

Language and Trade: the (new) route of Portuguese in the 21st century

Abstract

Globalisation has eliminated frontiers and in the case of Europe helped the crossing of borders and changed forever the concept of social (and I would also say individual) geography: the rest of the world is out there; we can pretend not to see it, but we cannot avoid it.

Moreover, Europe is undergoing a serious crisis, also economic, and new markets and business partners are welcome. In this context, cultural bonds like a common language can open new investment paths and give rise to successful stories.

In this paper we intend to present an example of how low linguistic distance can lead to good business, even if a) in the internationalization process of the companies' language is often forgotten as a management element and b) consumers of language products (like User Guides) are also not stimulating investment in language by the companies.

Through the results of 2 studies carried out in 2010 and 2011 we will show how a pluricentric language like Portuguese is managed in multinational companies (MC) and Small and medium Enterprises (SMEs). The second study is based on an online survey questioning the effectiveness, efficiency and general quality of User Guides and the reaction of consumers to language.

Results show that although playing a role in the internationalization process of companies in the same linguistic space, language is opportunistically used. On the other hand, Portuguese and Brazilian consumers show a very functional perception of the Portuguese language...

Key words: language management, linguistic distance, Portuguese language

1. Introduction:

In this paper we describe some trends of the Portuguese Language in the changing business world, through the description of some management practices, economic paths and consumer behaviour. How are languages and translation mediated communication managed by the Portuguese companies abroad? And what is the impact on the consumers? Some conclusions can be driven from the results of 2 surveys, which are part of a broader ongoing study on the Portuguese Translation and Localization market.

Theoretical Framework

Globalisation has eliminated frontiers and in the case of Europe helped the crossing of borders and changed forever the concept of social (and we would also say individual) geography: the rest of the world is out there; we can pretend not to see it, but we cannot avoid it.

As all changes in life and in society, this spatial shift and exposure to the 'other' has created both opportunities and threats in a broader mobile world where diversity in cultures and languages is one of the first and most visible signs. Local societies have merged, even if not intentionally, with bigger societies (regional, national, European, international), and the interrelations amongst them demand new competences and skills from the most local citizen.

Moreover, the political, social and economic events over the last decades deeply transformed the local markets and business world and if we agree that there are no longer isolated events we could state that, to a certain extent, every business is

international or global (Cateora, 2007). Also, if globality means that “going global is no longer a choice” (Sirkin, 2008), this means that any business has to cross borders to survive.

Doing business abroad demands an internationalization strategy that cannot be other than focused on the customer. In fact, together with the motto *think globally, act locally*, large-scale business soon learned that you can buy in any language but you can't sell well in your own, and this is now even truer with e-commerce, as a study carried out by Common Sense Advisoryⁱ has shown recently.

2. Portugal and Europe

Being global also means investment and increase of expense. Different geography, different people, different organization styles and, all in all, different culture, demands a plan and optimization of resources and networks.

However, low geographic distance, even among countries having different languages is also of utmost relevance. An important role in breaking barriers and creating business opportunities and effective communication is therefore played by language, considered to be “almost the essence of international business” (Welch and Welch, 2005:11). This, however, also often means costs, especially if the linguistic and cultural distance is high. Therefore, in order to cut costs, increase profits and improve management strategies, Multinational Companies (MNC) tend to create global market segments (based on customer profiles that can be based upon geographical or language clusters). Following the same principle, besides the European Union, we can find other geographical and economic markets around the world: NAFTA, CAFTA, AFTA, Mercosur and APEC where linguistic and cultural distance also plays a role, since there is no business without communication.

Aware of this, in 2007 the European Commission carried out a study, ELANⁱⁱ, to assess the influence of languages in the success of potential exporting companies and, ultimately, in the whole economy and concluded that the lack of foreign language skills, and not just English, in small and medium-sized European enterprises alone results in a loss of more than €100,000 per year for each business on average.

Several research studies show that a variety of languages are required in international markets, along with the cultural competence that is usually acquired with the command of linguistic skills. English, being a global language, is not enough, since it is more and more perceived by the business world as a (i) basic skill (for first mediation contacts) and (ii) corporate language (in multinational or multicultural companies), and other languages can really make a difference.

According to ELAN, 11% of exporting companies in Europe are losing opportunities due to lack of language skills, and the loss in SMEs alone can be up to €100,000 per year for each business on average. This loss is particularly important given that, in line with the same source, SMEs account for more than 50% of employment within the European Union. Moreover research has proved that exporting companies are more productive and that exporting can bring other benefits like ‘exposure to increased technical knowhow, market-awareness and cost or efficiency savings’.

