

Language Management Strategies and Slovenian SMEs: An Update on Recent Developments


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In line with numerous studies, export success of small and medium-sized enterprises (SMEs) could be considerably improved were companies aware of the importance of foreign language skills among their employees. In other words, many business opportunities are lost within the European Union because of the lack of language skills. Many authors report that adopting a language management strategy is linked to a significant increase in companies' export sales. The ELAN (Effects on the European Economy of Shortages of Foreign Language Skills in Enterprise) findings should also be considered because of the relatively high importance of SMEs in providing employment. This article investigates, by means of a questionnaire sent to 1499 Slovenian exporting SMEs from various industries, how aware these companies are of the ELAN findings, and which language strategies they have implemented in their business operations. The findings of our 2021 study revealed that Slovenian exporting SMEs are slowly becoming more aware of the benefits of language management strategies, but that some improvements are nevertheless still possible.

Key Words: ELAN study, foreign language skills, language management strategies, SMEs

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Introduction

When the European Commission published the ELAN study (Effects on the European Economy of Shortages of Foreign Language Skills in Enterprise) in which the connection between foreign language skills and exporting success of European small and medium-sized enterprises (SMEs) was discussed (European Commission 2006a), recommendations were given for action at the local, regional, national and European level. Based

on the survey of nearly 2000 SMEs from 29 European states it was discovered that a substantial amount of business is being lost because of lack of language skills. Surveyed enterprises reported the loss of contracts or potential contracts despite the fact that 15 companies in the 29 states claimed to have a language strategy. Across the sample, 22% of enterprises said that they recruit native speakers and more than 50% of enterprises had adapted their websites. In addition, between 4% (in Ireland) and 84% (in Lithuania) of enterprises used translators and interpreters. A high proportion of surveyed enterprises (48%) reported offering language training to their employees (except for the UK with only 20%). On the other hand, only in four companies had employees undertaken some sort of language training in the three previous years.

According to David Crystal, a British linguist, academic and a well-known author who has written, co-authored or edited more than 120 books on a variety of language-related subjects, in today's business environment, 'knowing a foreign language is like having an extra instrument or one more piece of software to use' (Crystal 2003). The European Union is aware of this fact, which can be seen from several documents that were published during the last 15 years or so (European Commission 2006a; 2006b).

The importance of foreign languages for exporting SMEs has also been thoroughly discussed by Williams (2011), Lee (2012), Sauter (2012) and Crick (1999), who emphasized the importance of learning foreign languages for international business.

Interestingly, the Global Entrepreneurship Monitor, the world's study which publishes yearly studies of entrepreneurship, never explicitly mentions linguistic obstacles in their annual global reports. During the last ten years only the 2012 Global Report stated that 'language and cultural barriers may limit employment opportunities ...' (Global Entrepreneurship Monitor 2013). The world's most important and longitudinal study of entrepreneurial activities, that struggles to understand entrepreneurship in its entirety, appears to have disregarded the important issue of foreign language skills in world-wide entrepreneurial activities. Similarly, Slovenian GEM reports have never emphasized the significance of language skills for companies or the connection between foreign language skills and company performance.

A language management strategy mainly tackles different language-related matters relevant to different markets. Enterprises trying to enter new markets are advised to adapt such a strategy. The following seven language strategies are likely to bring benefits to exporting companies when

doing business on foreign markets: recruitment of native speakers from your target markets, appointing company employees who already possess appropriate foreign language skills, using professional translators and/or interpreters, developing a language plan or strategy for handling communication barriers before you start exporting to a particular country, language training for staff, collaboration with universities, and multilingual websites.

Research from 2015 carried out by Conversis (2015) reveals that many UK and US enterprises struggle to expand internationally because of inadequate language skills. According to the report, one in four companies examined in the UK said they had lost business opportunities due to the lack of foreign language skills.

