Speaking in Tongues? The Influence of Language and Networks on Internationalisation

Rebecca Marschan-Piekkari
School of Management,
Department of Marketing,
University of Bath,
Bath BA2 7AY.
Tel.: +44-(0)467 321 600
E-mail: mnsrp@management.bath.ac.uk

Denice Welch

Lawrence Welch

In the new millenium, the Internet and e-commerce are expected by many to change the way in which international business is conducted and the possibilities for firms to internationalise. This expectation raises questions regarding the process of internationalisation, a subject of considerable research over the last three decades. Much of this research has shown the pattern of internationalisation to be one of incrementalism as a response to a variety of factors, including network development and psychic distance. The paper examines the issue of the impact of language on networks and the process of internationalisation. A central argument is that, despite the volume of research, the nature of psychic distance and its impact on internationalisation has remained relatively underdeveloped as an explanatory factor. We therefore attempt to unravel the psychic distance package with a focus on language. The paper also addresses the relationship between language and firms' internationalisation path, including the difference in approach of firms from English-speaking and non-English-speaking countries. While the use of the Internet may facilitate many aspects of international communication and commerce, we argue that different languages and different levels of language competence may well distort these effects. Consequently, it will be difficult to anticipate exactly how internationalisation is likely to evolve in the new e-world.

Introduction

As an issue in international business, language has received considerable treatment in a wide range of sub areas such as international marketing and international management. To some extent, though, it could be argued that the impact of language has been trivialised (for example, marketing bloopers – see Ricks 1983); and that its influence on management processes has received scant attention due to the way in which language is typically regarded as covered by the broad umbrella of 'culture'; or limited to cross-cultural communication. Language has been an aspect of theorising about internationalisation processes, where language is included as a key component of the concept of psychic distance (akin to what might be termed cultural distance); that is, a factor in shaping the pattern and speed of a company's international spread (Johanson and Wiedersheim-Paul 1975). Again, however, language tends to be bundled as part of the psychic distance package, and its specific impact on internationalisation has not been examined.

While the impact of language on internationalisation may be readily accepted, although with some argument about the extent of this impact, a more difficult issue is how this influence is transmitted over time - and its effect in shaping a company's internationalisation process. An important element of internationalisation is the way in which firms are able to establish and expand a range of foreign networks as a basis for developing international markets. International networks can be viewed as being language dependent and therefore form a critical part of the impact of language on internationalisation, although this connection has been relatively ignored in networks/internationalisation literature.

In this paper, therefore, we seek to explore the impact of language on internationalisation, including that which flows via network influences. Specifically, we examine how language affects firms' development of international operations through time and at different stages.

Internationalisation, Psychic Distance and Language

In the early work on internationalisation process theory, the concept of psychic distance was conceived as a factor that resulted in a bias towards certain foreign markets (especially those culturally similar); and that, in an overall sense, psychic distance generated uncertainty about international expansion, and thus affected the rate and form of internationalisation. Firms were seen as being biased towards more familiar markets partly as a way of dealing with the perceived risk and uncertainty of international operations (Johanson and Vahlne 1977; Langhoff 1997). In this body of literature, psychic distance was defined as factors preventing or disturbing the flow of information between the firm's home country and its target foreign market (Wiedersheim-Paul 1973; Johanson and Wiedersheim-Paul 1975). These factors included differences in language, culture, political systems, level of education, and level of development between the two countries. Familiarity however was recognised as being more than just cultural closeness, but was also related to the broader level of social and other contacts between countries, such as tourism, sports, etc. (Arrow 1969; Welch and Wiedersheim-Paul 1980).

Although acknowledging language as an integral component, this depiction of psychic distance does not take us far in terms of understanding the impact of language on the internationalisation process. In part, this is due to a common view that language is the embodiment of culture, which leads to the bundling of language within the broad term 'culture'. Such bundling is compounded when 'culture' is operationalised in empirical studies. In fact, a widely used later measure of psychic distance developed by Kogut and Singh (1988) uses a composite index based on deviation of various countries from the United States' rating along each of Hofstede's (1980) four dimensions (power, uncertainty avoidance, masculinity/femininity, and individualism) in which language is not explicitly considered. Further, most of the empirical work on psychic distance has been at the national level, looking at trade and investment trends to identify the impact of cultural difference (Benito and Gripsrud 1992; Petersen and Pedersen 1997). One of the particular problems in operationalising the impact of language on internationalisation is that language skills are competencies possessed by individuals not by organisations - thus the foreign language ability of a firm can be viewed as the sum of the language ability of its employees. Few firms conduct regular audits of their employees' language competencies, making it difficult to empirically determine the impact of language on international operations (Wright and Wright 1994; Reeves and Wright 1996).

