the managers do with this: if they pay attention to the cultural differences, and make sure everybody is aware of them, then there is no problem. But if they ignore the cultural differences, problems could develop, and the performance of the MNC could be affected.

Cultural training is also an important factor and it can be necessary to develop multicultural competences, particularly to raise the understanding of a certain culture. Technology access is also necessary for success. For instance, video conferences can be useful to get to know better some counterparts or customers



based abroad and thus be able to better understand each other and work efficiently together.

This study presented a wide range of solutions that are employed in different circumstances and concludes that each one has a combination of advantages and disadvantages, and no certain solution can be considered a panacea. MNCs thus should “understand the language barrier well and to mix and match the solutions into a blend that is right for the company context” (Feely and Harzing, 2003). However, even understanding the problem is a challenge, and MNCs are strongly advised to conduct language check-ups and language audits to accomplish multinational relationships.

As a final conclusion, we can state that it is difficult to even understand a language barrier due to its complexity, different dimensions and wide impact. Moreover, no solution seems to be completely satisfactory. In the end, a company will always mix and match different solutions to deal with this problem.

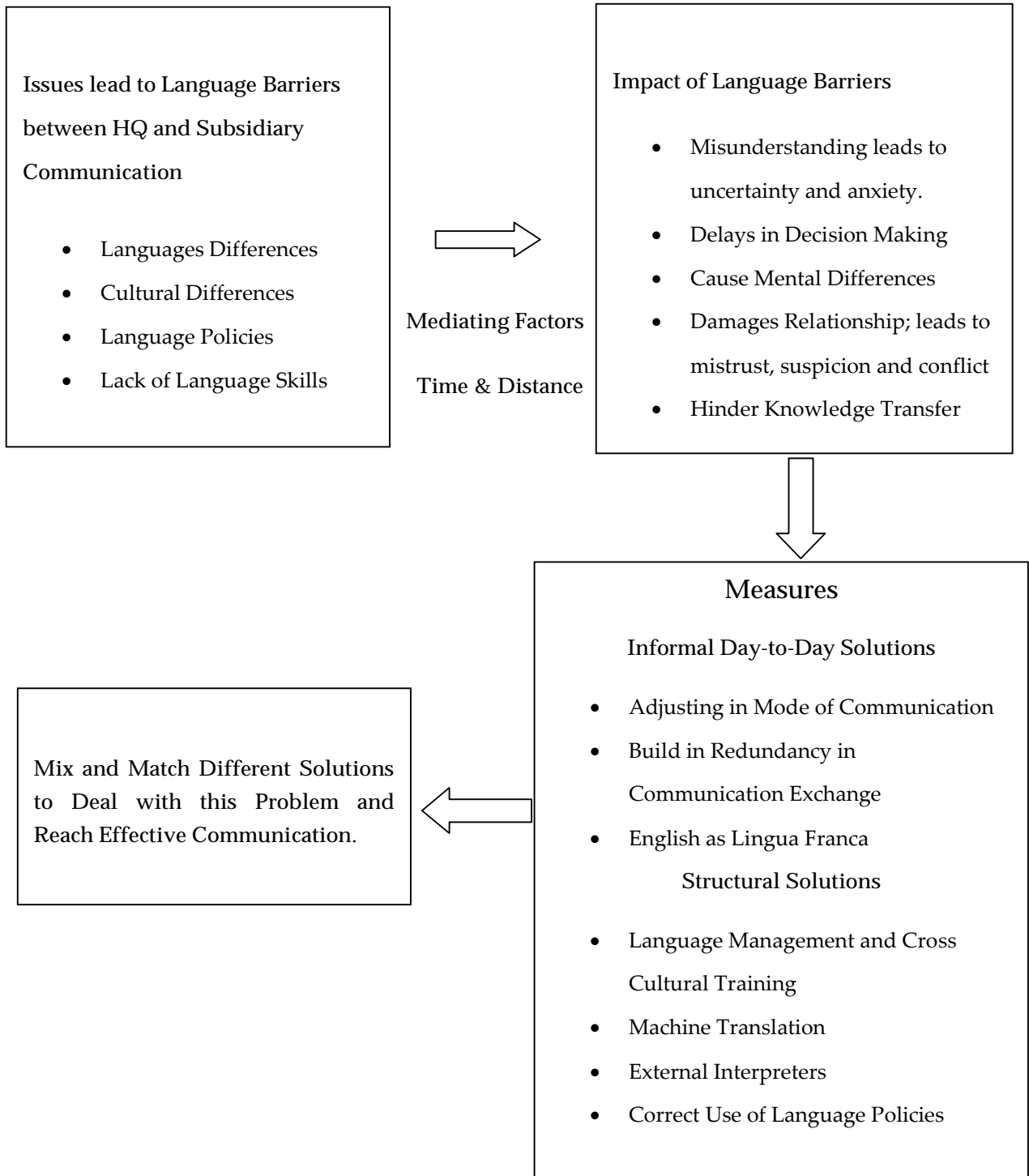


Figure 5. Final Framework of the Study

Figure 5 summarizes the empirical findings of the study and represents the final model of the research study. As compared to the original theoretical framework of the study, this model shows some differences. However, in the empirical findings the impact of polarization, formality and thin communication are not apparent. Finally, the empirical findings highlight the impact of language barriers and propose strategies in different circumstances to tackle the language diversity problems.

### 5.1. Implications for Theory

The purpose of this study is to provide a better understanding of the impact of language-related issues in communication between HQ and subsidiaries encountered by a Scandinavian MNC. The study started by exploring, moving on to describe and begin to explain overall language-related issues and strategies to overcome these issues following the conceptual framework of the study. In order to reach the purpose the data was collected through interviews with the employees of the Danish HQ and Norwegian and Swedish subsidiaries. The data was analyzed through case study method and conclusions were drawn. Thus the study provides useful information about language and highlights its crucial role in international business management. In addition, the study shows that language is an important factor that influences the communication flow and overall performance of the multinational organization.

