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Foreign language use among decision-makers of successfully internationalised SMEs

Questioning the language-training paradigm

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Abstract

Purpose – The purpose of this research is to assess the place of language skills in the international orientation of decision-makers of successfully internationalised SMEs. The position of language skills in this area of literature and policy is problematic and a new paradigm is proposed.

Design/methodology/approach – This paper considers findings from an empirical project using both quantitative and qualitative methods, first, a 1,200 company telephone survey and second, an 80 company batch of face-to-face interviews.

Findings – Strong international orientation seems indeed to be a determinant of success in international trade. The decision-makers of the successful companies were notably more likely to have foreign language skills than those in the other groups and were also the only group to include self-reported skills at the highest level. However, comparison of the countries in which the firms were dealing with the languages in which decision-makers claimed skills shows very clearly that the decision-makers of the “successful” international companies were often not using their foreign language skills in business. In addition, these decision-makers also possessed better attitudes towards foreign experience and other elements of international orientation.

Practical implications – The paper discusses the implications of the findings for policy-makers responsible for training and trainers themselves. The evidence supports the view that government subsidies focusing on language training might be better directed at a more varied range of activities to develop international orientation.

Originality/value – The article contributes to the development of qualitative research in this area in examining the foreign language use of decision-makers in successful international SMEs and locating this within their broader international orientation. It posits that language skills make an indirect contribution to overall international business success which is more valuable than their direct contribution to improved communication with specific foreign clients and markets.

Keywords International business, Small to medium-sized enterprises, Decision making, Language, Training, United Kingdom

Paper type Research paper



Introduction

This article aims to explore the implications of a study of the decision-maker characteristics, particularly in terms of foreign language use, of successfully internationalised small and medium-sized enterprises (SMEs). Internationalisation is

increasingly found to be an important aspect of the maximisation of business opportunities and many SMEs consider it to be a prerequisite of business success. Confining their activity within national boundaries often disadvantages businesses with regard to, for example, supply resources, labour costs and the size of their markets; they are also at greater risk of failure in times of national economic recession than companies which trade internationally (Bell *et al.*, 2004; Dana *et al.*, 2004; Girma *et al.*, 2001; Lloyd-Reason and Mughan, 2002, Morgan, 1997; Wilson, 2003).

Decision-maker characteristics are considered a strong element in the development of overseas activity. The international orientation and competences of these leading participants form the basis of the firm's stance on trade with foreign partners and its ability to explore and respond to such opportunities (Chetty, 1997; Manolova *et al.*, 2002; Moini, 1995; Morgan, 1997; Reid, 1981; Zou and Stan, 1998).

Since a great deal of the international trade of UK companies is conducted with non-Anglophone countries, it seems logical that foreign language skills in particular have long been considered paramount in the successful internationalisation of companies. It is often asserted, explicitly or implicitly, that success in international trade is dependent on such skills. Language training has therefore been a prominent element of government policy aimed at increasing international trade (CILT, 2003; Clarke, 1999; Hagen, 1999; Morgan, 1997; Wright and Wright, 1994). Language skills have been credited with contributing to international success in a number of ways such as the enhanced availability of market information, improved negotiation skills, and an improved understanding of trade partners' business culture (Clarke, 1999). The majority of the academic literature and government policy actions supports this perspective. It is only occasionally and marginally disputed by the equally reasonable one that foreign language skills are unnecessary to native English speaking international decision-makers as English is the accepted business lingua franca throughout the world (Enderwick and Akoorie, 1994). These two views of the real use to native English speakers of foreign languages in international trade must be understood in the context of the poor levels of foreign language skills in this country, described by the Department for Education and Skills as "a cycle of national underperformance in languages" (Department for Education and Skills, 2002, p. 10). The dominant view in policy and literature emerging from this macro-level analysis is that success is primarily dependent on communicative competence with individual markets. This has resulted in significant amounts of expenditure and energy going into the provision of language training in SMEs as the prime means of helping companies avoid losing business in overseas markets. This article will propose that the contribution of language skills to a broader international mindset and better decision-making needs to be considered more carefully and that the development of a multi-faceted paradigm encompassing a broader range of skills and knowledge is required if we are to provide better, more efficient support to companies.

Internationalisation in the context of this study may be described as business activities which "cross national borders and [are] intended to create value in organizations" (McDougall and Oviatt, 2000). It encompasses the activities of importing, exporting, manufacture abroad, intellectual property and overseas recruitment[1], although the three international trading activities in which the respondent firms were engaged were importing, exporting and manufacture abroad (see below). Given the advantages such as their contribution to GDP in the form of

exports, their beneficial effect on national trade deficits, and the acquisition of new technologies, there is considerable interest in the internationalisation of SMEs on the part of government and its business advisory bodies (Bell *et al.*, 2004; Brinton, 2003; Ibeh, 2000; McDougall and Oviatt, 2000; Raven *et al.*, 1994). These organisations encourage international trade in a number of ways including policy and the provision of training in the skills that are considered necessary for success in foreign markets (CILT, 2003; McDougall and Oviatt, 2000; Morgan, 1997).

This article considers previous research on the effects of decision-maker characteristics, particularly their proficiency and use of foreign languages, on international business success. It then presents findings on the language skills and intercultural competence of decision-makers from an empirical study of internationalising SMEs undertaken in the Eastern Region.