For this reason, the figure of lost business due to the lack of linguistic skills and cultural awareness is in fact much greater than €100,000/year if we consider the potential loss in terms of greater innovation and market-awareness, and its impact on productivity within national economies.

Nevertheless, only 48% of the SMEs in the sample declared that they had formal language strategies to support their international actions. Almost 40% of SMEs do not even work with multilingual web sites.

Thus, amongst the many barriers that a company encounters when exporting for the first time, language and cultural competence can surely ease the challenge of internationalisation and make the difference between mainstream and excellence, providing a competitive edge. In fact, examples of more internationalised companies, with a language strategy, prove it to be right.

According to 'EC program to deepen the Single Market for services – guide' (...) *only about 8 per cent of European SMEs do business in other Member States. This lack of dynamism not only hampers choice for consumers, but also prevents small and innovative businesses to grow, develop their activities and become more competitive.*

This low level of intra-EU business led to the implementation in all member States at the end of 2009 of the Services Directive 2006/123/EC, a program to deepen the single market for services (considered to stand for two-thirds of the EU's GDP and employment, in line with the same source).

Although this program focuses on the removal of legal and administrative barriers in setting-up business across borders, the previously mentioned studies provide evidence that barriers to intra-EU trade are also linguistic and cultural. And these constraints have a negative impact not only on intra-EU trade but also on a more international scenario.

In fact, another European reportⁱⁱⁱ has concluded that three-quarters of exporting European SMEs have as partner countries mostly other EU countries and that, except for imports from China, relations with BRIC countries are limited to 7–10%.

However, EU economy is currently not very healthy and struggles for balance and new blood. Also in this context, language, besides geography, can lead to new markets and business.

3. Some facts about Portuguese language

In the current economic world picture, where new rapidly growing economies are changing trends and company strategies, Portuguese is one of the “most wanted” languages, and belongs to the Top 15 more important languages for business.

In fact, and in line with data from the Instituto Camões^{iv}, Portuguese language and culture is taught in 72 countries to approximately 155,000 worldwide (learners of European Portuguese only).

Reto (2009b) and other researchers have surveyed these learners and found that 62% of these have chosen Portuguese in order to increase their human capital and intend to use Portuguese in their job or in business contexts.

Actually, Portuguese is a very popular language in several parts of the world, especially in Eastern Europe, where it has been chosen as a foreign language by approximately 3,500^v, and in China, where the number of universities offering Portuguese as a foreign language (formerly three) has grown to about 10 recently^{vi}. The truth is that in Asian countries like China, the purpose of learning Portuguese is not so focused on the Brazilian market, but much more on Angola, where Chinese investment is very strong.

Nevertheless, the interest in Portuguese as a foreign language has increased also over recent years in countries like Spain^{vii}, Sweden^{viii}, France, Japan (where it stands as the third mother tongue)^{ix}, and even the USA, where the search for Portuguese courses has risen about 10.8% from 2006 to 2009^x, amongst others^{xi}.

This popularity of the Portuguese language is clearly in line with the fact of Brazil being part of the BRIC pack and being considered the 6th world economy, since the end of 2011. Moreover, according to the IBOPE^{xii}, the percentage of English-speaking Brazilians is not very high. Fifty-two per cent of the population belongs to Class C and only 6% of this class can speak English. Even in upper social classes (A and B) only 26% of Brazilians can speak English. Thus, when willing to go to Brazil, foreign

companies speaking Portuguese have a better chance. However, no Portuguese speaking country is in the TOP 10 of Brazil FDI inflows.

FDI net flows 2008–2011
(Millions of dollars)

	2008	2009	2010	2011
ANGOLA	1679	2 205	- 3 227	- 5 586
BRAZIL	45 058	25 949	48 438	66 660
MOZAMBIQUE	592	893	989	2 093
PORTUGAL	4 665	2706	2646	10 344

In UNCTAD - World Investment Report 2012.

As we can see Brazil has registered the highest growth in 2010^{xiii} and maintained the growing trend in 2011. That growth was mainly due to USA investments^{xiv} and although Brazil is the second country of the list of Portuguese FDI outflows^{xv}, the amount invested is far below the 10 major investments in Brazil.

Mozambique is now a fashion investment country and is in the 7th place of the list of Portuguese FDI outflows (it was in the 15th last year)^{xvi}. Angola, although having suffered a decrease in the net FDI investments in the last 2 years has nevertheless increased the investment in Portugal^{xvii} and is now in the last place of the Top 10 of Portugal FDI inflows.

This figures aim only at giving a glance of how linguistic distance can be an alternative to countries living a deep economic crisis in a multilingual economic block, like Portugal, and where most companies are SMEs and there is a high unemployment rate.