## 5.2. Suggestions for Further Research

Our findings are not generalized to represent all MNCs and all cultures. Our research is directed at only one MNC, Lyreco, and this makes our research only valid regarding this company. We recommend that further research should be conducted on larger samples of MNCs operating in Scandinavian countries. On the other hand, this study debates only language diversity. Thus, other dimensions of diversity are not taken into account. Yet, there are many characteristics that may serve as diversity dimensions. They can refer to visible characteristics, such as age and gender or non-visible, such as education, sexual orientation or religious beliefs. All these can be regarded as the starting point for future research.

Future research in this area can carefully consider how different configurations of language skills might influence their study's findings. In this way, it might be possible to integrate the large number of individual case studies that have been conducted so far into a more coherent theory with regard to the role of language in international management and business.

The qualitative study could be supplemented by interviewing more employees working internationally, especially from other continents. Similarly, this study is exclusively qualitative and could be supplemented by quantitative research. It would enable the present findings to be confirmed with a greater sample of respondents.

Finally, for future research an alternative way could be a comparative study of diversity impacts on selected organization between several countries.

### 5.3 Limitations

The study has the following limitations associated with different aspects of the study. Due to time and resource factors, the study was confined to just one single case study. Only nine interviews were carried out for data collection purposes. Nevertheless, multiple sources of evidence, such as company annual reports, websites, etc were used. Obviously, multiple case studies might present a clear representation of the empirical data. Subsequently a single qualitative approach was used in this study due to the time and resource barrier. A mix of both quantitative as well as qualitative approach could have certainly provided clearer results.

This study only deals with one dimension of language barrier in detail, i.e. language diversity, while the effect of other dimensions of language barriers was not analyzed.

Finally, in common with other case studies, this study lacks generality. The results might have had more value if the case data sample had been larger or had included multiple case companies or if a larger geographical area had been covered.

