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# Migrants, Language, and Internationalization of Smalland Medium-Sized Enterprises: A Literature Review

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### Introduction

Many societies today rely on small and medium-sized enterprises (SMEs) to ensure future growth and well-being (Coviello & Munro, 1995). However, it is often reported that SMEs struggle to grow due to scarce resources and a lack of relevant knowledge (European Commission, 2020; OECD, 1996; Steinhäuser et al., 2020). Language proficiency in a firm can play a significant role in acquisition of knowledge about foreign markets and in the formation of new business relationships (Hurmerinta et al., 2015). Thus, language skills—or the lack thereof—may dramatically affect the availability of choices when SMEs seek international growth opportunities (Welch et al., 2001).

International Business (IB) scholars have tended to overlook the link between language and internationalization process (Welch & Welch, 2019). Moreover, migrants have received very limited attention in this context. The term 'migrant' refers to a person who has left his/her home country or country of origin, and now lives in a new host country. While migrants have been studied as entrepreneurs (Drori et al., 2009; Solano, 2015) and as skilled talent in international organizations (Crowley-Henry & Al Ariss, 2018), their

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language skills have mainly been treated with respect to inclusion or exclusion in the host country (e.g. Shirmohammadi et al., 2019; Wei et al., 2019). Consequently, the focus has been on the proficiency of migrants in the host country language rather than on the role of their native language in firm internationalization. Overall, while the two themes of firm internationalization and migration have been studied separately (Hernandez, 2014), only few studies connect them (for exceptions, see e.g. Hatzigeorgiou & Lodefalk, 2016, 2021; Pennerstorfer, 2016; Sui et al., 2015).

Thus, in this chapter, we bring together migrants, language, and SME internationalization in undertaking an interdisciplinary literature review and pose the following research question: How has previous research addressed migrants, language, and SME internationalization simultaneously? The literature review, covering the period from 1968 to 2019, encompasses 59 publications in 4 disciplinary fields: IB, international entrepreneurship (IE), industrial marketing and purchasing (IMP), and economics. Each stream is relevant for a reason. IB literature offers a broad view of firm internationalization at the organizational level of analysis, whereas IE literature focuses more on decision-makers and language skills as antecedents of internationalization. IMP literature emphasizes inter-firm relationships, networks, and interaction, which are all language-dependent (Piekkari et al., 2014). Finally, research in economics, where some IB research is rooted, sheds light on the relationship between migrant populations and international trade.

Based on our review of publications scattered across four disciplinary fields, we found that the language skills and cultural knowledge of migrants are important resources for internationalizing companies. Migrants may serve as change agents and language bridges, triggering or confirming "the attractiveness of a selected market" (Welch et al., 2001, p. 194). Their proficiency in the languages of their home countries may contribute to how SMEs recognize international opportunities and access local business networks (Light et al., 2002; Sui et al., 2015). This in turn reduces the liability of outsidership experienced by internationalizing firms (Johanson & Vahlne, 2009). As many societies today are destinations for increasing migration, incoming talents could assist SMEs in achieving their internationalization ambitions.

The rest of the chapter is structured as follows. We start with an overview of our review methodology and then provide a historical account of how language has been addressed in the literature over time. The literature review consists of two main parts: (i) language in SME internationalization as it is used to recognize international opportunities and build inter-firm relationships, and (ii) the language skills of migrants in SME internationalization. In the latter section, we briefly take the perspective of migrant populations and

then focus on individual migrants. In the concluding section, we discuss the findings and limitations of the review and offer suggestions for future research.

# **Review Methodology**

This chapter is based on a review of 59 publications that have appeared between 1968 and 2019 in English. The publications were largely identified manually because language as a search term is seldom used in the title or among the key words of a publication. We initially relied on search terms such as 'language,' 'linguistic,' 'communicat(e/ion),' and/or 'interact(ion).' Furthermore, we combined 'migrant' and 'native' with 'international(ization)' and 'language' as search words. We also used 'SME' and 'export' as search words because SMEs commonly rely on exporting as a mode of operation. Since language often appeared together with concepts such as 'psychic distance,' 'international orientation/outlook,' 'international experience,' 'export antecedent,' and 'culture,' we added these search terms.

Figure 5.1 depicts the interdisciplinary nature of our literature review, which focuses on the intersection of the four streams of research. We soon realized that very few papers addressed simultaneously all three

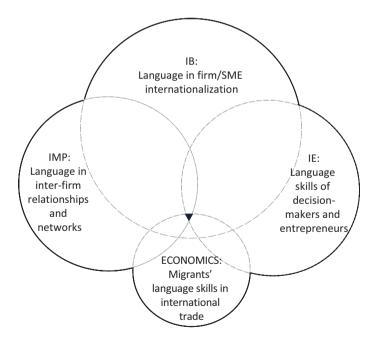


Fig. 5.1 The four streams of literature included in the review

topics—migrants, language, and firm internationalization (for exceptions, see Sui et al., 2015). The initial stage of the review resulted in more than 200 articles, books, and reports, but only a few of them were included in the final scope. As Fig. 5.1 shows, most of the publications were about language and internationalization but not about migration. We also came across a number of publications that focused on migrants as either domestic or cross-border entrepreneurs (e.g. Bolzani & Boari, 2018; Elo et al., 2021; Solano, 2015), but not on language (although it was often mentioned briefly). A limited number of publications addressed migrants and their language skills but not in the context of firm internationalization (Shirmohammadi et al., 2019; Wei et al., 2019).