Literature review

There is a well-established body of literature on the influence of personal characteristics of decision-makers on the successful internationalisation of SMEs (Lloyd-Reason and Mughan, 2002; Manolova and Manev, 2004). As several review articles demonstrate, there is a considerable lack of consensus as to which of these characteristics really make the difference between successful and less successful attempts to internationalise or indeed between international and non-international firms (Ibeh, 2000). Personal characteristics of decision-makers include the demographic (such as age, level of education, length of service in the firm); international experience or orientation (such as language skills, periods spent living/working/studying abroad, personal foreign networks) and psychological (such as uncertainty avoidance). Dichtl *et al.* (1990) combined these types in their six-country, cross-cultural study of export success compared with decision-maker characteristics. They found that, generally, decision-makers are “not foreign market-oriented” if they are older, less well educated and have lower levels of skill in foreign languages and if they display a number of psychological barriers to exporting. Morgan (1997) categorised decision-maker characteristics as objective (language skills, experience of having lived abroad, education, previous experience of international trade) and subjective (perceptions of the risks, profitability and costs of internationalisation). He found from the literature that the differences between successful and less successful exporters were often insignificant – for example, there was little difference between in their respective educational attainments – and that the greatest differences occurred between exporters (or decision-makers with an interest in exporting) and non-exporters. The former often had superior foreign language skills, had had more experience of living and travelling abroad, had higher levels of education, had more previous exporting experience and were more risk averse.

Manolova and Manev (2004, p. 51) differentiate at firm level between internally “controllable” factors (including the psychological management attitudes and perceptions) and internally “uncontrollable” factors (including the demographic management characteristics) although it seems relevant to argue that “controllable” attitudes and perceptions might occur as the result of “uncontrollable” characteristics. These authors find from their survey of the literature that overall it is the internally controllable factors which have greater effect on success than internally uncontrollable ones.

The decision-maker in the form of the owner-manager is at the centre of the “internationalisation web” developed by Lloyd-Reason and Mughan (2002, p. 127). This model demonstrates the interlinkages between the psychological and demographic decision-maker characteristics. It shows that “cultural orientation”, derived from a mixture of demographic and psychological characteristics including language skills and also education, knowledge of overseas competitors, experience of foreign cultures, foreign networks of friends and colleagues, attitudes to visits abroad and willingness to welcome foreign visitors, influences the behaviour which leads to successful internationalisation.

Language proficiency

Language proficiency is anomalous among the characteristics of decision-makers that are studied in relation to internationalisation of SMEs. Firstly, languages are often treated separately in the literature. Secondly, their acquisition is often promoted as a remedy for lack of success in internationalisation in a way that other characteristics are not. Thirdly, the categorisation of language proficiency among decision-maker characteristics is problematical. Previous research places language proficiency in the category of “uncontrollable” (Manolova and Manev, 2004), “objective” (Morgan, 1997), demographic traits. However, skill in foreign languages is usually achieved following a great deal of hard work. Decision-makers with such skills have demonstrated a conscientious, well-motivated commitment to enhancing communication with foreigners and understanding of things foreign. It is possible for decision-makers without language skills to acquire them with the right kind of training. Language proficiency therefore belongs on a cusp of the demographic traits and the “controllable” (Manolova and Manev, 2004), “subjective” (Morgan, 1997), psychological characteristics of decision-makers along with their attitudes and perceptions.

We have seen (above) that there is debate as to the value of language learning to Anglophone decision-makers in the light of the global use of English. There is also some confusion as to the utilisation of foreign language skills to those Anglophone decision-makers who have them in terms of both how far the skills are useful and to what use they might be put. On one side international success of British businesses is often said to be limited by low levels of skill in the particular languages of trade partners which leads to a perception that it is necessary for decision-makers to be proficient in the languages of all their trade partners (CILT, 2003; Hagen, 1999). On the other side linguistic ability is considered more important as a “bridge to culture” than as a tool for verbal or written communication (Morgan, 1997; Mughan, 1990; Naor, 1983, cited by Morgan, 1997, p. 77, Wright and Wright, 1994). There is a lack of consensus as to whether the linguistic skills of export managers[2] lead to international success but there is a recognition that proficiency in foreign languages may facilitate a “more general cultural sensitivity” and a reduction in psychological distance from trade partners (Williams and Chaston, 2004, p. 464).

An aspect of the global use of English, which has been described by Wright and Wright (1994) and a number of the interviewees in this study, is that native speakers of other languages learn our language with great enthusiasm because they see it as a gateway to global business, whereas native English speakers are often at a loss to choose a foreign language that will improve their communication with a large number of their trade partners. Holden (1989) shows that the 4500 (or so) languages in the world

may be reduced to six European languages which are used as official languages in sovereign states throughout the world, these are English: 143 states, French: 49 states, Spanish: 21 states, Portuguese and German: 6 states each and Russian: 5 states. (Holden, 1989, p. 4). He also offers twenty-three “key languages of marketing value”, which may be used as business *linguae francae* in different parts of the world. These categorisations serve further to confuse the would-be business language-learner, especially as they give no indication as to the size of each language community’s population or their respective attractiveness as trading locations.