## 5.4 Implications for Practitioners

The following points may be important to consider in this regard:

- 1) MNCs should be aware of the importance of managing language and cultural diversity while dealing with such a sensitive issue.
- 2) Recruiting individuals from different nations can be damaging. Therefore MNCs should emphasize the English language skills of their employees during recruitment. They should also provide English language training in order to minimize misunderstanding in communication.
- 3) MNCs should also provide cross-cultural training for employees in order to prevent cross-cultural problems.
- 4) The differences between Danish, Norwegian and Swedish vocabularies are not great. There are perhaps a hundred or two hundred words which are very different. Thus, with a little training, Danes, Norwegians and Swedes can understand each other. In contrast to language training, the focus should be on developing skills with regard to different communication styles, as well as the awareness and knowledge of advantages and disadvantages of relevant communication modes.
- 5) Additionally, organization should provide every employee with more sort of interactive tools and technology which create favorable environment for sharing of ideas and building social ties.

## REFERENCES

- Adler, R. B. (1983). "A typology of management studies involving culture". *Journal of International Business Studies*, 14 (2): 29-47.
- Adler, R. B. (1989). *Communicating at Work; Principles and Practices for Business and the Professionals*, 3rd edition. McGraw-Hill Inc.
- Andersen, H. and Rasmussen, E.S. (2004). "The role of language skills incorporate communication", *Corporate Communication: An International Journal*, Vol. 9, No. 2, pp. 231-42.
- Adler, N. J., & Gundersen, A., (2008). *International Dimensions of Organizational Behavior*, Case Western Reserve University: Thomson.
- Bartlett, C. & Ghoshal, S. (1990). Matrix Management: Not a Structure, a Frame of Mind. *Harvard Business Review*, July-August, 138-147.
- Barner R. W., & Bjorkman, I. (2007). "Language fluency, socialization and inter-unit relationships in Chinese and Finnish subsidiaries", *Management and Organization Review*, Vol. 3, No.1, pp. 105-128.
- Bovee, L. C., Thill, V. J, Wood, B.M & Dovel, P.G. (1993). *Foundations of Organization Structure: Management*. New York: McGraw-Hill.
- Bruntse, J. (2003). *It's Scandinavian: dansk-svensk kommunikation i SAS*, Institut for Nordisk Filologi, Universitet Copenhagen.

Charles, M. & Marschan, P. R. (2002). Language Training for Enhance Horizontal Communication: A Challenge for MNCs, *Business Communication Quarterly*. 65, 2: 9-29.

Cyr, D. J. & Schneider, S. C. (1996). "Implications for learning: human resource management in east-west joint ventures", *Organization Studies*, Vol. 17, No. 2, pp. 207-26.

Davignon, E. (Ed.) (2008). *Languages Mean Business. Companies Work Better with Languages. Recommendations from the Business Forum for Multilingualism Established by the European Commission*. Brussels: DG Education & Culture.

Daft, R. & Robert, L. (1986). Organizational Information Requirements, Media Richness and Structural Design, *Management Science*, May 32, 5: 554-572.

D' Nettob, B & Sohal, A.S. (1999). Human Resource Practices and Workforce Diversity: An Empirical Assessment. *International journal of management*, Vol. 20, No. 8, pp. 530-547.

**Effective Organizational Communication: A Competitive Advantage. (SHRM's 2008)**

Feely, A. J. and Harzing, A. W. (2003). "Language management in multinational companies". *International Journal of Cross Cultural Management*, Vol. 10, No. 2, pp. 37-53.



- Feely, A. J. & Harzing, A. W. (2008). The language barrier and its implications for HQ-Subsidiary relationships. *International Journal of Cross Cultural Management*, Vol. 15, No.1, pp. 49-61.
- Feely, A. J. & Harzing, A. W. (2010). The Language Barrier and its Solutions in the HQ-Subsidiary Relationship: *International Journal of World Business*, Vol. 45, No. 4, pp. 323-422.
- Fredriksson, R., Barner-Rasmussen, W., & Piekkari, R. (2006). The multinational corporation as a multilingual organization, the notion of a common corporate language. *Corporate Communications: An International Journal*, 11 (4): 406-423.
- Glatthorn, A. A. (1998). *Writing the Winning Dissertation: A Step by Step Guide*. Thousand Oaks, CA: Corwin Press.
- Gudykunst, William B. & Kim, Young Yun. (1997). *Communicating with strangers. An approach to intercultural communication – 3<sup>rd</sup> edition*. McGraw – Hill: Boston.
- Goldhaber, M. G. (1993). *Organizational Communication*. Madison, Wisconsin: W.C Brown & Benchmark Publisher.
- Ghoshal, S. & Korine, H. & Szulanski, G (1994). Inter unit Communication in Multinational Corporations. *Management Science*. 40, 1: 96-110.