In this sense, it can be argued that psychic distance operates at the individual, rather than at the firm or national level, although clearly with small firms, the individual as key decision-maker may blur the distinction between individual and firm. Personal unfamiliarity with foreign languages constrains a person's ability and preparedness to initiate exchanges with those in a foreign market using their language, in contrast to the relative ease of going into a foreign market where a familiar language, own or acquired, is used (Carlson 1975). Recent work by Crick (1999) supports a finding from earlier research that some UK exporting firms recruit overseas agents as much on the basis of fluency in English as on their selling ability. Language familiarity is particularly important for smaller companies in the early stages of internationalisation, including the stage preceding the first foreign sale, wherein the background, including language, of key decision makers, is critical (Wiedersheim-Paul et al 1978). Such individuals tend to drive not only decisions but also to act as key implementers: undertaking foreign visits, negotiating, maintaining pivotal relationships with foreign actors, etc. The early internationalisation literature pointed to the role of migrants in operating as language bridges back to their former countries, although this aspect was not specifically explored (Simmonds and Smith 1968). The migrant effect can operate at two levels – on the one hand, as key decision maker, a migrant may select markets on the basis of former country familiarity; on the other hand, the migrant as employee may trigger or confirm the attractiveness of a selected market, and language may be a major factor here. The effect of migrants may well run counter to the general national pattern of psychic distance.

Cost and Time Considerations

Evaluating and selecting potential foreign markets, whether as an initial internationalisation step or as part of an on-going process of internationalisation, as noted by Carlson (1975), have cost and time considerations, often including a language component, that may well underscore the attractiveness of and familiarity with certain target markets. Some of the obvious cost and time considerations include:

Document Translation. Company documents (such as technical material, promotional material, etc.) need to be translated into the target market language. In addition, material gathered in the target market (e.g., relevant market, industry, firm and infrastructural information) will need to be translated into the language used by the company. The results of a survey of West Midland firms in the UK showed that out of 319 companies exporting to mainland Europe, only 159 "produced documentation on their products in the language of their customers" (Wright and Wright 1994, pp. 6-7).

Fixman's (1990) study of the foreign language needs of U.S-based corporations contains several illustrations of problems caused by delays in translation of critical documents. For example, in the telecommunications industry, "The English translations of regulatory schemes from Spain lagged behind the original text one year". In another case, an interviewee recounted "attending a meeting of the Organization for Economic Cooperation and Development in Paris at which documents were distributed ad hoc. She could not understand them, nor could the interpreter accompanying her deal with them quickly enough to be of use to her" (Fixman, 1990, p. 36). Likewise, there are numerous examples in the international business and international marketing literature of companies staying within a given language domain in their foreign operations because of the ability to use expensive promotional material, particularly television advertisements, unchanged. International marketing examples abound where important company messages have been embarrassingly mistranslated (Ricks, 1983).

Language Acquisition. It takes substantial time for a person to reach a level of operational fluency in another language, though the actual amount of time will vary depending on each individual's aptitude and motivation to learn. Firms face questions of whether to invest in the training of existing staff in the desired foreign language or whether to hire new staff with the appropriate language skills. Either way, the company faces additional costs as well as the time constraint in achieving the necessary skills base in order to further international operations. As Crick (1999) found in his study of a sample of 185 UK SMEs, when hiring new staff, 55% did not look for language skills; and smaller firms were less likely to provide or encourage language training, relying on employees' existing (limited) skills. A commitment to using the language of the customer was more likely among large companies in the sample. Similarly, in an early study of nine British exporting firms, Simmonds and Smith (1968, p. 98) noted:

The need for linguistic ability was notably absent in obtaining the initial orders. All correspondence on the files was in English and personnel interviewed reported little difficulty in communicating with their potential customers. Moreover, those interviewed, with two exceptions, attached little importance to knowledge of a foreign language.

