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RELATIONSHIP BETWEEN LANGUAGE COMPETENCY AND BUSINESS OPPORTUNITY

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Abstract:

The article reviewed the relationship between language competency and business opportunity in five global regional trading blocs. By having the language competency may facilitate the business opportunity but language differences may create frictions between the business partners and/or the workers. Besides for the purpose of communication, language use in the business world may enhance trust and loyalty between business partners and from the customers. Different linguistic landscapes are formed and dominated by different language communities in the global business world. Five important languages used in the global business world which are English, Mandarin, Spanish, German and Portuguese, are reviewed according to their regional trading blocs. Malaysian authority specifically the Malaysian Education Ministry is suggested to design and adapt more practical and relevant education language plan to produce graduates with different language competencies for the future human resource market. The authority is also suggested to create a favourable institutional environment for variant language use in the country.

Keywords:

Language, Language Competency, Institutional Environment, Business Opportunity

Introduction

The employers expected the graduates have the competency in English language because English is considered as the lingua franca of the business sector in Malaysia. According to the employers, it is essential for the graduates to be competent in English language so that the graduates will be able to perform effectively and efficiently when they enter the work field (Mehtar Singh, 2021). The communication ability expectation is not only employed to the

employees for their daily performances in the human resource market but language skills could also be the prerequisite for the business entities to expand their business in the global stage. This study aimed to investigate the relationship between the language competency and the business opportunity in global business. The researcher reviewed the language competency requirement in business in five major regional trading blocs which are the ASEAN (Association of South East Asian Nations), APEC (Asia Pacific Economic Cooperation), BRICS (Brazil, Russia, India, China, South Africa), EU (European Union) and CIS (Commonwealth of Independent States). The relationship between the language competency of English, Mandarin, Spanish, German and Portuguese and the business opportunity in these five major regional trading blocs was studied.

Literature Review

The institutional environment and the language use of English, Mandarin, Spanish, German and Portuguese in the world business will be discussed in the section.

Institutional Environment

The institutional environment comprises of language, ethics, religion, family, money, market, social conventions, customs, routines, internal order of the organization, social order, political parties, universities and others. All these activities may control the individual activities in the society (Commons, 1936). If restrictions of choice occur in the institutional environment, they may regulate the access to resources and options of their use in the environment. The restrictions may also establish boundaries of possible ways of action and lines of behaviour in the organization. In addition, the restrictions or unreasonably requirements in institutional environment such as the rules of licensing and permissions for activities may narrow the rights and expansion of the business subjects. This is because these limitations determine the distribution of resources (Kurpayanidi, 2021). In the business world, different languages are required by the business owners to scale up their business network because of limitations. Malaysia as a multi-racial and multicultural country, the mega or even the small company owners with multi-lingual competency may have the advantage to provide their services or sell their products to the customers or clients of different linguistic background and culture (Oridirica, 2021). The business entities possess variant language competency are also able to consider various ways of thinking, feeling and behaving of their customers or clients in different countries (Mehtar Singh, 2021). In addition, having the competency of different languages is one of the approaches for the business owners to devise their globalisation business strategy. It is believed that language-based effects will become a significant issue in marketing and branding. This is because the language choice of the marketers may influence and shape the perceptions of their customers toward the position and quality of their services or products provided by the marketers (Oridirica, 2021). The institutional environment with less choice restriction may minimise the number of conflicts and boundaries. The business entities in the country may easily access to variant resources and/or to distribute their marketing subjects to their targeted customers or clients (Kurpayanidi, 2021). It is important to create a less choice restriction institutional environment. Malaysia is potentially allowing the business entities in the country to expand and to be competitive in the globalized business world. There is a need for the business entities in the country to understand and to be equipped with different language competency in the global business world.