The initial foreign language teaching to which most people in this country are exposed takes place at school and is frequently dismissed as “often low level and limited to French” (CILT, 2003, p. 31)[3]. Large numbers of pupils choose not to continue with language learning when they reach the stage that it ceases to be a compulsory element of their curriculum (Shedivy, 2004). This may be for reasons of the perceived difficulty of second language acquisition, which appears to be “tedious”, but it is also attributed to lack of motivation caused by poor attitudes towards native speakers of the language (Shedivy, 2004; Swift, 2002; Williams *et al.*, 2002, p. 503).

Clarke (1999) reports on the results of research on export managers who had taken part in an intensive one-week language course in either French or German six months previously. Many of them claimed that their language proficiency had improved and that they were now using these skills whilst on business abroad. However, they all still rated their skills as “poor” or “very poor”. The disadvantages of this type of training were found to be its short duration, in which it was felt not to be possible to become fluent enough to conduct business, and the lack of industry-focussed vocabulary that was taught. Participants drew particular attention to the need for a cultural content in these courses as they required a familiarity with the acceptable behaviour during business dealings rather than merely the lexical tools.

The training implications of foreign language use among the decision-makers of successfully internationalised SMEs appear to be bound within competing concerns. The global use of English as a business lingua franca forms an attractive basis for native Anglophone decision-makers to disassociate themselves from the necessity of learning foreign languages at all; on the other hand it is felt to be essential to learn the languages of trade partners in order to succeed in international business. On the “side” of language learning there is a further split between the use to which linguistic skills should be put: are decision-makers expected to communicate fluently with overseas trade partners in their own languages (in which case, which language should they learn?) or is the true value of language learning in the inter-cultural competences that it teaches (Mughan, 1993)? These debates are set within the British context of a reluctance to learn languages and widely experienced underachievement when this is attempted.

The study

Methodology

The “Competing Effectively in International Markets” (CEIM) study (Lloyd-Reason and Mughan, 2003) investigated the processes of internationalisation of SMEs (defined according to the usual DTI statistical criteria as companies with up to 249 employees) in the East of England. The aim of the project as a whole was to identify successful aspects of international business planning, resource management, international

networking, market intelligence gathering and global skills and knowledge development that could be made transferable across business sectors via training, educational development and recruitment programmes. The distinctive feature of this data is therefore that whereas most previous studies focussed on languages (and/or intercultural awareness) as isolated elements in the performance of decision-makers and business, this one located them as just one part of a portfolio of competences required to undertake international business successfully.

Both qualitative and quantitative data were collected in two phases over a twelve-month period from mid-2002 to mid-2003. The first phase consisted of telephone interviews with the decision-makers of 1200 businesses in the East of England. These organisations were mainly SMEs but also included a small “control group” of much larger companies. The largely qualitative element of the face-to-face interviews with the decision-makers of 74 SMEs in the second phase of this study contributes to a “growing trend” of qualitative research on the internationalisation of SMEs, which enriches the quantitative techniques that have predominated in previous studies (Bell *et al.*, 2004, p. 30; Regional Languages Network, 2003; Fillis, 2001).

The respondent firms were categorised into five types according to levels of international business activity and expertise evident in the first phase of the study (see Lloyd-Reason and Mughan, 2003). This article concentrates on the findings from the qualitative study and compares the characteristics of the decision-makers of the firms in the “successful” group with those in the other four less successful groups. It is emphasised that the distinctions drawn in the composition of the five groups were concerned only with attributes at firm level and were unrelated to decision-maker attitudes or competences. Relationships discovered between certain types of decision-maker orientation within groups are therefore to be considered as findings of the study indicative of the affects of these characteristics rather than as tautological.

The qualitative study

In phase two of the project, 80 companies were interviewed face-to-face on their own premises between December 2002 and June 2003. The interviews, which were undertaken by senior academics within the Business School, were semi-scripted and were recorded. In all cases the person interviewed was the strategic decision maker for international activity (usually the owner-manager). Each interview lasted for about one hour.

Building on the findings from the telephone survey, the purpose of the interviews was to obtain deeper data about company behaviour in international markets including managerial traits, skills and knowledge needs, problem-solving and their views of support services. The interview schedule included a mix of open questions where the interviewee was encouraged to talk about their motivations and experiences in their international activities, and closed questions concerning specific problem areas, where they looked to for support and their opinion on the effectiveness of support provided.

The sample of companies to be interviewed was selected from the larger sample on the basis of experience of international trade, skills and knowledge and the application of these to their international activities. The key consideration was not the volume of international activity, but rather how effective the application of their experiential learning had been in contributing to turnover generated from international activities. In this respect, mode of activity, geographical location and sector were regarded as secondary considerations.

General findings

Based upon the immediate results from the quantitative study, the interviewed companies could be classified in five bands:

- (1) *The Curious*. Have considered international activity, but have not yet taken action. Little awareness of available support.
- (2) *The Frustrated*. Have previously been, or are occasionally involved in, international activity, but are no longer actively pursuing this, often due to negative experiences. Little awareness of available support.
- (3) *The Tentative*. Have limited experience of international activity, have developed some skills but have some major problems looking for solutions. Some experience of available support.
- (4) *The Enthusiastic*. Have considerable experience of international activity and are keen to grow this side of their business but are experiencing barriers to that growth. Have developed a range of skills but suspect that these need to be developed. Largely aware of available support with some experience, often positive.
- (5) *The Successful*. Have extensive experience of international activity with some major successes. Very high skills and knowledge development, very aware of available support with a high degree of usage. Often aware of skills and knowledge gaps and very keen to improve effectiveness in international activity.