For smaller firms with a limited language skill base, appropriate language competence may be a significant and costly demand when attempting to penetrate a number of markets with various languages, and may constrain the rate and pattern of internationalisation. One solution to this problem that companies employ frequently is to utilise interpreters and translators, both domestically and in the foreign market. However, there are limits on the ability of firms to use such support. It is difficult to use translators in many business exchange situations. In a study of 1261 SMEs in the UK, France, Germany and Spain, Hagen (1999) found that the key tasks requiring foreign language usage were mainly oral – telephoning, negotiating, and participating in various types of meetings – situations where introducing an interpreter or translator may pose significant practical difficulties. Hagen reports that the British sample had the greatest language deficiencies and the least on-site translation expertise. There is also the question of security of commercial-in-confidence material, as well as the problem that technical information may be inaccurately translated (Crick 1999). A recent study shows that UK translators were frequently not told the intended readership and use of a document. One translator said that he had been given a list of machine parts to translate, but not told what the machine was (Maitland 1999).

In Crick's study referred to above, apart from those firms in the sample with more than 100 employees, there was a strong perception that the widespread use of English reduced the need for foreign language competence. For firms operating from English-speaking countries, this perception may be reinforced by communication developments at a broader level: wider use of English as a global business language; greater training in English and in more countries (eg Vietnam, Eastern Europe); English as the dominant language of the Internet (The Economist 2000); the spread of English through the entertainment industries of film, television and music (MTV etc.); and the increased movement of students internationally in the course of their studies (especially business students) wherein English tends to be the dominant language of instruction, often because of the diversity of language backgrounds within class groups. These developments have increased the potential that individuals may be contacted within foreign companies who have fluency in English, thus reinforcing the perceived unimportance of having a high level of language proficient employees. Languages other than English – Chinese, German and Spanish, for example - are used also in a wide range of countries, but they fall well short of the extent of global usage of English.

Language - a Closed Circle?
Research on the early stages of internationalisation has indicated that it is often an ad hoc process - particularly when driven by outside change agents through fortuitous orders and the like. Here, language may produce a seeming distortion of the broader impact of psychic distance in that the fortuitous contact could occur between individuals who share a language but who are from culturally distant countries using different languages. An example would be a chance contact by an Australian company representative (seller) with one in Spain (buyer), using English as the common language. It may seem that shared fluency in a common language has broken down psychic distance, but the shared language masks the business reality that Australia and Spain are not culturally close. It does not change the fact that there is a lack of understanding of customs and practices of doing business in Spain. Further, a chance encounter will not necessarily break the monolanguage cycle as the business contact may not readily expand beyond this key individual within the Spanish firm. It may be difficult also to extend the exchange in depth and laterally beyond the initial personal contact. Differing levels of fluency between the Australian and the Spaniard may constrain depth of information exchange - not only in terms of extracting accurate and pertinent product and market information but also in social situations, an important basis for establishing personal trust between parties.

Lateral extension of contact within the target foreign firm may be even more difficult, as it is dependent upon relevant employees within the foreign company who have the required language fluency. Marschan's (1996) study of the Finnish multinational Kone Elevators showed that although Kone used English as its company language for its internal communications, facility in English did not extend very far in some of its subsidiaries. For example, in Kone's Mexican subsidiary, Finnish expatriates were often the only employees fluent in English. External actors interacting in English in Mexico were therefore constrained in their contact possibilities within Kone's local unit. Obviously network development beyond the focal foreign company may be similarly hampered. Thus, an initial, fortuitous contact on language grounds does not remove the broader constraints of the language component of psychic distance.

In those cases where companies are proactively engaging in search and promotion activities relating to foreign markets, it is likely that there will be an automatic language bias in the sources accessed and the markets entertained as potential (see for example, March and Simon 1958; Pred 1974). Inevitably, biased search produces biased feedback - thus reinforcing the monolanguage approach. This can almost be considered as a closed language circle that influences the early internationalisation path of a firm.

As discussed earlier, the concept of psychic distance was developed in recognition of internationalisation patterns that revealed a tendency to bias operations towards those markets that were culturally close and familiar. One aspect of this is that, in language terms, patterns are bound to vary depending upon the initial language base of the country in which the firm is domiciled. There is clearly a major difference for firms from English-speaking countries than those from lesser-spoken language groups, such as Japanese, Finnish, and Norwegian. For example, Australian and New Zealand firms may undertake extensive internationalisation yet remain within the English-speaking world, whereas this is not possible for Finnish and Norwegian firms. Figure 1 illustrates a hypothetical pattern of international expansion for a Canadian and a Finnish firm.