Language Use In World Business

According to Ordrica (2021), equipped with different language competency is important for a business entity to scale up and for marketing purpose. The language competency is an important driver of international trade (Frieles-Ahmad & Huber, 2021). A business entity will be able to reduce their transaction costs and/or making their trade viable by having the required language skill for communication across their trade partners in different countries. Melits and Toubal (2014) and Fidrmuc and Fidrmuc (2016) proved that linguistic distance and foreign language skills have influences to the trade flows. Language may facilitate the economic transactions between the business partners by having appropriate language use (Selmier & Chang, 2013). However, frictions may also be created by linguistic differences (Williamson, 1981). Language is also the carrier of culture and social norms of the language community. Therefore, a language used by a business entity in the business world may enhance the trust between the business partners (Egger & Toubal, 2016). Furthermore, different languages have dominated different linguistic landscapes in the global business market (Startupr Hong Kong Limited, 2018). Therefore, it is important for the business entities to understand and aware of the sub-division of the linguistic landscape before entering and/or expanding their business in the global business world. Below are the descriptions of five languages and the landscapes these languages are dominating now and in the future.

English – The Globalisation Language

As the most influential language in the business world, English has become the de facto language, official language and the essential language for business in the countries such the United States, the United Kingdom and some African countries such as Uganda. “English is the language of business exchanges and transactions”, “English is the global language of business” confirm English is dominating the global business landscape. It is used as the mandate corporate language, for example Microsoft in Beijing and Rakuten in Japan (Neeley, 2012). English is widely used as the business language in the regional trading blocs of ASEAN, APEC and CIS. Furthermore, English is not only the essential language to be used in the world business. It is also the most widely used language in sciences and academia. 80% of the scientific article published in the SCOPUS database are in English (LatinAmerican Post, 2018).

Mandarin – The Dying To Spend Money Language

Mandarin is the “new boss in the town” and has the most number of native speakers among the world languages. The analysts predict that China’s Gross Domestic Product (GDP) will surplus the United States in 2032 (LatinAmerican Post, 2018) and become the world’s leading economy in 2050 (Startupr Hong Kong Limited, 2018). Enormous economic shift will be brought by China from national to international. Mandarin will be the language for future global business because of the role played by China in the international business world. Besides the physical mode of business, Mandarin will become the second most popular internet language among the users specifically the significant number of population in China. This indirectly reflects the demand of Mandarin in e-commerce will increase. According to Ethnologue, the Mandarin speakers are more than 1.2 billion. The demand for Mandarin language skills and the importance of Mandarin are growing and Gil (2020) supported the possibility of Mandarin becomes a global language. The Mandarin speakers from other countries have the potential contacts and doing business if able to communicate in

the same language (Nalesnik, 2021). In addition, the shift of global economic stage shapes the role and importance of Mandarin the business world. Therefore, it is important for the business entities out of China to be equipped with Mandarin language competency before 2050. The Mandarin language competency will be the advantage for them to enter the APEC market as general and specifically the China market.

Spanish – The Fastest Growing American Market Segment Language

The United States comes out to be having the second largest Spanish language speaking country in the world besides Spain. According to Morse (2018), the Hispanic population grows second fastest in America. This makes Spanish becomes enormously important business language in the Hispanic market specifically in the United States. The National Hispanic Consumer Study found that Spanish could boost the effectiveness of advertisement among the Hispanic readers in the United States. This is because the Hispanics are more loyal to the companies advertised their advertisement in Spanish and using Spanish as their branding strategy. The Hispanics are happy seeing advertisements and brands which are able to communicate with them in their own language and carry their Spanish cultural elements. For example, a special and separated site is created by using Spanish by the McDonald especially for the Hispanics (Kelly, 2018). The corporate which has the initiative of using the favourite language to communicate their customers may facilitate the sense of to be loyalty of their customers. Therefore, having the Spanish language competency is the important tool for the business corporate which would like to join the regional trading blocs of BRICS (Brazil) and EU (Spain).