Given the focus of our review, we considered 'language' a critical criterion for determining the scope of our sample. We, therefore, excluded work that addressed migrants and firm internationalization but not language. We also removed papers that only briefly mentioned language (e.g. Ojala, 2009; Sousa et al., 2008). This was characteristic of studies that approached language as a barrier. Furthermore, those publications that addressed migrants as an internal management issue in large multinational enterprises (MNEs) without a particular focus on firm internationalization were excluded. Although our focus is on SME internationalization, most authors did not explicitly distinguish between 'SME' and 'firm' and often referred to the firms as 'exporters.' Hence, papers dealing with both 'firm internationalization' and 'SME internationalization' were included, and we used these terms interchangeably (see e.g., Welch & Luostarinen, 1988).

After deciding on the scope of our review, we used 'snowballing,' that is, we looked up potential references mentioned in publications that had already been reviewed. Finally, we consulted two experts on internationalization process research and diaspora studies, respectively, to make sure our sample included the relevant studies. Thus, the final sample consists of 59 publications. Appendix lists all the publications included in our review.

# **Historical Overview**

The story of language in firm internationalization began with occasional references in the 1950s, 1960s, and 1970s. In the early days of export research, scholars attempted to describe and explain patterns of international expansion and language was recognized as a factor. Beckerman (1956, p. 38) looked at both exports and imports and explained that if the actual transportation costs are the same for two suppliers, an Italian entrepreneur would be likely to

choose a Swiss supplier over a Turkish one because "Switzerland will be 'nearer' to him in a psychic evaluation (fewer language difficulties, and so on)."

The notion of "psychic evaluation" was later developed into the concept of *psychic distance*, which was popularized by Johanson and Vahlne (1977). Psychic distance is defined as the "factors preventing or disturbing the flows of information between firm and market" (Johanson & Wiedersheim-Paul, 1975, p. 308). These factors include differences in language, culture, political systems, level of education, and level of industrial developments (Johanson & Vahlne, 1977; Johanson & Wiedersheim-Paul, 1975). According to Johanson and Vahlne (1977), companies first search for opportunities in countries with a lower psychic distance and gradually move to markets with a greater distance. Psychic distance is largely correlated with geographical distance, and in practice many firms began their international expansion from neighboring markets (Johanson & Wiedersheim-Paul, 1975). The concept has had a significant impact on subsequent IB research.

During the 1980s and early 1990s, scholars attached great importance to language in firm internationalization, particularly in the context of inter-firm relationships (Håkansson, 1982; Swift, 1991; Turnbull & Welham, 1985). However, toward the end of the 1990s and in the new millennium, the literature on inter-firm networks has paid limited attention to language while still highlighting the importance of interaction (e.g. Coviello & Munro, 1997; Naudé & Sutton-Brady, 2019). Since the late 1990s, language has been increasingly studied as an internal management issue in multinational enterprises (MNEs) (e.g. Marschan et al., 1997); this approach still dominates so-called language sensitive IB research (Tenzer et al., 2017).

The undisputed role of English as a lingua franca, that is, a language shared by non-native speakers, has contributed to the dominant understanding that language can be ignored in firm internationalization. Those who maintain that language is important underline its role as a resource for acquiring knowledge and discovering business opportunities internationally (Foreman-Peck & Zhou, 2015; Hurmerinta et al., 2015; Johnstone et al., 2018). It is, however, more common to look at language as a barrier. According to Kahiya (2018), who reviewed literature on export barriers from 1980 to 2016, a total of 40 papers mentioned language as a barrier; language ranked 11th on the list of the most common export barriers. However, while references to 'language' are common, they have been made only in passing. In fact, according to a recent review by Piekkari et al. (2022), IB researchers often regard language as a mechanical skill that is relatively easy to acquire; once it is acquired, the language barrier is expected to disappear (see also Welch et al., 2001). Language proficiency, however, is much more than grammar and vocabulary;

it also comprises the socio-cultural norms of language use (Vandermeeren, 2005). Thus, there is considerable potential to further develop our understanding of the role of language in firm internationalization.

In this chapter, we adopt the view of language as a resource for firm internationalization. Interestingly, our review shows that the importance of foreign language skills is often highlighted in studies conducted in English-speaking countries (e.g. Bilkey & Tesar, 1977; Clarke, 2000; Marcella & Davies, 2004; Stanley et al., 1990), whereas studies of non-English contexts rarely mention language at all (for exceptions, see Asasongtham & Wichadee, 2014; Lavric & Bäck, 2009; Rižnar & Rybnicek, 2017). Given the role of English as a lingua franca of international business, this was a surprising finding. Indeed, extant research from the resource perspective tends to focus on individuals with foreign language skills. Such skills are quite obviously something individuals possess *in addition to* their native language. What has received much less attention so far is how someone's native language can contribute as a resource to firm internationalization.