Findings from the qualitative study included the following:

- Planning (the way in which the firm plans its involvement in foreign markets), manning (the way the firm organises or develops its resources to service foreign markets) and scanning (the way in which the firm informs itself about those markets) are the areas of skills and knowledge required by all firms active in international markets.
- The configuration of these skills, and the support designed to improve them, varies according to experience, sector and size.
- All firms benefit from strategic planning and management development.
- All firms benefit from the development of international skills (foreign languages and/or intercultural awareness). It is the development of these skills within successful firms that facilitates the transfer of business acumen from domestic to international markets.
- Firms new to international activity (the Curious and the Frustrated) are very receptive to, and appreciative of, current support provision.
- Successful firms have specific skills and knowledge needs which are not all met by current provision.
- An intermediate set of firms exists (the Tentative) whose international activity is static, who have lost the initial enthusiasm for international activity and who need tailored support which is not currently available
- Demand Transformation: there is a need to distinguish between what companies want and what they need. They want information, money and solutions to precise, small problems. They need to learn to plan, to broaden their management mindset and build better manning and scanning skills.

- Skills and knowledge development for international trade takes place via the processes of exporting, importing, inward investment and international research arrangements.
- Best practice in firms often emanates from patterns of trading involving one or more of these elements (a multi-modal approach).

Skills and knowledge

The method adopted for this study was to observe and record the behaviour of companies from a wide range of sectors and of varying size, age and international experience. We did not seek to squeeze these companies into a pre-conceived analytical framework but have attempted, in our analysis, to identify the variables in their composition, culture and context which have played a significant part in their progress, or otherwise. It was not our aim to locate the companies or their personnel on a scale of educational achievement, though we are able to make some general estimates of the relationship between performance and educational qualification of key personnel.

Our analysis therefore focuses on the skills and knowledge required by companies, in normal circumstances, to sustain successful performance in a competitive international trading environment. Some of these skills (general management) may apply equally to the domestic trading environment. Others (foreign language skills) may be specific to the international environment. Very importantly, and this is something to which we will return, we were interested in the nature of the transition from domestic trading to international trading from a skills and knowledge perspective, as it emerged from our study. Do all companies make this transition successfully, or is there something about the make-up of some that helps them do it better? If there is, could it be language skills or the benefits they convey, in one way or another? What is the inter-relationship between language skills and general management skills? In order to explore this matter we will describe the broad skills and knowledge-sets we identified amongst successful decision-makers under the headings of Planning, Manning and Scanning. We will simultaneously discuss the place of language skills within them.

Skills

In order to simplify the complexity of the issues surrounding skills and knowledge development, we conclude our analysis with an identification of skills and knowledge needs across the five categories of firm interviewed. We referred to the Cambridge Advanced Learner's Dictionary to define a skill as "an ability to do an activity or job well, especially because you have practised it".

Planning. The Planning skill-set poses serious challenges to the typical small and medium enterprise. Most companies came into existence not as a deliberated, rational response to a set of market conditions but in response to an opportunity or a passion. To ask such an organisation to adopt a strategic planning approach to foreign markets is therefore asking them to do something alien. All of their personal and commercial history may even militate against the suggestion. They have built their persona around the value of being pragmatic, problem and sales-oriented and commercially astute. That is, at this point, strategy is driven by sales rather than the other way round. Indulging in abstract concepts and calculations about markets and competences seems to them to be the antithesis of business success. Even if they could see the case for it, it

is usually not something they would see themselves as capable of. Most, when questioned, said that their reason for starting exporting was to respond to an opportunity. When these companies approach business support agencies it is not usually to ask for advice, but to ask for support or information to help them achieve something specific they have already resolved to do. In our study we found evidence of a transformation process at work. Good advice will not simply give them what they want. It will alert them to what they need and help them find a way to obtain it.

We therefore can distinguish between what companies want and what they need. They want information, money and solutions to precise, small problems. They need to learn to plan, to broaden their management mindset and build better manning and scanning skills.

Manning. Most of the companies we interviewed have limited resources with which they can develop their international trade ambitions. Some, however, often as a result of sound strategic planning, develop a clear idea of how they need to develop their material and human resources to make their international activities more profitable. This often involves investing in skills which are not critical to domestic business success, such as foreign language skills.

We found a close correlation between valuing foreign language use and sustained success in international trade. Successful companies value relationships and market intelligence and these are best cultivated and exploited by use of the language of your client and market. We also discovered a complex appreciation of foreign language use by successful companies. Good managers will see occasions on which they individually, or a member of their personnel, will profitably exhibit the ability to speak or write the foreign language.

We can say much the same about other skills needed to enact international trade well. The international company has to equip itself with the skills to dispatch the goods, satisfy customs and excise requirements and ensure customer satisfaction in a more complex transaction than most which apply in a domestic environment. It is however important to note the key role played by the owner-manager in this context. He/she has to provide the leadership and informed decision-making in this challenging environment. There is a strong body of literature that suggests that owner-managers with a strong international orientation tend to be more successful in the long term as they appreciate the need for new skills more quickly. The skills he/she possesses are therefore the critical ones and they need to be in place before any of the others can be developed or effectively deployed. In this respect, manning follows on from planning, which, as a process, needs to identify skills shortages and devise a plan to redress them.