On the one hand, companies need to cut on costs and translation and multilingual communication is one cost that can be avoided to a big extend when dealing with countries with a common mother language. On the other hand, and although language is just one element of culture, speaking the same language is a barrier less in the process of adapting to a new country and working environment, especially when you need to adapt to have a job.

Besides belonging to the EU, Portugal also belongs to CPLP - Community of Portuguese Language Countries and in this network, in which Brazil is also a member together with Mozambique and Angola. If, during the last 2 decades business connections in Portuguese seemed to be in the shadow of the golden European years, now they seem to find new opportunities, especially with the shine of Brazil.

4. Portuguese as a business language

Portuguese is an official language in 8 countries and is spoken in all continents. Till recent years, it was almost only known as the language of Camões (Portugal's most

famous writer from the glorious times), which was often either considered “other” (not part of the culture) or very literary and poetic.

However, especially after the economic rise of Brazil, Portuguese was also often considered a business language and some studies on the economic value of the Portuguese language have appeared in the last years.

In the case of Portuguese, the fact of it (1) having 2 official variants (the European and the Brazilian) and (2) some conceptual and strategic diversity, as a pluricentric language, has risen some discussion in several stages (both national and international) and led to some political efforts of finding a compromise with a new Spelling Agreement, partly implemented in some CPLP countries and still in discussion and to be fully approved till 2015.

We will not focus on this particular issue, since it seems not to be relevant for the point we want to make. We will however now present some results of a study and a survey concerning the a) use of the Portuguese language in an international business environment and b) the impact of Portuguese translated User Guides in consumer behavior of several Portuguese speaking countries.

5. Methodology

As part of our ongoing PhD project on the value of the Portuguese market of specialized translation and localization in CPLP, we were invited by the consortium Business Intelligence Unit (BIU), from AICEP Portugal Global, to develop a study in the 15th edition of the International Internship program Inov Contacto. This study should focus on the economic value of languages, including Portuguese, but due to the company profiles it specifically concerned language management in international business communication.

83 trainees were involved in the study and collected data following a methodology script. The study took place between December 2010 and September 2011, covering a total of 56 organizations, operating in 20 countries, which were grouped and classified into seven types: 8 SMEs, 4 multinational (HQ), 8 multinational (subsidiaries), 20 Portuguese companies operating in Portuguese-speaking markets, 6 Portuguese companies not operating in Portuguese-speaking markets, 8 mediators and 2 particular cases.

For the purpose of this paper we will only present the results concerning the 20 Portuguese companies operating in Portuguese-speaking markets which is a total of 35,7% of the whole.

The objectives of the survey as far as this company group is concerned were to:

- (i) describe the internationalization strategy of Portuguese companies (particularly at the language management level);
- (iii) describe the language management of Portuguese companies in Portuguese speaking markets.

The second study was also developed in the framework of or PhD research and meant to check how consumers react to available/unavailable technical documentation in their mother language: Portuguese.

In the Fall of 2010, we designed 2 surveys (for publics of both Portuguese standards) to assess the satisfaction of Portuguese speaking consumers in Portugal, Brazil and other Portuguese speaking countries. We aimed at knowing how effective, efficient and good they considered User Guides and how important they considered having them translated in their language standard.

The survey has been released online and the European Portuguese version had 549 respondents while the Brazilian collected 80 answers.

Results:

Study 1

In this company group, 5 were big companies, 10 were medium and 5 were SME. All stated to be operating in several markets all around the world in different economic sectors, from automotive to beverage.

As far as Portuguese is concerned, 3 stated to have Portuguese as target language and the other various other languages like English, French, Spanish or Chinese; 6 informed to pay language courses to their employees, 13 hire Portuguese speaking people and 11 demanded Portuguese command when hiring. Nevertheless, 15 stated that more than 50% of their employees speak Portuguese, either as mother or foreign language.

As common working language, in daily situations and oral contexts, Portuguese and English are the most used languages. In more formal contexts (written language) 4 state to write only in Portuguese while the majority uses both Portuguese and English in different contexts.

Although all of them indicate different operations in various Portuguese speaking countries (mainly Brazil, Angola, Mozambique and Cape Verde), most of them do not clearly state that language was a reason for deciding to invest in any of these countries. However, 3 confirm that speaking the same language eases the business relationship, so we assume that either the question was not clear or investment in new markets is not always based on a clear planned strategy.

Nevertheless:

- a) language is recognized as an indispensable factor for internationalization, by which languages other than English, like Portuguese, are valued by companies, especially in the markets where they operate or intend to operate;
- b) the existence of two Portuguese standards does not contribute to the investment in language services and in Portuguese;
- c) most companies operating in European Portuguese and Brazilian markets have their local employees ensuring the translation/ adaptation of documents, when needed. However, due to the different size of the markets of those standards, companies sometimes tend to invest more in Brazilian Portuguese and use it often broadly with all the Portuguese speaking customers, especially online and in non-regulated texts. Orally, employees in the different markets seem to get the meaning across without any formal translation.