Insert Figure 1 about here

It would seem that the role, importance, and management of language within internationalising companies are perceived differently by those from English and non-English speaking countries. US firms in Fixman's (1990) study tended to view language as separate from its cultural context, and regarded foreign languages as a mechanical skill that could be readily acquired on an ad hoc basis. Such perception can be reinforced by the choice of foreign markets. Firms from English-speaking countries following the language path, as the Canadian firm exemplified in Figure 1, can delay direct exposure to language issues for some time. These English-language markets may also appear culturally close. Consequently, uncertainty is reduced and expectations of success tend to increase. However, the perceived familiarity and similarity across English-speaking countries may produce false confidence. Based on their empirical study of Canadian firms in the US, O'Grady and Lane (1996) argue that familiarity may in fact breed carelessness and have a negative impact on company performance, as the Canadian firms experienced in the US. O'Grady and Lane term this false confidence as the 'psychic distance paradox'. Of course, cultural differences apart from language may be so strong as to overwhelm the advantage of use of a common language, India being a case in point from a North American perspective.

In general, firms from English-speaking countries following the English language path of internationalisation forego the learning aspects associated with having to cope with the effects of operating in multiple language environments. The dominance of English as an international business language may be a further reinforcing factor. In contrast, firms from minor language groups, such as Norwegian and Finnish, have to deal with language difference from the earliest stages of internationalisation. As such, there is an early development of consciousness of, and responsiveness to, language-related issues in international operations (document translation, language training, etc.). Of course, these firms still tend to follow what is for them a psychic distance driven pattern beginning with Scandinavian markets (Luostarinen et al, 1994).

Japanese firms, once having acquired competency in US English language-based operations, have shown a preference for the extension of operations in other English-speaking countries, particularly the UK, but also countries with strong English-speaking capabilities such as the Netherlands (Hood and Truijens 1993). The extent to which a similar approach is used by firms from other non-English speaking countries is not clear. Firms may be utilising their acquired English skills to mitigate the uncertainty surrounding steps into what would normally be considered as psychically distant markets.

That language matters even in the later stages of internationalisation is evident in the attempts by MNCs to deal with its impact in their diverse global operations. One attempt to minimise the effect of language diversity within MNCs has been typically to adopt a company language for internal communications. Research on Finnish companies is demonstrating that adopting a company language does not necessarily remove language as a management issue. One such company, Kone Elevators, is instructive in that, at the time of study, it had been using English as its company language for more than 25 years and yet it was still struggling to come to terms with language-related internal communication and exchange effects (Marschan-Piekkari, Welch and Welch 1999). The movement into new market areas such as China has continually renewed and extended Kone's language challenge. This line of research reveals the extent of filtration, distortion and disruption of communication that can be caused for an

MNC forced to accommodate language diversity. Further, individuals and operating units can be marginalised by limited competence in the company language.

IT Developments

On the surface, developments in information technology and communication are removing many of the boundaries that have inhibited the spread of international business activities, minimising the impact of culture and language in their train. As noted earlier, the associated use of English has tended to accentuate the 'borderless world' perception. However, we argue that, rather than removing the impact of language, IT developments may simply delay or shift the language hurdle to a different part or stage of international activity. Initial contact with potential customers is likely to be facilitated, but some parts of international operations will normally have to occur in foreign markets thereby involving a foreign language component. Increasingly, e-commerce companies are finding it necessary to establish a presence in foreign markets (popularised through the term 'clicks and mortar'). Such local operations still require the use of foreign languages. It may well be that the seeming removal of language barriers through the role of English as an evolving world language will accentuate the problems of communication in foreign markets – that is, masking the problem. In fact, the danger is that language is no longer regarded as an issue that has to be managed. For firms from English-speaking countries, the language learning curve in international operations may start somewhat later for e-commerce companies compared to those in the so-called old economy. Eventually though, in order to reach more potential customers, companies will need to acknowledge the limits to operating in English. The cost and time considerations discussed above remain pertinent – for example, website home pages will need to be translated. The issue then is how many language versions of the website will be required? Of course, companies from non-English-speaking backgrounds confront this issue at an early stage. Not surprisingly, as with other media, Internet users show a clear preference for viewing the Internet in their native language (Jack 2000; Rahman 2000). Other technological developments, such as translation machines and software, are assisting firms in coping with language differences while emphasising their own native tongue.