Rižnar and Kavčič (2017) and Rižnar and Rybnicek (2017) showed in their 2016 study that 58% of Slovenian SMEs (and 77% of Austrian SMEs) believed there is a link between the use of foreign language skills and export performance. 53% of Slovenian and 48% of Austrian SMEs believed that their investment in language skills has a significant return. A small percentage of companies in the studies had a formal language management strategy (20% of Slovenian and 18% of Austrian SMEs). In 2016, only 15% of Slovenian and 49% of Austrian SMEs employed native speakers. One fifth of Slovenian SMEs used local agents for their language needs, whereas more than half of Austrian SMEs used local agents. Professional translators and interpreters were used by only 10% of surveyed Slovenian small and medium-sized companies. On the other hand, a third of Austrian companies used such services. Slightly more than one third of Slovenian enterprises hired staff with language skills to match their foreign market needs as compared to 50% of Austrian enterprises. Only 8% of Slovenian and 7% of Austrian SMEs thought they had lost business contracts due to the lack of foreign language skills. 94% of Slovenian respondents said that they had multilingual websites (compared to less than 40% of Austrian SMEs). Finally, 65% of Slovenian and 43% of Austrian enterprises believed that English was not enough for their export activities. Among other outliers in our surveys conducted in 2016, there was a considerably higher percentage of Slovenian SMEs that used the 'I do not know' answer as their response. Slovenian respondents did not know if they had lost any business contracts (60%) and almost half of them were unaware if they used the services of translators and interpreters.

In her article, Ingela Bel Habib clearly suggests that multilingualism provides export benefits (Habib 2011). In her research, it was found that SMEs are missing exporting opportunities when they believe that English

is enough. Data from six European countries revealed that companies using fewer languages have a higher percentage of missed export contracts. On the other hand, having a multilingual export strategy helps small and medium-sized enterprises to penetrate foreign markets.

This research aims at finding out if the situation in the field of foreign languages and Slovenian SMEs has changed for better or worse.

Methods

In this research endeavour we wanted to find out how Slovenian SMEs that are actively involved in exporting activities on international markets confront language barriers. Our intention was also to compare the results of this study with the results of our previous research that was carried out in 2016. While we used the same set of questions as in the 2016 survey, the number of respondents was considerably larger in the 2021 survey (almost 15 times larger). Moreover, in the 2016 sample, more than half of the respondents were not anonymized, whereas the 2021 survey was comprised only of anonymized respondents.

The questionnaire was sent to 1499 Slovenian SMEs and was distributed by electronic mail between 24th of November and 8th of December 2021. The companies that participated in the survey can be found in the Database of Slovenian Exporters (SLOEXPORT). 1031 of these companies had eleven to fifty employees, 262 companies had fifty-one to one hundred employees and 206 had more than one hundred employees. We received 328 questionnaires from Slovenian SMEs, of which 235 could be used in further analysis. The 93 questionnaires that were excluded from the analysis were either not fully filled in or the SMEs were not exporting companies. The response rate was 21.88%.

The closed questionnaire that was sent to the surveyed companies was based on the ELAN study and contained 13 questions. All except one question were in the form of multiple choice with three to five provided answers. One question was in the check-all-that-apply format. Being aware of the fact that respondents are very likely to be reluctant about taking surveys, we wanted to make our questionnaire as short as possible and still get valuable data for our research activity.

Results and Discussion

The questionnaire sent to SMEs in 2021 was based on the ELAN study questionnaire prepared for our 2016 study, because we wanted to see if our findings in the present study are in any way similar to the findings of

our 2016 study. Below are the findings of our 2021 study and a comparison with the 2016 study. At the end of this section, there is a summary of the most important differences between the two surveys.

Most Slovenian SMEs surveyed in 2016 belonged to the group of companies that export between 21% and 40% of their turnover (39%). This group was followed by companies that belonged to the group that exported between 1% and 10% of their turnover (28%). The third group of companies exported more than 40% of their turnover (20%). Only 13% of surveyed companies exported between 11% and 20% of their turnover.

As for the research conducted in 2021, the largest group of SMEs comprised those companies that exported more than 80% of their turnover (45%). The second group of companies exported between 51% and 80% (23%), followed by companies that export between 26% to 50% of their turnover (19%). The fourth group of companies exported less than 10% (7%), and the fifth group exported between 11% and 25% (6%).

