

German language encourages the practice of sustainable business more than the English language does

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How languages differentiate between the present and the future affects companies' engagement in sustainable business practices. The more limited the differentiation between the present and the future, the more attention that is paid to sustainable business practices. Companies with English as their working language have less sustainable business practices than companies where German is spoken. And companies with French as their working language perform worse in future-oriented activities than, for example, companies where Finnish is spoken. According to research conducted by economist Hao Liang (Tilburg University), these differences can be largely explained by the characteristics of the language spoken at the company, besides cultural, economic, or institutional factors.

Profit maximization

The effect of [language](#) on sustainable business is one of the particular subjects in Liang's dissertation *Finance and Society: On the foundations of Corporate Social Responsibility*. Liang asked himself, "Globally, what are the basic factors that encourage companies to fully or partially exchange the pursuit of profit maximization for the pursuit of sustainable [business practices](#)?" To answer that question, Liang combined the sustainability scores (CSR ratings) of thousands of companies with vast amounts of data from each country about laws and regulations, ownership structure, and political relations and, therefore, also with the characteristics of the spoken language.

Obligatory separation of past and future

According to Liang, the obligatory separation of present and future is particularly about the extent to which a language requires separate grammatical rules to refer to the future. This is referred to in

English as future-time-reference or FTR. Languages can have either a strong or a weak FTR. English is a strong FTR language. In English, if you would like to describe the weather for tomorrow, speakers are required to say, "It will be cold tomorrow." A separate verb form is required. In German, by contrast (like with Dutch, Finnish, and Norwegian), speakers may also use the present tense to express tomorrow's situation: "Morgen ist es kalt" or in Dutch "Morgen is het koud." The French language requires speakers to say, "Il fera froid demain." French is also a strong FTR language.

One of the reasons FTR is important is that it has a psychological effect on the speaker: grammatically separating the present and the future makes the future feel more distant to the speaker. A strong FTR in a language makes the future feel far away and of less concern.

Tradeoff for the future

To identify the consequences of this "psychological distance" for sustainable business practices—a typically future-oriented activity—Liang used data in dozens of different languages from over 1,500 companies in 59 different countries. Liang has concluded that sustainable business is conducted at a higher level in companies where a weak-FTR language is spoken. In other words, those who more closely connect the present with the future in their [spoken language](#) are more likely to trade with an eye to the [future](#).

Provided by Tilburg University

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