Information and knowledge

From the earliest development of the process model of internationalisation, knowledge has been one of the core explanatory factors: "foreign operations are different from domestic, and the difference is very much related to the problems of knowledge and cost of information" (Carlson, 1975,20). The flow of information that precedes, and forms the basis of international operations, is language dependent. This is stating the obvious. However, given the importance assigned to information and knowledge factors in seeking to explain patterns of internationalisation, in this context, it is surprising that the language dimension has not been explored in greater depth. To some extent, this omission can be explained by the inclusion of language in the psychic distance composite, as noted earlier. This inclusion, though, has masked the more direct impact that language has on the development of information flows and knowledge. It is somewhat curious that the bulk of work on information and knowledge, subsequent to Carlson's (1973; 1975) early contributions, has occurred outside an international operations context (eg. Nonaka and Takeuchi 1995; Senge 1990), and language related issues have received scant treatment. As a result, we know little about the type of responses undertaken by companies to language diversity as they expand internationally and how they react to their experience, that is, how it shapes their ongoing approach to internationalisation.

Networks, Interaction and Language

In the early Uppsala work on internationalisation, there was considerable focus on the role of contacts as a way of understanding a firm's exposure to international information and influences (Wiedersheim-Paul et al 1978; Welch and Wiedersheim-Paul 1980). The role and importance of contacts in export development was confirmed later in the work of Bonaccorsi (1992). The Uppsala work drew upon the notion of contact systems used by Thorngren (1970) and Tornqvist (1970) in the regional development context. Thus, the concept of networks (or 'contact systems' as earlier termed) has been an integral component of the process theory of internationalisation – though there has recently been an attempt to mount a straw man-like argument for there being two separate schools of thought regarding internationalisation: the so-called stages approach versus the network perspective (see, for example, Coviello and Martin 1999).

Many of the processes in the basic internationalisation model are based on network development. For example, much of the information and knowledge developed through actual experience of international operations is network related. Benito and Welch (1994, pp. 12-13) argue that:

In fact, much of what is involved in international operations could be characterised as networking activity. Relationships have to be built with a wide range of organisations and individuals - foreign customers, intermediaries, banks, government officials, and the like".

When considering research on networks, it is even more surprising that language issues have been relatively ignored. After all, people attempting to gain access to foreign market networks will be assisted or constrained by their language compatibility with relevant network actors.

Language aspects will often be asymmetrical in buyer-seller exchanges in that sellers are more likely to seek to adjust to the language of potential buyers than vice versa. The difference in emphasis by buyers and sellers regarding the significance of language problems emerged in the early IMP work. For example, industrial buyers in the UK, France, Germany, Italy and Sweden generally did not find language to be a problem, whereas suppliers experienced difficulties. According to the IMP researchers (Turnbull and Cunningham 1981, p. 86) "about half of the marketing respondents said it caused them difficulties in dealing with the UK. Indeed for 25 per cent of all respondents, language creates a serious obstacle." A related finding was that lack of language proficiency hampered the ability of buyers and sellers to develop closer actor bonds. Given that social exchange is recognised as a critical element of buyer-seller interaction, it is not unexpected that proficiency in the buyers' language is deemed essential to the development of closer personal relationships. The ability to establish social relationships not only enhances buyer-seller interaction, but assists in reducing uncertainty (Haakansson and Wootz 1979). Further, Ford (1984, p. 109) comments:

The IMP study has shown throughout that the ability of a company to break down cultural barriers and establish close social and business relationships with clients is a major factor for success in international industrial marketing.

The IMP studies have demonstrated that, when information is provided in the buyer's language, 'distance' is reduced, and the supplier gives evidence of commitment and adaptability to potential foreign customers. While these signal a willingness to develop relationships, as argued earlier, it is the people within the firm who have the language competencies, and there will be considerable variation in abilities. An additional complication is that individuals have differing attitudes towards interacting with foreigners in a foreign language, regardless of their fluency in that foreign language.

Insert Figure 2 here

The interacting effects of language on knowledge and networks, and ultimately, on internationalisation are depicted in Figure 2. The figure illustrates the fact that language has an impact on two of the key variables in the internationalisation model – knowledge and networks – and thereby on the process of internationalisation. Language, however, is also affected by increasing internationalisation. Increasing commitments, undertaken in diverse foreign markets, involving the use of multiple foreign languages, inevitably place additional stress on language competencies within the firm. For instance, when a company shifts from using an agent to a joint venture arrangement in China, there are likely to be significantly greater language demands as networks and foreign market relationships will need to be extended and many new connections developed.