The results are:

1. 65% of surveyed SMEs in 2016 and 52% of surveyed SMEs in 2021 believed that the English language is not enough for their export activities. The results for the same question show that 35% of companies surveyed in 2016 believed, and 46% of companies surveyed in 2021 still believe, that English as a foreign language met all their communication needs regarding exporting. While in 2016 no one chose the option 'Do not know,' in 2021 it was chosen by 2% of respondents.
2. 73% of surveyed companies in 2016 believed that there is a link between the use of foreign languages and export performance, while results in 2021 show that 85% of SMEs believe that such a link exists. In both the 2016 and 2021 surveys, 10% of respondents do not see such a link. In 2016, 17% of respondents did not know whether such a link exists, while in the 2021 survey, only 5% answered the same.
3. In 2016, 53% of SMEs believed that the company's investment in language skills has a significant return. In 2021 the percentage is much higher, at 87%. 14% of companies in 2016 and 6% of companies in 2021 do not believe that. While in 2016 one third (33%) of surveyed enterprises did not know if this is the case, in 2021 only 7% of those surveyed do not know if the company's investment in language skills has a significant return.
4. 15% of Slovenian SMEs in 2016 and 17% in 2021 employ native speak-

ers. 46% of surveyed SMEs in 2016 did not employ native speakers as compared to 81% in 2021. A big difference between the years can be seen in the 'Do not know' answer. In 2016, as many as 39% of respondents said they did not know if they had hired a native speaker, and in 2021 only 2% answered the same.

5. One-fifth of surveyed companies in Slovenia in both 2016 (19%) and 2021 (20%) used local agents and/or distributors who speak their own native language in their foreign markets. 44% of Slovenian SMEs in 2016 did not use local agents, compared to 76% of SMEs in 2021. In 2016, 37% of surveyed companies did not know whether they used local agents. In 2021 this number is much lower, at 4%.
6. In 2016, professional translators and interpreters were used by only 10% of Slovenian SMEs. 38% of surveyed companies did not use the services of professional translators/interpreters and 52% did not know if they used such services. On the other hand, 32% of enterprises in 2021 used professional translators and interpreters; 64% of them do not use their services and only 4% do not know if they use translators and interpreters.
7. Just over one-third of Slovenian SMEs (34%) in 2016 hired staff with language skills to match their foreign markets. In 2021 the percentage was higher, at 42%. 28% of surveyed companies in 2016 and 52% of them in 2021 had never acquired staff with specific language skills due to export needs. 38% in 2016 and only 5% in 2021 did not know whether such staff have been hired.
8. As for lost contracts due to the lack of foreign language skills, only 8% of Slovenian SMEs in 2016 believed that they have lost contracts due to language barriers. In 2021 the percentage is almost twice as high (15%). In 2021, 67% of surveyed SMEs believe that their company never missed an opportunity of winning an export contract due to lack of language skills. In 2016, 30% of respondents gave the same answer. Almost 62% of companies in 2016 and 18% of companies in 2021 did not know whether they have ever lost contracts because of the lack of language skills.
9. Only 20% of Slovenian SMEs in 2016 had a formal language management strategy. 49% of enterprises stated that they did not have such a strategy and 31% of the companies do not know whether such a strategy exists in their company. The results in 2021 show that 22% of Slovenian SMEs have a formal language management strategy,

followed by 70% of companies that do not have it and 8% of SMEs that do not know whether such a strategy exists in their company.

The analysis of the results shows that the share of SMEs that consider foreign language skills as important for their export performance increased considerably over the five-year period, which is clearly shown as an increase in SMEs which see a link between foreign language skills and export performance (85% in 2021 compared to 73% in 2016). In addition, more SMEs also believe that investments in language skills are a viable business strategy that yields significant returns (87% in 2021 vs 53% in 2016). On the other hand, only one fifth of companies have a formal language management strategy in place, which is broadly unchanged compared to the 2016 survey.

In the present study, more exporting enterprises see English language knowledge as sufficient compared to the 2016 survey, although still less than half of the surveyed companies (46%) use only English when communicating with their business partners.

It is good to see that the share of companies employing translators and recruiting staff with specific language skills increased compared to the 2016 survey (from 10% in 2016 to 32% in 2021 regarding translators and interpreters and from 34% to 42% regarding recruiting staff with specific language skills).

Notably, the share of native speakers (a change from 15% in 2016 to 17% in 2021) and the share of companies hiring local agents with foreign language skills remained largely unchanged (a change from 19% in 2016 to 20% in 2021).

Last but not least, there is a large difference in regard to 'Do not know' answers between the 2016 and 2021 survey. This, in our opinion, can be attributed to the sample size and anonymity of respondents. The 2016 sample was comprised of a considerably smaller sample of non-anonymous respondents who might not have been so willing to search for the right answer and easily admitted that they did not know the answer, whereas a 15 times bigger sample in the 2021 survey was completely anonymous and perhaps more willing to provide the answers based on available data within the enterprise.

Companies that have a formal language management strategy were asked three additional questions, the results of which are described below.