Study 2

Results are not very surprising:

1. In both surveys, most participants read User Guides (UG) often, but not always. The minority who confessed never reading the UG justifies it by not liking this kind of literature.
2. Most respondents are between 28 and 33 years old and have college education;
3. European Portuguese respondents seem to be slightly less demanding with the UG, especially as far as efficiency is concerned. They considered it “good”, while Brazilian speakers rated it as “fair”. The two other categories - effectiveness and linguistic quality – were considered “fair” from both speakers.
4. However, when asked about the importance of having technical documentation translated into European Portuguese they rated it as “important”, while most

Brazilians considered it “not important” being important only to being made available a Portuguese translation.

5. Also when asked about having to read “bad quality” translations or that are not available in their language standard, both speakers state that they don’t mind provided they get the main meaning of the operation system of the equipment they acquired.
6. Finally, Brazilian respondents, who answered a survey written in European Portuguese, were asked to assess the language standard. 55% said that Portuguese is the same language, with minor or not relevant differences not disturbing communication. Moreover, spelling, meaning, syntax and vocabulary were also considered “easy”.

Brief Conclusion

Although these 2 scenarios are still only a small part of our PhD research on language management in international environments and organization and consumer behaviour towards translation mediated communication, we believe they already provide a picture of how linguistic distance can play a role when choosing new markets to work in, either as a person or a company.

In fact, international trade depends on a great number of factors, being culture one of them and probably one of the most pervasive. Being language part of culture, half of the way is already done, even when the political and economic environment is distant or organization or social culture is different from language spot to language spot. Angola, for instance, has allegedly been less attractive to Portuguese lately on account of its ambiguous business culture and high insurance rate, for instance, when compared to Mozambique or Brazil.

Speaking the same language builds immediately a feeling of community and decreases anxiety, often also because countries speaking the same official language also belong to a language based political group, like CPLP for instance: Moreover, it avoids many costs related to translation or interpretation, which can be a motivation to companies leaving in a crisis environment in certain geographical areas.

But the most important note might be that language, often a “forgotten factor” (Marschan et al.,1997), when designing a business strategy can play an important role in the company success depending on the management style: the better the company knows the market and segments according to its goals and profile, the more it can profit. In fact, business and the economy depend more on communication and cultural skills than on ‘opportunism’, and it is only through talking to the customers and obtaining an understanding of their requirements that companies can hope to succeed. Moreover, when it comes to e-business, the impact of language on consumer behaviour can really make a difference. As stated in a report by Common Sense Advisory^{xviii}, language, nationality, and brand recognition influence online buying behaviours. This report shows that:

1. although most webpages are still written in English, English speakers as a percentage of the total online population has fallen to about 30%;
2. most web users
 - a. are outside English-speaking countries,
 - b. speak languages other than English;
3. most of the available market (GDP) is outside English-speaking countries;
4. People from non-Anglophone countries visit English language websites monthly or more frequently (67.4% of total sample vs. 45% of those with no/little English);

5. 72.1% of the total sample spend most or all of their time at local language sites, but the number goes up to 89.1% for those with no/little English;
6. 52% of non-English speakers surveyed only buy from websites where the information is presented in their language;
7. This goes up to 60% when looking at French and Japanese shoppers;
8. People who have little to no English skills were six times more likely to not buy from English-only sites;
9. These effects are more pronounced the higher the value of the item or service;
10. 56.2% said that when making a purchase decision, information written in their own language was more important than low price.

Portuguese can be a bright new world to many Portuguese speaking countries, both for FDI inflows and outflows and immigrants, creating strong bonds in the language community and also making it more competitive against other economies in the world. But language management has to be done in-house and with the customer so that communication and business can be effective. Moreover, being language a national value sometimes leading to wars, we understand that Portuguese speaking countries seem to have a high rate of language tolerance, as far as trade is concerned, not being very demanding on the linguistic support of goods. This can, on the one hand, mean that language is not being very well cared by the users and, on the other hand, that Portuguese speaking countries (especially Brazil and Portugal) seem to have a functional use of the language when it comes to technical documentation, namely User Guides.

Future Work

At the end of this year these data will be supplemented by the analysis of the result of 3 other surveys to other target publics, but also related to corporate language management. By then we hope to improve the knowledge of how effective language management in multinational companies and SMEs can be and how companies can improve translation mediated communication at a lower cost.

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