Addressing Cultural and Language Barriers in Intercultural Business
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What we set out to do

• Identify possible language and intercultural challenges UK based SMEs feel they face when going international
• Define what having a ‘language management strategy’ means for UK SMEs
• Review the impact of only using English in non-English speaking markets
• Identify perceived needs for training in language/s and intercultural skills
What we did

• A phone survey of 93 SMEs

• In-depth interviews with leaders of 12 SMEs across the three regions
Context of the study

“(…) raising British standards of language competence to the rest of the world average is equivalent to between a 3 and a 7 percentage point tax reduction on British trade” (p. 7)

“even a one percent reduction in the language tax — much less than the difference between Britain‘s ‘tax‘ and the world average — would be equivalent to a more than £3 billion increase in productivity” (p. 8)

Foreman-Peck, 2007
Context of the study

• SMEs provide 59.1% of private sector employment and 48.6% of private sector turnover
• ELAN survey (Hagen, 2006): only 11% of UK SMEs report plans to begin trading in foreign countries (46% average)
• BCC report (2012): only 2% of Business owners speak Spanish well enough to conduct business deals, less than 1% for Chinese
• Four factors cited as critical to the success of export SMEs - SMS with these four investments calculated to achieve an export sales proportion 44.5% higher than one without investments (Hagen, 2006)
  – Employing people with existing language skills
  – Employing professional translators and interpreters
  – Employing native speakers
  – Having a language strategy (corporate policy)
The future is international

• “as we started exporting well it saved us” (Quality Manager, Surrey)

• “export is a game changer” (MD, Bristol)
SMEs’ Future Plans

- Plans to begin trading in a new foreign country in the next three years
- Decision of investing based on knowledge of the relevant language or culture
- Need to acquire additional expertise in languages in the next three years
- Need to acquire additional expertise in countries in the next three years

Legend:
- ARCTIC (2012)
- ELAN (2006)
SMEs’ future plans - countries and regions

- Latin America: 18%
- Brazil: 16%
- Russia: 13%
- India: 13%
- China: 13%
- Middle East: 9%
- Australia: 7%
- France: 5%
- Japan: 5%
- South-East-Asia: 5%
Language management

• Language management strategy: “the planned adoption of a range of techniques to facilitate effective communication with clients and suppliers abroad” (ELAN, 2006).
Why language management is important

“there is lots of Europeans that speak English so the their first language they learn ehm so you can get away with it but you can’t maximise your opportunity and there is a big difference of getting away with it and what you could potentially do” (Sales & Marketing Director, Surrey)
Language management: ARCTIC vs. ELAN

• A word of caution
  – ELAN: 100 companies from across the UK
  – ARCTIC: 93 companies, Southern England and South Wales only

• but: SMEs have expanded the range of language management strategies they adopt
Language management

- Having a language management strategy
- Staff with specific language skills
- Employing native speakers full-time
- Using local agents and/or distributors

The importance of finding good partners

“you’ve got the challenge to try to find a distributor whose English is sufficient to deal with us and he feels good to represent you in that in their home nation” (Quality Manager, Surrey)
Language management—Cont’d

- Employing external translators/interpreters
- Adapting the website to foreign markets
- Keeping a record of staff language skills
- Undertaking foreign language training
- Offering language training to staff

Using translation agencies...

“no no we do it ourselves”
(Quality Manager, Surrey)
The issues with language training...

“which language do I learn? You know cause if I learn French it will cover five [...] yeah if I learn Chinese it will cover one but it’s more”
(Sales & Marketing Director, Surrey)
Lost business

- Missed an export contract due to lack of foreign language skills
- Missed an export contract due to lack of cultural competence
- Experienced difficulties with foreign customers due to cultural differences

Lost business

• Why?
  – Building relationships, preparing translations, correspondence and phone calls, etiquette, making initial contact, failed negotiations, lack of competence in foreign language at trade fairs, misinterpretations, work ethic, mindset, communication style, socialising

• Which languages?
  – French, German, Russian, Spanish most frequently mentioned, also Japanese and Italian

• Which cultures / regions?
  – China (negotiations), France (negotiations), France (mindset), Middle East (mindset)
Lost business – often difficult to pin down why-language plays a role

“I think eh yeah it is always difficult to know exactly why it is that you’ve lost a piece of business when it goes” (MD, Bristol)
English vs. Non-English

English
- First Foreign Language
- Complexity of products
- World language
- Dependence on local agents

Native language
- Local knowledge
- Recruitment/wages
- Wider opportunities
- Adaptation
How can SMEs address trade barriers?

• Work with local universities
  – Training opportunities
  – Placements

• Don’t cut costs at the wrong end
  – Avoid Google Translate for external communication; employ professional language services
  – Get support (UKTI, Export Communications Review)

• Do some lobbying
  – No further cuts in language provision at secondary level
  – Language provision to be full integrated in university curricula
Final word on export

“you need to get experience and you need to do it. You need to be sat there and say you know I’m gonna get on that flight because he’s asked me and it’ll be fun and I’ll learn something uh it’s great” (MD, Bristol)
Thank you!