In 2016, 75% of Slovenian SMEs believed that there is a correlation be-

TABLE 1 Comparison of the Results of the 2016 Survey and the 2021 Survey

Questions	Answers		
	2016	2021	
Is English language enough for your export activities?	Y	35	46
	N	65	52
	D	0	2
Do you think there is a link between the use of foreign languages and export performance in your company?	Y	73	85
	N	10	10
	D	17	5
Do you think that your company's investment in language skills has a significant return?	Y	53	87
	N	14	6
	D	33	7
Have you ever employed native speakers full time in your company who support your foreign trade?	Y	15	17
	N	46	81
	D	39	2
Have you ever used local agents and/or distributors who speak your own native language in your foreign markets?	Y	19	20
	N	44	76
	D	37	4
Have you ever employed external translators/interpreters for foreign trade?	Y	10	32
	N	38	64
	D	52	4
Have you acquired staff with specific language skills due to export needs?	Y	34	42
	N	28	52
	D	38	5
Is there any possibility that your company ever missed an opportunity of winning an export contract due to lack of foreign language skills?	Y	8	15
	N	30	67
	D	62	18
In order to deal with customers abroad, does your company have a formal language management strategy?	Y	20	22
	N	49	70
	D	31	8

NOTES Answers: Y – yes, N – no, D – do not know. In percent.

tween having a language strategy and a company's performance and 25% did not know if that was the case. In 2021 similar results show that 73% of enterprises see such a correlation, 6% do not see it and 21% do not know whether such a correlation exists.

More than 12% of surveyed companies in 2016 had a formal language

strategy contained in a written document, the same percentage of companies did not possess such a document and 75% did not know if such a document existed. Results of the research made in 2021 show that only 9% of surveyed Slovenian SMEs who have a language management strategy also keep the strategy contained in a written document. 4% of companies surveyed in 2021 do not know whether such a document exists and 87% of SMEs do not have a formal written document for their language strategy.

The vast majority of Slovenian SMEs in 2016 (94%) had a multilingual website. The second most important strategy was appointing people who already possess language skills (87%), followed by the use of professional translators and interpreters (56%). The recruitment of native speakers from the company's target markets and the development of a language plan or strategy prior to export activities in new markets is an activity shared by 37% of surveyed enterprises. Language training for staff is provided by 31% of companies. Only 6% mentioned cooperation with universities.

The results of the survey in 2021 show that the most important strategy for Slovenian SMEs is appointing company employees who already possess language skills (77%), followed by language training for staff (66%) and multilingual websites (57%). The use of professional translators or interpreters and employee mobility is an activity shared by 43% of companies. Translation of promotional, sales and technical texts is provided by 51% and the recruitment of native speakers from the company's target markets is provided by 17%. 6% of companies mentioned cooperation with universities and only 4% mentioned employment of foreign students. One company added that it has sales offices in various markets, employing industry experts who speak the official language of the country.

Research Contributions, Research Limitations and Further Research

The contribution of appropriate foreign language skills to competitiveness is too obvious to be questioned. Most likely, English will keep its leading role as the world lingua franca in international business, but knowing other foreign languages certainly gives individual employees and SMEs a competitive edge.

The economics of multilingualism is a nascent research field trying to reveal how foreign language skills affect other economic variables. Researchers from the University of Geneva and the University of Montreal

(Grin, Sfreddo, and Vaillancourt 2010) found that Swiss multilingualism contributed 9% of Swiss GDP.

According to the study led by James Foreman-Peck and Yi Wang of Cardiff Business School, it has been estimated that the lack of foreign language skills in Great Britain costs the economy £48 billion (almost €55 billion), or 3.5% of GDP annually (Foreman-Peck and Wang 2013). A lack of foreign language skills may, of course, not always lead to direct losses, but may certainly dissuade enterprises from entering new markets.

Many other related documents that have been produced by different institutions of the European Union within the last decade are not enough to solve the problem. Many SMEs are not aware of funding possibilities available within many community programmes, other SMEs believe that application procedures are too burdensome and time consuming; others, micro enterprises and nascent enterprises, simply lack funds to invest in language education or appropriate language management strategies. In the years to come, foreign language skills are going to become even more important. There will likely be an increase in learning Mandarin, Arabic, Russian, Spanish, Portuguese or Turkish or any other language spoken in territories that are presently considered to be emerging markets. This will help businesses and individuals in their efforts to better understand each other, as well as to increase our awareness of cultural diversity (Kohonen et al. 2001).