- Gillham, B. (2005). *Research interviewing: the range of techniques*. Open University Press.
- Hill, C. (2001). *International Business: Competing in the Global Market Place*. Boston: Irwin / McGraw-Hill.
- Hall, Edward T. (1989) *Beyond Culture*. Anchor Books / Double day: New York.
- Henderson, J. K. (2005). "Language diversity in international management teams", *International Studies of Management and Organization*, Vol. 35, No. 1, pp. 64-81.
- Hofstede, G. (2001). *Culture's consequences, international differences in work-related values*. Beverly Hills: Sage.
- Hagen. (1999). *Business Communications across Borders: A Study of Language Use and Practice In European Companies*. London: Languages National Training Organization.
- Harzing, A.W.K. (2003). The role of culture in entry mode studies: from negligence to myopia? *Advances in International Management*, 15: 75-127.
- Infante, D. A., Rancer, A. S. & Womack, D. F. (1997). *Building Communication Theory*. 3<sup>rd</sup> edition. Waveland Press Inc.
- Janssens, M., J. Lambert, and C. Steyaert. (2004). "Developing Language Strategies for International Companies: The Contribution of Translation Studies." *Journal of World Business* 39 (4): 414-430.

Joppe, M. (2000). The Research Process. [Web document]. Available from world wide web : <URL: <http://www.ryerson.ca/~mjoppe/index.htm>>.

Kreps, G. L., (1990). *Organizational Communication: Theory and Practice*. New York & London: Longman.

Kingston, P. (1996). "Bridging the language gap through international networking", in Berger, M. (ed.), *Cross-Cultural Team Building: Guidelines for Effective Communication and Negotiation*, McGraw Hill, London, pp.58-70.

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, 321-39.

Marschan, P. R., Welch, D. E & Welch, L. S. (1999b). Adopting a Common Corporate Language: IHRM Implications. *The International Journal of Human Resource Management*. Vol. 10, No. 3, pp. 377-90.

Marschan, P. R., Welch, D. E & Welch, L. S. (1997). Language: The Forgotten Factor in Multinational Management, *European Management Journal*. 15: 5, 591-595.

Marshall, C. and Rossman, G. B. (1999). *Designing qualitative research*. 3rd ed. Thousand Oaks: Sage Publications.

- Marschan, P. R., Welch, D. E & Welch, L. S (2005). Speaking in Tongues: The Importance of Language in International Management Processes, 35: 1, 1-27.
- Moore, S. (1999). Understanding and managing Diversity among Groups at work: Key Issues for Organizational Training and Development. *Journal of European Industrial Training*, Vol. 23, No. 4/5, pp. 208-217.
- Nonaka, I., & H. Takeuchi. (1995). *The Knowledge-Creating Company*. Oxford: Oxford University Press.
- Neustupny, J. V. (2003). Japanese students in Prague, Problems of communication and interaction. *International Journal of the Sociology of Language*, Vol. 162, No. 1, pp. 125–143.
- Nekvapil, J., Sherman, T (2009). Pre-interaction management in multinational companies in Central Europe. Department of General Linguistics, Charles University, Prague, Czech Republic. 10:2, 181–198.
- Neal, M. (1998). *The Culture Factor: Cross National Management and the Foreign Venture*, McMillan Press, Basingstoke.
- Park, H., Hwang, S. D. & Harrison, J. K. (1996). "Sources and consequences of communication Problems in foreign subsidiaries: the case of United States firms in South Korea", *International Business Review*, Vol. 5, No.1, pp. 79-98.
- Phillipson, R. (1992), *Linguistic Imperialism*, Oxford, Oxford University Press.

Random House Unabridged Dictionary. (2006). Definition of Verbal [Web document]. Available at: <URL:<http://dictionary.reference.com/browse/verbal>>.

San Antonio, P. M. (1988). "Social mobility and language use in an American company in Japan", in Gudykunst, W. B. (Ed.), *Language and Ethnic Identity, Multilingual Matters*, Clevedon.