Scanning. Much export support has traditionally leapt straight to the process of scanning, bypassing the first two stages. Information about opportunities in a foreign market can be sufficient to create an exporting opportunity which a company will seek to exploit. In a more competitive and strategic environment where the company first needs to assess its readiness and ability to export effectively and in a sustained manner, information about the foreign markets needs to be aligned in a more structured way with the company's plans. Information is not just about one-off opportunities, it is about market conditions, national regulations and competition. The successful companies we interviewed used the internet, trade fairs and exhibitions, personal relationships and networks and visits to the foreign market regularly and effectively to improve their decision-making and adjust their business strategy.

Managers we observed who were successful at international trade tended to be people able to carry out these tasks with similar confidence and ease to what they show in the domestic market. Some, but not all, of these managers may have had previous experience of international trade. Others did not but simply felt comfortable in different environments and with foreign clients. The ability to read signals, solve problems, interpret data and understand clients in other cultures can be developed alongside or, in some cases, independently of foreign language skills and some are more predisposed to it than others.

Here once again, the process of scanning needs to be seen, not just as an activity in itself, but as a part of a strategic approach towards international trade. The issue is not the obtaining of information, but the decision as to what information to look for and where to look for it. Answers to these questions should emerge from a strategic business plan. This does not preclude the possibility of a fortuitous order coming through the letterbox and proving to be the start of a successful exporting venture. The strategic plan will ask of the company and the owner-manager questions that will help him/her devise the tools and skills to take advantage of such an opportunity, to develop it and to apply it to other markets. In this way, the firm continues to behave opportunistically or entrepreneurially, but within a more strategic framework so that international activity becomes targeted rather than *ad hoc*.

Knowledge

Whilst the concept of skills currently carries a great deal of significance in economic and educational strategy in the UK at the moment, it is probably correct to say that the concept of knowledge has even greater import within the context of global economic and corporate competitiveness. As a concept, it is less easily grasped than is the notion of a skill. It takes many more forms, is less easy to quantify and to isolate in its manifestations in daily life. This quality has made of it something of a holy grail in contemporary management theory. As Holden (1989) points out, "It can be shared, in principle, universally. (Alternatively) it can be forgotten and not used." The operating assumption for many theorists and corporate leaders is that much of the knowledge that makes a critical contribution to the modern organisation is tacit, i.e. we do not necessarily know we are using it in our daily decision-making. It is therefore particularly difficult to analyse and exploit as it is sometimes conscious and sometimes unconscious. According to the Cambridge Advanced Learner's Dictionary, knowledge is "understanding of or information about a subject which has been obtained by experience or study, and which is either in a person's mind or possessed by people generally".

Planning. As already acknowledged, the process of strategic planning is a rather vague, abstract concept. It involves the assembling of data from the past and observations about current trends in an attempt to prepare the company for the future. It is no surprise that these predictions often turn out to be wrong, no matter how good the data was or the intellectual ability of the planners.

Nonetheless, planning has a number of benefits. The process of planning:

- (1) increases the familiarity of the planner with the business and the market;
- (2) forces the planner to consider and reflect on a variety of possible scenarios; and
- (3) puts the planner into a position of informed readiness to confront emerging realities.

These are all very valuable experiences for anybody who has to deal with the international environment, where political events, natural catastrophes or mergers and acquisitions can overnight change the competitive position of your company in a foreign market. Clearly, planning is a demanding process and it is no surprise that, where declared in our study, all the individuals responsible for exporting in successful companies were educated to at least A level standard, with a good number having at least a degree. Conversely, the Tentative companies, who we found generally to have stagnated in their international operations had a poor record here. The majority were educated just to GCSE level or equivalent.

Manning. Once a business strategy has been defined, the resources and skills of the company have to be aligned with it and the target markets. This process requires a sound knowledge of both the company and its markets. When these markets are overseas, the data on them is inevitably distant and complex. The owner/manager needs to ensure the quality of the data and its application to the company's operations. Our research found that whilst the Curious and the Successful companies were attentive to this issue, once again the Tentative companies lacked commitment to it. 80 per cent of Curious companies and 72 per cent of successful companies possessed foreign language skills but only 23 per cent of Tentative companies did.

The flow of knowledge about clients and the market to the company that is facilitated by foreign language skills and other examples of commitment to and experience of the foreign market becomes a critical tool in the company's attempts to sustain and improve its performance there. This knowledge is present in the individuals who work in and for the company (including distributors) and a key management task is to help facilitate the flow of this information through the management process.

Scanning. Knowledge about foreign markets usually resides primarily in the owner/manager (or the sales manager) who goes there and liaises with clients. The quality of the data obtained will depend on the quality of the relationships he/she can build with the market. Here, as earlier, we can identify skills which help obtain that data. Equally important, however, is the flow of information from the owner/manager to other stakeholders. This process has to be managed if the data is to have meaning beyond the owner/manager. On a mundane level, the expense of sending personnel to overseas markets can be expensive but savings and benefits can be obtained if information about travel, customs or expectations are passed on. On a more critical level, what might appear on the surface to be unimportant information to the owner/manager about a particular client can become invaluable information in the hands of the Finance Director or the Production Manager. Once again, obtaining data is only half the task. Knowing what to do with it is equally important.