This study proves, once again, that it is necessary to raise awareness among SMEs of the significance of using language strategies. Companies unwilling to invest in foreign language skills are at risk of becoming less competitive. As seen from the result analysis, our 2021 research was carried out on a much larger sample of Slovenian SMEs that operate in several industries and have headquarters in different locations than the research from 2016. In our previous research, slightly more than half of the surveyed enterprises were non-anonymous, whereas the present research only included anonymized enterprises, which is why no advanced econometric analysis could be carried out.

Future research should focus either on one region or a single industry or try to find out if there are any sectors in which foreign language skills are either particularly important or underdeveloped. Future research endeavours could also try to figure out if there are any patterns in cases of relatively low response rates or if companies with a formal language management strategy are more likely to employ native speakers and interpreters than those enterprises without such a strategy in place.

Both our research endeavours (2016 and 2021) were limited to Slovenian exporting SMEs, with the initial one analysing only a small sample of around 100 enterprises from different industries. From the perspective of the 2021 research, our 2016 research was also limited by the non-anonymized and slightly unreliable respondents who too frequently selected 'Do not know' as an answer. By increasing the size of the sample, our 2021 survey seems to be much more trustworthy and reliable in this respect.

Our study showed that even though language pervades every aspect of company life, Slovenian enterprises sometimes pay little attention to it, as they rarely decide to develop language management strategies which would help them in their efforts to enter new markets.

In addition, the study proved that English may not be enough, neither for multibillion-dollar companies nor for small and medium-sized Slovenian companies trying to enter neighbouring and global markets. If Slovenian SMEs want to remain competitive, the least they should do is develop linguistic and cultural awareness at all levels, provide language training and education for their employees, and hire qualified language consultants more often, as well as native speakers and staff with specific language skills.

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Appendix: Questionnaire

Dear Sir/Madam,

My name is Anja Puntar and I am a master's student at the Faculty of Management in Koper, Slovenia. Together with my teacher, associate professor dr. Igor Rižnar, we are conducting research on how small and medium-sized enterprises which are active in some form of international activity, adopt language management strategies.

According to the ELAN study, a significant amount of business is being lost in the EU due to a lack of language skills. Based on these findings we compiled a questionnaire with which we want to research if the results are in any way similar to the findings of the ELAN study.

In order to find out how Slovenian small and medium-sized enterprises tackle language barriers, we invite you to participate in this research by completing the following survey. The survey consists of 10 or 13 questions in the form of multiple choice; therefore, it should take a couple of minutes to complete it.

The data we collect will be used only for this research and your responses are completely anonymous. If you want to receive the results of the

research when finished, you can provide your email at the end of the survey.

Thank you for taking the time to complete this survey. We are extremely grateful for your contributing your valuable time and your honest information.

Best regards, Authors

Please choose one of the options below:

1. What percentage of your company's sales turnover are exported?
 0%, 1–10%, 11–20%, 21–40%, >40%
2. Is the English language enough for your export activities?
 Yes, No, Do not know.
3. Do you think there is a link between the use of foreign languages and export performance in your company?
 Yes, No, Do not know.
4. Do you think that your company's investment in language skills has a significant return?
 Yes, No, Do not know.
5. Have you ever employed native speakers full time in your company who support your foreign trade?
 Yes, No, Do not know.
6. Have you ever used local agents and/or distributors who speak your own native language in your foreign markets?
 Yes, No, Do not know.
7. Have you ever employed external translators/interpreters for foreign trade?
 Yes, No, Do not know.
8. Have you acquired staff with specific language skills due to export needs?
 Yes, No, Do not know.
9. Is there any possibility that your company ever missed an opportunity of winning an export contract due to lack of foreign language skills?
 Yes, No, Do not know.
10. In order to deal with customers abroad, does your company have a formal language management strategy?
 Yes, No, Do not know.

Questions for those that answered Yes on the 10th question:

11. Is there a correlation between having a language strategy and your company's performance?
 Yes, No, Do not know.
12. Does your company keep a formal language strategy contained in a written document?
 Yes, No, Do not know.

Please choose one or more options below:

13. Which of the language strategies stated below do you use to bring benefits to exporting enterprises? (multiple choice question)
 Appointing company employees who already possess language skills
 Language training for staff
 Cooperation with universities
 Multilingual websites

If you want to receive the results of the research when finished, you can provide your email here:
