

How do you say global business success? In English, says new research from Rotman School

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English continues to reign supreme in international business, and it's not just because some of the biggest economies speak it.

A new study from the University of Toronto's Rotman School of Management shows [countries](#) that have English as at least one of their official languages, or whose main languages are linguistically close to English have higher rates of investment in other countries. Countries with high rates of [English proficiency](#) also do well.

"The vast majority of the world's trade and investment is actually among or between or involves English-speaking countries," says researcher Walid Hejazi, an associate professor of [international business](#) at the Rotman School. Prof. Hejazi co-wrote the paper with Juan Ma, a PhD student at Harvard Business School.

The two researchers used a "[gravity model](#)" framework to conduct their analysis of the 30 countries within the Organization for Economic Co-operation and Development (OECD). The model allowed them to control for variables such as GDP, population, cultural similarities, colonial histories and exchange rates. Once that analysis had been done, the researchers could see whether there was any other residual difference in foreign investment levels and trade that could be explained by language.

The study found that countries with English as one of their official languages accounted for nearly half of all the OECD's [gross domestic product](#) and nearly 47% of its foreign investment. English-speaking countries also had the highest rates of bilateral foreign investment. In cases where one country had English as a main language but the other did not, the highest rates of foreign investment were between English and German-speaking countries, which have some linguistic proximity to English.

"The closer a country's language is to English, the bigger a kick they get," Prof. Hejazi says of the study's results.

The findings suggest that companies looking to invest internationally need to embed English skills within their workforce, regardless of the local language.

"If you go into France or you go into China, you need to have that local language, no question," says Prof. Hejazi. "But having a proficiency to speak English is also important because if you're going to communicate in any other language than the official [language](#) there, more likely than not, it's going to be English."

The paper was published In *Multinational [Business Review](#)*.

Provided by University of Toronto, Rotman School of Management

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