It is clear from this summary that successful firms are likely to possess a particular "languages profile". Drawing on earlier work by Manolova *et al.* (2002) and Lloyd-Reason and Mughan (2002), we took the view that this profile comprised not just the proficiency levels in individual languages but an international orientation comprising also factors such as general educational experience, objective characteristics and international attitudes and perceptions. We will now turn to our specific findings in this area.

Specific findings on language skills

Impact of educational experience. First, comparison of the educational experience of the decision-makers shows that the successful group were far more academically qualified. Sixty-four per cent of the successful group had post-compulsory educational qualifications (A levels, and graduate and post-graduate degrees) compared with thirty-seven per cent of the less successful groups. They also had more professional qualifications (16 per cent compared to 6 per cent). The less successful groups had more trade qualifications such as apprenticeships and City & Guilds certificates, at 14 per cent (4 per cent of the successful group) and they were also more likely to have no qualifications at all (12 per cent compared to 4 per cent of the successful group) (see Table I).

The varied educational experience seen in this study is worthy of attention not only as a differentiating decision-maker characteristic in its own right but because it also seems to have a large bearing on proficiency in foreign languages (see below).

Objective characteristics. With regard to the objective characteristics which are considered more indicative of an international orientation, the successful group were found to be more likely to have experience in all the measures used – except that of likelihood to holiday abroad, which was almost equal in the successful and less successful groups. They were four times more likely to have trained abroad, more than twice as likely to have trained foreigners in the UK and nearly fifty per cent more likely to have worked abroad (see Table II).

Qualifications	Successful group ^a (%)	Less successful groups ^b (%)
Graduate/postgraduate qualifications (including BA, BSc, MA, MBA, PhD etc.)	44	33
All post-compulsory-education academic qualifications (including above qualifications plus A levels)	64	37
Professional qualifications (inc. “professional postgrad”, chartered accountant etc.)	16	6
Trade qualifications (including apprenticeship, City & Guilds etc.)	4	14
No qualifications	4	12

Notes: ^a $n = 25$, ^b $n = 49$

Table I.
Educational
qualifications of the
decision-makers in the
successful and less
successful groups

Characteristic	“Successful” group with such experience ^a (%)	Less successful groups with such experience ^b (%)
Holidays abroad	88	90
Trained abroad	32	8
Worked abroad	52	37
Trained foreigners in UK	56	27

Notes: ^a $n = 25$, ^b $n = 49$

Table II.
“Objective” international
characteristics of the
decision-makers in the
“successful” and less
successful groups

Decision-makers in the “successful” group who had worked in a variety of countries in Europe, North America and Asia often also spoke of overseas training experience whereas those in the less successful groups had rarely trained abroad. A member of the successful group (a software manufacturer), who held a PhD, had worked in Norway and had both worked and trained in the USA. Another member of this group (manufacturer of outdoor lighting equipment) had performed a training function in India and had worked and trained others in Singapore for five years.

These differences in education and international experience of the two groupings of decision-makers demonstrate very clearly the significance of objective characteristics in international success in contradistinction with findings from earlier research (Manolova and Manev, 2004; Morgan, 1997).

International attitudes and perceptions. International attitudes and perceptions were tested in the interviews with a number of elements of which the respondents were asked to rate the usefulness in international trade. In this article we compare those in the successful and less successful groups who rate the usefulness of those elements which relate specifically to foreign languages and cultures. Whilst language learning by key staff members is similarly valued by both groups, experience of other aspects of foreign cultures are rated highly by up to and beyond twice as large proportions of the successful group as the less successful (see Table III).

The differences in the usefulness in international activity placed on the international activities shows that these subjective, “controllable” decision-maker characteristics are, like the objective ones, found to be significant in international success in this study. This finding concurs with what has often been observed in previous research (Manolova and Manev, 2004; Morgan, 1997).

Language proficiency levels. Among the interviewed sample of 74 as a whole, 41 (55 per cent) of the decision-makers were found to have self-reported proficiency at a level of “poor”, “moderate” or “very good” in one or more of six languages[4]. The languages cited were all European and had usually been learned at school, with some having been learned at evening classes and a very small number from native-speaking parents (including those decision-makers who were bi-lingual). French was the most commonly cited language, with German as the second most common. Spanish and Italian were the

Activity	“Successful” group rating activity as very useful/extremely useful ^a (%)	Less successful groups rating activity as very useful/extremely useful ^b (%)
Language learning by key staff members	36	33
Information about foreign markets	80	41
Foreign visits (to clients, potential clients, trade fairs etc.)	80	51
Knowledge of foreign competitors	64	39
Links to international networks	40	18
Networks of foreign friends and colleagues	56	37
Foreign visitors to the firm	76	47
Experience of other aspects of foreign cultures	52	31

Notes: ^a n = 25, ^b n = 49

Table III.
“Subjective” international attitudes and perceptions of the decision-makers in the “successful” and less successful groups

third and fourth most common with Dutch and Norwegian accounting for one response each (see Table IV).

The ordering of the languages accords with that found by Hagen (1999). It was addressed by one decision-maker in the less successful groups, who questioned the advisability of this choice:

In my schooldays we were taught French . . . but French was not the ideal language . . . it was not a worldwide recognised language Possibly Spanish or German would have been better (Electronics Manufacturer).