German – The European Industrial Strength Language

Germany has one of the strongest and stable economy among the countries in Europe Union (Startupr Hong Kong Limited, 2018). It is the biggest economy in Europe and the fourth largest in the world. In addition, Germans have the highest purchasing power in Europe (Doing business in German, 2016), Therefore, Germany, specifically is one of the attractive markets for the business entities which would like to expand their business to EU. German economy is leading in science and manufacturing. Though English is applicable in international business communication, there are Germans who are not fluent in English. Therefore, German is the most essential language to be used by the international business entities when they want to sell their products or to provide their service into Germany market. In addition, the accuracy of the communication materials in German is emphasised (Doing Business in Germany, 2016). The Germans are sensible, professional and perfectionist (Schroll-Machi, 2020). The qualities of the Germans required the professional German language competency during the business communication. As a result, it is important for the new business entities to have adequate knowledge regarding the business culture and language competency before joining the Germany market.

Portuguese – The Continent Opportunity Language

Besides Spanish, Portuguese is the second most spoken language by the Latin Americans. Portuguese is also one of the ten most spoken languages in the world (Startupr Hong Kong Limited, 2018). Brazil – a member of the BRICS, is the largest economy of the South American countries and it capitalises in science base business such as aerospace, automotive, pharmaceuticals and energy. Though the business climate in Brazil is rated as acceptable risky, it has become more stable in recent years. Portugal is also developing its popularity in

Asia through diplomatic and business relationship. Portuguese is widely used in Brazil – the former colony of Portugal, some part in Africa and Portugal. Language barrier is the common problem of the non-Portuguese speaking business entity when setting up their business in these countries. Therefore, the Portuguese language competency is imperatively needed by the cooperates to build up the personal and professional relationships when entering the market, increasing their sales and expanding in the regional trading blocs the Latin American countries and EU. Language competency is important in the business world. To be able to communicate with a diverse range of business partners, the corporates need to have a language strategy to grow opportunities to the targeted market. Furthermore, institutional environment which is able to offer the language-learning opportunities to the human resource market will benefit the export of goods to the countries required more specific language for business communication (Frieles-Ahmad & Huber, 2021). Language differences may cause problems in comprehension between the employees of an enterprise who are dispersed in different countries and speak different languages. Though it is complicated to have every employee to speak the same language through integration, language differences must be solved by choosing a common language which is able to up scale the international image in a new company is applicable.

Conclusion

Acquiring the required language competency is important to the corporates when expanding their business to the global world. The finding of the study showed the business entities which would like to be international are required to able to communicate with the global world by using different languages. By having the language competency is not enough for the business entities to set up global business. The language users are also needed to have the language accuracy and the knowledge of culture carried by the languages. Therefore, the researcher proposes the corporates to include the human resource with the required language competency as one of their strategies when preparing themselves to join the global business world. Besides the business entities need to have language strategy when globalising their business, Malaysian government also plays a very important role in internationalisation and globalisation of Malaysian companies. This is because Malaysian Education Ministry is authorised to design, promulgate and implement language education policy. The finding of the study showed variety of languages are required for the process of internationalisation and globalisation besides English. It is time for Malaysian Education Ministry to review and to adapt the existing language education policy which emphasised only English as the second language besides the national language. The researcher suggests the ministry to propose short term and long term of language education planning for the acquisition of more foreign languages besides English and the national language. The learners in the education institution such as the primary schools and secondary schools should be given the freedom to choose the foreign languages that they are interested. The learners will acquire the language happily and actively then human resource with variety of language competency will be produced to fulfil the needs of the future market. For example, Mandarin will be the future global business language because China will become the world's leading economy in 2050, The Hispanic population is growing in the United States and they may become loyal customers to the brandings that use their language that is Spanish. In addition, the Germans have the highest purchasing power and they are perfectionists but not fluent in English. Furthermore, Portugal is developing its business relationship with Asia countries through business relationship. Therefore, the finding of the study provides important information and reference to the

authority to design more practical and relevant language education plan to produce future graduates who have different language competencies. The authority also needs to create an institutional environment which is more favourable for variant language use especially in the education institutions and in the country. More marketable and be able to fulfil the future needs human power will be produced for the future human resource market.

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