Concluding Remarks

In this paper we have argued that, although language has been recognized as important in discussions regarding psychic distance as a concept and, thereby, as an influence on internationalisation, its direct impact on the process has received limited attention. Our analysis has demonstrated that the impact of language is pervasive and is deserving of deeper independent research. In so doing, this may contribute to a better understanding of the dynamics of the internationalisation process, which has become a focus of recent international business research (Jones 1999; Petersen and Welch 1999). Such research may contribute also to the development of a more complete picture of how the process variables are linked together – particularly networks and knowledge.

To some extent, the growing use of English in international business would seem to be removing the impact and importance of language differences. Of late, this has been associated with the growing use of the Internet. However, while the Internet is undoubtedly influencing communication patterns and the spread of English use globally, it is unlikely to remove the language barrier inherent in the need to use a local language for most local operations. In addition, the spread of English through the Internet may contribute to the psychic distance paradox, through reinforcing a perception that language is not an issue. We suggest that, rather than reducing psychic distance, the Internet itself may be a means of introducing language difference. The demand for own-language Internet services appears to be growing. For example, a Russian-language Internet search engine has been established in Moscow (Jack 2000). Therefore, while English may dominate the Internet, not all foreign market information will be accessible in English. Access to relevant information from Chinese websites in Mandarin rather than English is a case in point. Given the early stages of this information and communication revolution, it is difficult to be certain about how the interplay of language and the Internet will ultimately affect the process of internationalisation. What one can be relatively confident about is that language will remain a key issue that companies will have to confront as they develop international operations.

REFERENCES

Arrow, Kenneth J. (1969), "Classification Notes on the Production and Transmission of Technological Knowledge," *American Economic Review*, 59.

Benito, Gabriel R. G. and Geir Gripsrud (1992), "The Expansion of Foreign Direct Investments: Discrete Rational Location Choices or a Cultural Learning Process?", *Journal of International Business Studies*, (Third quarter), 461-476.

Benito, Gabriel R. G. and Lawrence S. Welch (1994), "Foreign Market Servicing: Beyond Choice of Entry Mode," *Journal of International Marketing*, 2 (2), 7-27.

Bonaccorsi, Andrea (1992), "On the Relationship between Firm Size and Export Intensity," *Journal of International Business Studies*, 23 (4), 605-635.

Carlson, Sune (1973), "Investment in Knowledge and Cost of Information," in *Annales Academiae Regiae Scientarum Upsaliensis*. Stockholm: Almqvist and Wiksel.

Carlson, Sune (1975) How foreign is foreign trade? *Acta Universitatis Upsaliensis, Studiae Oeconomiae Negotiorum,* 11. Uppsala: Uppsala University Press.

Coviello Nicole E. and Kristina A-M Martin (1999), "Internationalization and Service SMEs: An Integrated perspective from the Engineering Consulting Sector", *Journal of International Marketing*, 7 (4), 42-66.

Crick, David (1999), "An Investigation into SME's Use of Languages in Their Export Operations," *International Journal of Entrepreneurial Behaviour and Research*, 5 (1), 19-31.

Fixman, Carol S. (1990), "The Foreign Language Needs of U.S.-based Corporations," *Annals*, 511 (September), 25-46.

Ford, David (1984), "Buyer-Seller Relationships in International Industrial Markets", *Industrial Market Management*, 13, 101-112.

Hagen, Stephen (1999), *Business Communication Across Borders: A Study of Language Use and Practice in European Companies*, ed. London: Languages National Training Organization in association with Centre for Information on Language Training and Research.

Hofstede, Geert (1980), *Cultures Consequence: International Differences in Work-Related Values*. Beverly Hills, CA: Sage Publications.

Hood, Neil and Thorsten Truijens (1993), "European Locational Decisions of Japanese Manufacturers: Survey Evidence on the Case of the UK", *International Business Review*, 2 (1), 39-63.

Haakansson Haakon, and Bjorn Wootz, (1979) "A Framework of Industrial Buying and Selling", *Industrial Marketing Management*, 8 (1), 28-39.

Jack, Andrew (2000), "Russian Brain Drain Reversed," *Financial Times*, March 6.

Johanson, Jan and Finn Wiedersheim-Paul (1975), "The Internationalization of the Firm: Four Swedish Cases," *Journal of Management Studies*, (October), 305-322.

Johanson, Jan and Jan-Erik Vahlne (1977), "The Internationalization Process of the Firm: A Model of Knowledge Development and Increasing Foreign Market Commitments," *Journal of International Business Studies*, 8 (1), 23-32.