The decision-makers of the successful group were more likely to have foreign language skills than those in the other groups (see Table V).

The successful decision-makers were not only more likely to have language skills, it was also the only group to be distanced from the CILT (2003, see above) dismissal of school-acquired language skills as being of a low standard by the inclusion of self-reported skills at the “very good” level. A more academic and professional education such as that received by the decision-makers in the successful group is very clearly associated with increased language skills. However, it would be over-simplistic to assert that the dimension of language skills should therefore be subsumed within that of educational attainment as this association was not the same in all cases. For example, the single decision-maker in the successful group to have undertaken an apprenticeship had language skills whereas those who were similarly qualified in the less successful groups did not have such skills.

Towards a new paradigm

At this stage of the analysis it appears that decision-makers’ ability to speak foreign languages with trade partners abroad is indeed a significant element in the international success of these companies. The use of these languages, however, belies

Languages	Number citing	Percentage of whole sample ^a	Percentage of those with language skills ^b
French	34	46	83
German	17	23	41
Spanish	7	10	17
Italian	5	7	12
Dutch	1	1	2

Notes: ^a n = 74, ^b n = 41

Table IV.
Language skills by language among this sample

Language skills	Successful group ^a (%)	Less successful groups ^b (%)
Yes	72	47
No	28	49
Unknown	0	4

Notes: ^a n = 25, ^b n = 49

Table V.
Overall language skills in the “successful” and less successful groups

this situation. The countries with which the companies were dealing were found rarely to match the languages in which the decision-makers in both the successful and less successful groupings were skilled (see also Wright and Wright, 1994). Indeed, much of the trade was in parts of the world where the cited six European languages were not spoken. Within Europe, moreover, there was a great deal of commerce in countries where decision-makers were unable to speak the language. Conversely, international companies were not dealing with countries whose languages they could speak (see Tables VI, VII and VIII).

It is quite clear that language proficiency was used very little for trading purposes throughout the sample. For example, the sixteen firms dealing with French-speaking countries included only six of the thirty-four with skills in French. Within the successful group, the five dealing with French-speaking countries included only two of the eleven with French skills and only one of the five with these skills at a "very good" level. This finding holds true for all the languages spoken by the sample.

The qualitative data shows a measure of optimism in some decision-makers in the less successful group that learning a language would enhance their experience of international trade and perhaps improve performance. However, there was no indication of a desire to use such languages in trade negotiations. The decision-maker of an office equipment manufacturer was making an effort to learn Spanish:

I'm presently learning Spanish [...] so that I can gradually get some languages involved in the business. They are very significant with building relationships. I need to actually speak the language in some way, not necessarily in a technical way, but in a way that shows that I am willing to try and work with them, to try and reach an understanding of their language and their culture.

A manufacturer of food processing machinery spoke "pidgin" French but was keen to improve:

I want to have a laugh and joke with the [clients]. They take me out for a drink. I want to talk about things in general. Chit chat.

Two very contrasting attitudes to languages are shown in a printing firm in the less successful groups and a software manufacturer in the successful group. The decision-maker/owner of the printing firm had family connections in Norway; unfortunately, he did not answer the questions on language proficiency. He had been approached to print a catalogue for a Norwegian furniture manufacturer:

... of course it would all have been in Norwegian and we're not terribly fluent in that language [...] So we decided not to pursue that any further.

The decision-maker of the software manufacturer had very good French and moderate German. Speaking of the firm's entry into the Japanese market, he revealed his ease with considering translations into foreign languages in which he, himself, had no skills:

When you start going overseas you've got to produce the product in the language that you are selling to. So we've had to develop a Japanese version of the product, also a Korean version and it's in French and German and Spanish and Italian as well.

These quotations indicate a degree of complexity in the role played by language skills and use in the mind of the decision-maker. While there is a high degree of awareness of personal competence in a given language, this factor will not necessarily determine the

Trading with → Language skills ↓	French speaking countries (<i>n</i> = 16)	German speaking countries (<i>n</i> = 15)	Spanish speaking countries (<i>n</i> = 6)	Italy (<i>n</i> = 8)	Norway (<i>n</i> = 3)	Holland (<i>n</i> = 3)
French (<i>n</i> = 34)	6	8	4	2	2	1
German (<i>n</i> = 18)	6	4	1	1	1	0
Spanish (<i>n</i> = 7)	2	2	3	1	1	0
Italian (<i>n</i> = 5)	2	1	1	1	1	0
Norwegian (<i>n</i> = 1)	1	1	0	0	0	0
Dutch (<i>n</i> = 1)	0	0	0	0	0	0

Foreign
language use

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Table VI.
Language use in the
whole sample

Table VII.
Language use in the less
successful groups

Trading with → Language skills ↓	French speaking countries (<i>n</i> = 11)	German speaking countries (<i>n</i> = 11)	Spanish speaking countries (<i>n</i> = 3)	Italy (<i>n</i> = 6)	Norway (<i>n</i> = 2)	Holland (<i>n</i> = 3)
French (<i>n</i> = 23)	5	8	2	2	2	1
German (<i>n</i> = 7)	2	2	0	0	0	0
Spanish (<i>n</i> = 2)	1	1	1	1	0	0
Italian (<i>n</i> = 2)	1	1	1	0	1	0
Norwegian (<i>n</i> = 0)	0	0	0	0	0	0
Dutch (<i>n</i> = 1)						

