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## The invisible factors that can make the difference.

### Language management and knowledge transfer in multinational sites

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#### EXTENDED Abstract

The knowledge-based society we live in has stressed the importance of human capital and brought talent to the top of most wanted skills, especially to companies who want to succeed in turbulent environments worldwide. In fact, streams, sequences of decisions and resource commitments characterize the day-to-day of multinational companies (MNCs). Such decision-making activities encompass major strategic moves like internationalization and new market entries or diversification and acquisitions. In most companies, these strategic decisions are extensively discussed and debated and are generally framed, formulated, and articulated in specialized language often developed by the best minds in the company. Yet the language used in such deliberations, in detailing and enacting the implementation strategy is usually taken for granted and receives little if any explicit attention (Brannen & Doz, 2012) and can still be a “forgotten factor” (Marschan et al. 1997).

Literature on language management and international business refers to lack of awareness of business managers of the impact that language can have not only in communication effectiveness but especially in knowledge transfer and knowledge management in business environments.

In the context of MNCs, management is, for many different reasons, more complex and demanding than that of a national company, mainly because of diversity factors inherent to internationalization, namely geographical and cultural spaces, i.e, varied mindsets. Moreover, the way of functioning, and managing language, of the MNC depends on its vision, its values and its internationalization model, i.e on the way the MNE adapts to and controls the new markets, which can vary essentially from a more ethnocentric to a more pluricentric focus.

Regardless of the internationalization model followed by the MNC, communication between different business units is essential to achieve unity in diversity and business sustainability. For the business flow and prosperity, inter-subsiary, intra-company and company-client (customers, suppliers, governments, municipalities, etc..) communication must work in various directions and levels of the organization. If not well managed, this diversity can be a barrier to global coordination and create turbulent environments, even if a good technological support is available (Feely et al., 2002: 4).

According to Marchan-Piekkari (1999) the tongue can be both (i) a barrier, (ii) a facilitator and (iii) a source of power. Moreover, the lack of preparation for the barriers of linguistic diversity can lead to various costs, including negotiations' failure and failure on internationalization.. On the other hand, communication and language fluency is not just a message transfer procedure, but above all a knowledge transfer process, which requires extra-linguistic skills (persuasion, assertiveness ...) in order to promote credibility of both parties.

For this reason, MNCs need a common code to communicate and trade information inside and outside the company, which will require one or more strategies, in order to overcome possible barriers and organization distortions.

Whatever the strategy or language policy chosen is, the MNC continues to have a multilingual environment. This fact can trigger both personal and professional side reactions (positive or negative), and above all, power relations (Marchan-Piekkari,

1999; Voermans, 2011). This happens because language is used not only to transfer messages between a sender and a receiver but, above all, to share knowledge, ie "(...) the information required to satisfy needs (...). Thus, only when knowledge becomes explicit and intelligible can be functional and useful; as tacit knowledge, information will not be conveyed, and as such, some employees may not perform certain tasks, make decisions or act in accordance with company policy.

So language has a crucial role in the management of MNC and may even be a positive or negative discrimination factor (intentionally or unintentionally) Marschan et al. (1997) and create power authority distortion (PAD). PAD occurs when HQ managers (who have formal authority in the relationship) have to relinquish part of their power to subsidiary managers, who have better language skills in the corporate language (Harzing & Feely, 2008) and function as language mediators. Information, filtered by mediators, can also suffer distortions, manipulations and be used for personal purposes, in cycles of communication that may be beyond their control.

Language influences, therefore, all communication flows, clearly interfering with the organizational level, with a "shadow" structure (Marchan-Piekkari et al., 1999) behind the formal chart.

Mediated communication in the MNC, including the translation of documents, intra and inter-subsidary or subsidiaries-headquarter, may thus eventually become an extra function more or less regular of the activity of employees who master foreign languages. However, this function and the impact that this type of translation are also not in any way, thoroughly studied.

This paper intends therefore to elaborate on the relation of language/ translation policies and knowledge transfer/ management in international business environments and its impacts in companies' international communication strategies. Based in several studies on this field, focusing on language management in international companies (Feely, 2003; Marschan et al., 1997; Marschan-Piekkari, Welch, & Welch, 1999; Harzing & Pudelko, 2013), and in a case-study on "language management in business international communication" we intend to discuss in what way (1) the lack of an effective language policy can transversally affect company performance and identity; (2) the investment on language and terminology management may improve quality in communication, both amongst company and subsidiaries and company and clients (3) investment in translation and terminology knowledge, management and tools can boost talent and ROI.

## Keywords

Language management; terminology management; knowledge transfer; knowledge management; translation-mediated communication; business translation.

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