Jones, Marian V. (1999), "The Internationalization of Small High-Technology Firms", *Journal of International Marketing*, 7 (4), 15-41.

Kogut, Bruce and Habir Singh (1988), "The Effect of National Culture on the Choice of Entry Mode," *Journal of International Business Studies*, (Fall), 411-432.

Langhoff, Tine (1997), "The Influence of Cultural Differences on Internationalisation Processes of Firms: An Introduction to a Semiotic and Intercultural Perspective," in *The Nature of the International Firm: Nordic Contributions to International Business Research*, Ingmar Bjorkman and Mats Forsgren, eds. Copenhagen: Copenhagen Business School Press, 135-164.

Luostarinen, Reijo, Heli Korhonen, Jukka Jokinen and Timo Pelkonen (1994), *Globalisation and SME*, Report 59, Ministry of Trade and Industry, Helsinki, Finland.

Maitland, Alison (1999), "The Case of the Misleading Coffin," *Financial Times*, June 17.

March, James and Herbert A. Simon (1958), *Organizations*, New York, John Wiley.

Marschan, Rebecca (1996), *New Structural Forms and Inter-Unit Communication in Multinationals: The Case of Kone Elevators*. Helsinki: Helsinki School of Economics Press.

Marschan-Piekkari, Rebecca, Denice Welch and Lawrence Welch (1999), "In the Shadow: The Impact of Language on Structure, Power and Communication in the Multinational" *International Business Review*, 8 (4), 421-440.

Nonaka, Ikujiro and Hirotake Takeuchi (1995), *The Knowledge-Creating Company*. New York: Oxford University Press.

O'Grady, Shawna and Henry W. Lane (1996), "The Psychic Distance Paradox," *Journal of International Business Studies*, 27 (2), 309-333.

Petersen, Bent and Torben Pedersen (1997), "Twenty Years After: Support and Critique of the Uppsala Internationalisation Model," in *The Nature of the International Firm: Nordic Contributions to International Business Research*, Ingmar Bjorkman and Mats Forsgren, eds. Copenhagen: Copenhagen Business School Press, 117-134.

Petersen Bent, Lawrence S. Welch and Kim V. Nielsen (1999), "Resource Commitment to Foreign Markets: Within Mode Changes and Mode Additions", *International Business Dynamics of the New Millennium*, S. McGaughey, S. Gray, and W. R. Purcell, eds. Proceedings of the 1999 ANZIBA Conference, Sydney, 30 September – 2 October, 199-212.

Pred, A (1974), “The Location of Economic Activity Since the Early Nineteenth Century: A City Systems Perspectives”, Paper presented at the Nobel Symposium on the International Allocation of Economic Activity, Stockholm, June 8-11.

Rahman, Bayan (2000), “A Language of Unbounded Opportunity,” *Financial Times*, January 25.

Reeves, Nigel and Colin Wright (1996) *Linguistic Auditing: A guide to Identifying Foreign Language Communication Needs in Corporations*. Clevedon: Multilingual Matters Ltd.

Ricks, D.A. (1983), *Big Business Blunders: Mistakes in Multinational Marketing*. Irwin.

Senge, Peter M. (1990), *The Fifth Discipline: The Art and Practice of the Learning Organization*. London: Century.

Simmonds, Kenneth and Helen Smith (1968), “The First Export Order: A Marketing Innovation,” *British Journal of Marketing*, 2, 93-100.

The Economist, “Le Cyber Challenge”, March 11, 2000, 61.

Thorngren, B (1970), “How do Contact Systems Affect Regional Development?”, *Environment and Planning*, 2, 409-427.

Tornqvist, G (1970). “Contact systems and Regional Development”, Lund Studies in Geography, ser.B:35, Lund, Gleerup.

Turnbull, Peter and Malcolm T. Cunningham (1981), Editors, *International Marketing and Purchasing: A Survey among Marketing and Purchasing Executives in Five European Countries*. London: Macmillan Press.

Welch, Lawrence S. and Finn Wiedersheim-Paul (1980), “Domestic Expansion: Internationalization At Home”, *Essays in International Business*, 2, December.

Wiedersheim-Paul, Finn (1972), “Uncertainty and Economic Distance”, Studia Oeconomiae Negotiorum, Acta Universitatis, 7 Uppsala: Uppsala University press.