Scollon, Ron–Scollon, Suzanne Wong. (1995). *Intercultural Communication*. Blackwell Publishers Inc. : Cambridge, Massachusetts.

Subramanian, S. (2006). An Open Eye and Ear Approach to Managerial Communication. *The Journal of Business Perspective*, Vol. 10, No.2, pp. 1-10.

Schirato, T. & Yell, S. (2000). *Communication and Culture; an introduction*. Sage Publications Ltd.

Sliwa, M. (2008). "Understanding social change through post-colonial theory: Reflections on linguistic imperialism and language spread in Poland", *Critical Perspective on International Business*, Vol.4 No. 2/3, pp. 228-241.

Sriussadaporn, R. (2006). *Managing International Business Communication Problems at Work: A pilot Study in Foreign Companies in Thailand*. *Cross Cultural Management: An International Journal*, Vol. 13, No. 4, pp. 330-344.

- Saunders, Mark, Philip Lewis & Adrian Thornhill. (2000). *Research Methods for Business Students*. Second edition. Pearson Education. United Kingdom.
- Smith, A. L. (1991). *Innovative Employees Communication: New Approaches to Improving Trust, Teamwork & Performance*. Englewood Cliffs, New Jersey: Prentice-Hall, Inc.
- Shank, Gary D. (2006). *Qualitative Research, a Personal Skills Approach*. Second edition. Pearson Education. New Jersey.
- Sorensen, E. S. (2005). "Our corporate language is English: an exploratory survey of 70DK-sited corporations' use of English", Master's thesis, Faculty of Language and Business Communication, Aarhus School of Business, Aarhus.
- Tange, H., Lauring, J. (2009). Language management and social Interaction within the multilingual workplace. *Journal of communication management*. Vol. 13, No.3, pp. 218-232.
- Thomson, S. (2007). Importance of Communication in an Organization.  
[Web document]. Available from World Wide Web:  
<URL: <http://www.articlesbase.com/business-articles/importance-of-communication-in-an-organization-97064.html>>.
- Timm, P. R. & De T. K. Bell. (1995). *Managerial Communication; A Finger on the Pulse*, 3rd edition. Prentice Hall.

- Trochim, W. (1989). An Introduction to Concept Mapping for Planning and Evaluation. In: W. Trochim (ed). *A Special Issue of Evaluation and Program Planning*. Vol. 12, No. 1, pp. 1-16.
- Thomas, C.A. (2008). Bridging the Gap between Theory and Practice: Language Policy in Multilingual Organizations. *Language Awareness*, 17 (4), 307-325.
- Tung, R.L. (1988). *The New Expatriates. Managing Human Resources Abroad*. Cambridge: Ballinger Publishing Company.
- Vaara, E., Tienari, J., Piekkari, R. and Santti, R. (2005), "Language and the circuits of power in a merging multinational corporation", *Journal of Management Studies*. Vol. 42, No. 3, pp. 595-623.
- Welch, D., Welch, L. & Piekkari, R. (2005), "Speaking in tongues: the importance of language in international management processes", *International Studies of Management & Organization*, Vol. 35, No. 1, pp. 10-27.
- Yin, R. k. (1994). *Case Study Research: Design and Methods* 2<sup>nd</sup> Edition. Thousand Oaks, CA: Sage Publishing.
- Yin, R.K. (2003a). *Case Study Research: Design and Methods*. 3<sup>rd</sup> edition. Thousand Oaks: Sage Publishing.

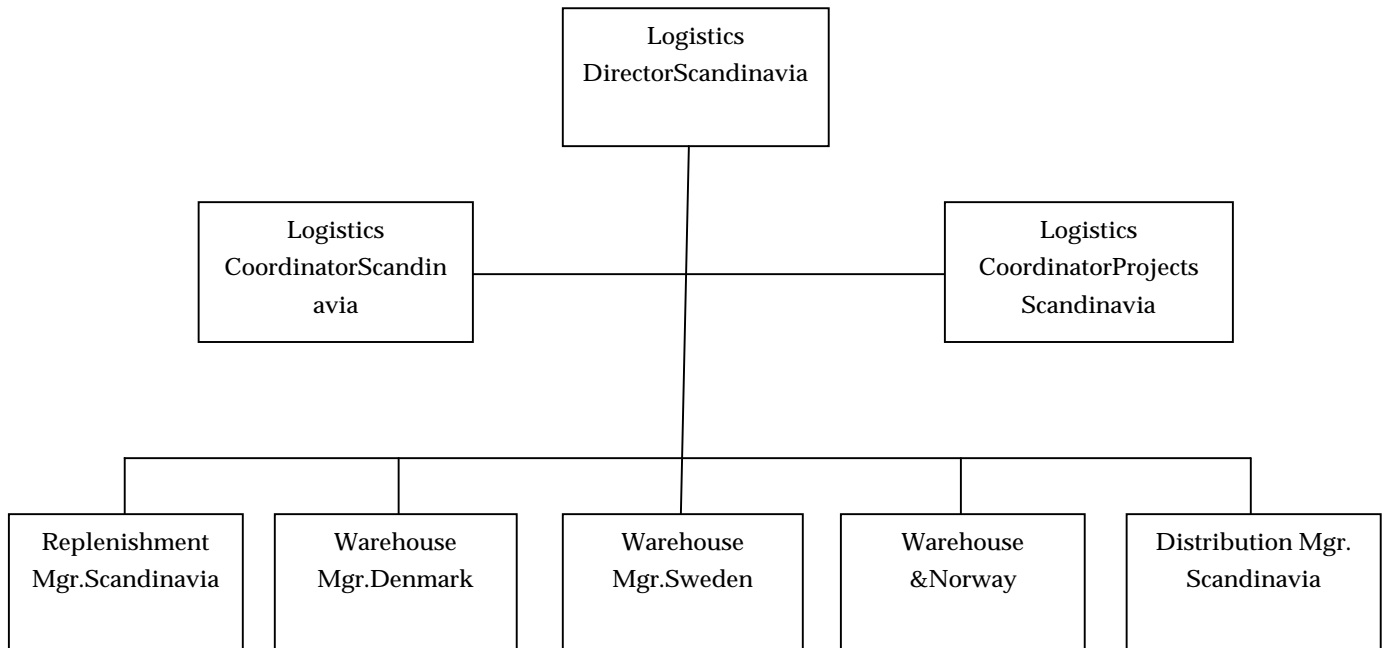
Yoshihara, H. (1999). "Global operations managed by Japanese in Japanese"  
Working Paper, 108.

Zander, L. & Roman, L. (2004). "When nationality matters: a study of  
departmental, hierarchical, professional, gender and age-based employee  
groupings' leadership preferences across 15 countries'", *International Journal  
of Cross Cultural Management*, Vol. 4, No. 3, pp. 291-315.



## APPENDICES

## APPENDIX 1: Scandinavia Logistics



Chart, 2010

Lyreco

(Taken from Company)

## APPENDIX 2. Interview Guide

### Research characteristics

Name:

Age:

Gender:

Place:

Career Stage:

Nationality of Researcher:

Research Characteristics:

### Interview Questions

1. Is there language diversity in your company between HQ and subsidiaries?
2. What do you think the main issues are that arise from the fact that people in your company have different native languages?
3. Are there any advantages or disadvantages due to this language diversity?
4. Do you think differences in national languages form a barrier between HQ and subsidiaries?
5. What are these language barriers?
6. How important are these language barriers?
7. What kinds of solutions are used to overcome any language barriers?

8. Do you think a common corporate language can be a solution to this barrier?
  - i. Do you use this technique to overcome language barriers?
  - ii. To what extent is it beneficial?
9. What is your opinion about language training in this regard?
  - i. Do you offer language training in your company?
  - ii. To what extent is it beneficial?
10. Do you consider adopting any new employee training programs regarding cross-cultural training?
11. Which mode of communication is best in your opinion for the transmission of information?
  - i. Do you think that change in the mode of communication reduces the language barrier?
12. Do you use machine translators?
  - i. To what extent is this technique beneficial?
13. Do you hire external interpreters?
  - i. How do interpreters deal with this language problem?

14. Do you think that building redundancy in communication can reduce language barriers?

15. Do you have anything more to add that you feel has been missed?