Trading with → Language skills ↓	French speaking countries (<i>n</i> = 5)	German speaking countries (<i>n</i> = 4)	Spanish speaking countries (<i>n</i> = 3)	Italy (<i>n</i> = 2)	Norway (<i>n</i> = 1)	Holland (<i>n</i> = 0)
French (<i>n</i> = 11) including very good = 5	2 including very good = 1	4	2	0	0	0
German (<i>n</i> = 11) including very good = 5	4	2 including very good = 2	1	1	1	0
Spanish (<i>n</i> = 5) very good = 0	2	1	2	1	1	0
Italian (<i>n</i> = 1) very good = 0	1	0	0	1	1	0
Norwegian (<i>n</i> = 1) very good = 1	1	1	0	0	0	0
Dutch (<i>n</i> = 0)						

Table VIII.
Language use in the
“successful” group

decision made by him/her in a given situation. Many, especially successful practitioners, also display a meta-level of awareness incorporating an understanding of how to solve business problems without direct use of the foreign language. There was, however, great consensus within the sample of the widespread use of English. Many of the respondents said that English was spoken in their particular industry throughout the world (see also Wilson, 2003).

It seems, therefore, that a key feature of the decision-makers in the successful group is their proficiency in languages. However, these skills were not always put to use as we might think; this was often “passive” language competence rather than as an “actively used” skill. Taken together with their higher levels of international experience and the greater usefulness they perceived in a number of internationally oriented activities, these decision-makers demonstrated an attitude of cultural competence far in excess of that seen in the less successful groups. The successful decision-makers seemed able to be on the same wavelength as their trade partners.

Conclusions

The differences in decision-maker characteristics between the successful group and the less successful in this study are very clear. The decision-makers of the successful group of internationalised SMEs were found to be both more likely to have experience in the international activities used as objective indicators and to score highly on the subjective attitude and perception measures. The element of international orientation on which this paper focuses particular attention is that of language proficiency, which we have placed on a cusp of the subjective and objective characteristics for a number of reasons. The decision-makers in the successful group were much more likely to have foreign language skills than the less successful and these skills were often at a higher level. It seems that decision-makers with language skills are in a position to move forward in international trade to a degree that those without languages are not. Those with languages are able to make use of a “bridge to culture” (Naor, 1983, cited by Morgan, 1997); they often demonstrate an international mindset that is conducive to successful internationalisation.

We contend therefore that although learning of languages is a useful activity for decision-makers in progressing the internationalisation of SMEs, acquisition of particular languages as ends in themselves for business use in individual country markets seems, not to be critical for native English speakers. We found little direct relationship between the possession or use of specific foreign language skills (e.g. advanced spoken French), on the one hand and better decision-making or firm performance on the other. Language learning is simply part of a sequence in the development of many intercultural competences and personal characteristics, such as experience of working in foreign environments, that help achieve these outcomes.

Indeed, it is the integrity of and relationship between these three decision-maker characteristics – language skills, intercultural competence and business experience – that appear to hold the key to success for SMEs in international markets. Investment in language training might yield better results across the range if it attended to these findings. Examining the entire background and aspirations of the potential learner and not just his/her language learning history and immediate skills requirements would help identify a balanced approach to the development of international competence and the prospect, ultimately, of better decision-making and firm performance. For example,

a manager with some history of successful learning of French, rather than undertake a new course of learning in a particular language, might benefit more from intercultural awareness training accompanied by a short-term placement such as those funded by Globalwatch (www.globalwatchonline.com) to improve his/her knowledge of business systems and culture in a prospective market. The entirety of this personal development as it manifests itself in all his/her behaviour and decisions is what enables that manager in the medium to long term to achieve success.

An approach to training based on these findings would probably involve a greater volume of intercultural awareness training and business placements and less but more selective language training. In this respect SMEs would be coming somewhat into line with well-established practices amongst larger multinational companies who have been employing exactly this strategy for many years. Given the role of government support services in financially supporting SMEs (whereas large firms have been able to determine and fund their own programmes) this would require some reconfiguration of funding and support budgets and programmes. There are signs that this may already be happening in key areas of national and regional policy in the United Kingdom.

Notes

1. However, the academic literature frequently offers both wider definitions of internationalisation (Chetty, 1997; Majocchi and Zucchella, 2003; Manolova *et al.*, 2002) and narrower ones which tend to be restricted to exporting (see Manolova and Manev, 2004).
2. The decision-makers who took part in this study had a variety of job titles including Managing Director, Sales Manager and Export Manager.
3. The overwhelming prevalence of French as the first foreign language taught in UK schools is quantified by Hagen (1999) as four times as many pupils learning French than German.
4. Self-reported levels must be treated with extreme caution. Hagen (1999) concludes that the self-reported skill level of “can communicate” probably means that respondents can “put a few sentences together” and “fluent” means A level standard (Hagen, 1999, p. 42). However, within a sample the modest may underplay and the confident overplay their actual proficiency (Wright and Wright, 1994). The validity of the findings of this study is enhanced by the possibility of triangulation within individual interviews in qualitative research.

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