Wiedersheim-Paul, Finn, Hans C. Olson and Lawrence S. Welch (1978), “Pre-export Activity: The First Step of Internationalisation,” *Journal of International Business Studies*, 9(1), 47-58.

Wright, Colin and Sue Wright (1994), “Do Languages Really Matter? The Relationship Between International Business Success and a Commitment to Foreign Language Use”, *Journal of Industrial Affairs*, 3 (1), 3-14.

FIGURE 1
Language and Internationalization: Hypothetical Company Patterns

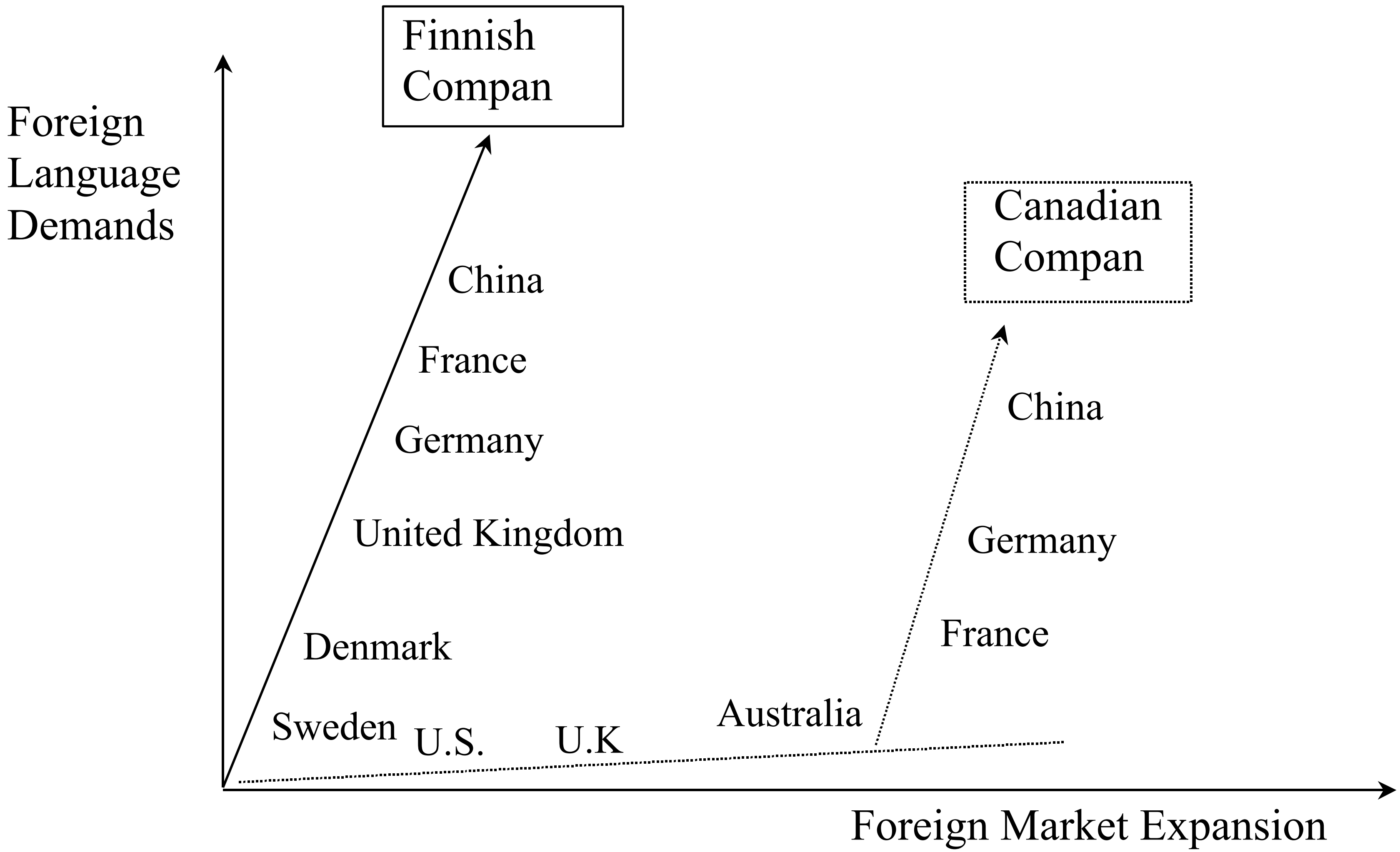

FIGURE 2
Language and Internationalisation