#### **Literature Review**

The following literature review makes two important assumptions: Firstly, SMEs are willing to employ migrants in their internationalization process, and secondly, migrants as entrepreneurs or employees of SMEs are willing to use their native language skills and knowledge of their country of origin to advance this process. These assumptions apply to some SMEs and migrants, but not all. We also assume that most migrants have spent their formative years in their country of origin and, therefore, speak the native language, know the native culture, and understand the local laws and customs as well as how the markets work.

# Language in SME Internationalization

The first theme of our review is the role of language in firm internationalization especially from an SME perspective. We begin with a short introduction of what internationalization is in this context. Internationalization can be defined as "the process of adapting firms' operations (strategy, structure, resources, etc.) to international environments" (Calof & Beamish, 1995, p. 116). However, firms do not merely adapt passively to markets or react to them, but actively seek to transform them (Vahlne & Johanson, 2013). The

actions a firm is able to take and the choices available to it depend on the resources and capabilities it possesses (Steinhäuser et al., 2020).

Many SMEs regard internationalization as a prerequisite for business success (Knowles et al., 2006), and exporting is often the first step in their internationalization process (Arteaga-Ortiz & Fernández-Ortiz, 2010; Cavusgil, 1980; Morgan & Katsikeas, 1997). Exporting is seen as a low-risk strategy to begin internationalization; it is a less resource-intensive and more flexible way to target international markets than other modes of internationalization that require higher levels of commitment (Bianchi & Wickramasekera, 2016). While the small size of SMEs may hinder internationalization (Haddoud et al., 2021), smallness may also be a source of flexibility that allows SMEs to adapt quickly to changes in the business environment (Steinhäuser et al., 2020).

Internationalization is typically described as a challenge for SMEs because they tend to lack resources compared with large MNCs (Steinhäuser et al., 2020). A critical factor in firm internationalization "is the possession of appropriate knowledge: this includes knowledge about foreign markets, about techniques of foreign operation, about ways of doing business, about key people in buyer organisations, and so on" (Welch & Luostarinen, 1988, p. 52). Firms also need to consider new language and cultural requirements (Rižnar & Rybnicek, 2017). In the following sections, we focus on the role of language when SMEs search for international opportunities and establish inter-firm relationships because these are the key steps in the internationalization process.

# Language in the Recognition of International Opportunities

International opportunity recognition can be defined as "the potential [a] decision-maker sees for exchanging goods and services in selected markets" (Hurmerinta et al., 2015, p. 1084). Many scholars have referred to psychic distance in explaining the patterns used by firms in searching for opportunities. However, Welch et al. (2001) sought to unbundle language from psychic distance in order to explore the impact of language on firm internationalization in more detail. They found that language affects firm internationalization from its inception, either implicitly or explicitly. Furthermore, they suggest that companies tend to follow language paths in their internationalization and search for opportunities where they can use their home country language as long as possible (Welch et al., 2001). While, for example, companies from English- and Spanish-speaking countries can export to a variety of countries without the need to cross language borders, companies from countries such as

Finland or Japan face the language border immediately due to the limited number of speakers of their languages in the world.

The IE publications included in our review suggest that the personal experiences and characteristics of decision-makers "determine which export opportunities are perceived and how they are considered" (Morgan, 1997, p. 76). 'Decision-maker' refers to anyone in an SME with the authority to make decisions about where, when, and how to internationalize, for example, SME owners (Sui et al., 2015), export managers (Williams & Chaston, 2004), and managerial staff (Schlegelmilch & Crook, 1988). The articles reviewed associate the foreign language proficiency of decision-makers with the concept of international orientation or outlook (Bilkey, 1978; Dichtl et al., 1990). Hence the language skills of decision-makers can serve as an antecedent to exports (Fernández-Ortiz & Lombardo, 2009; Leonidou & Katsikeas, 2010; Suárez-Ortega & Álamo-Vera, 2005). A company may seem perfectly 'fit' to begin exporting, but without decision-makers with an international orientation the company is not likely to become an exporter (Dichtl et al., 1990). Compared with monolinguals, decision-makers with proficiency in foreign languages tend to be more likely to engage in exporting (Bilkey & Tesar, 1977; Burton & Schlegelmilch, 1987; Leonidou et al., 1998; Morgan, 1997). In addition, the number of languages spoken affects which markets they target and how many (Kubíčková & Peprný, 2011; Serra et al., 2012). Furthermore, successful exporting firms tend to be managed by executives with adequate foreign language proficiency (Clarke, 1999).

Hurmerinta et al. (2015) found that the ability of decision-makers to speak English as a foreign language "facilitated the recognition of international opportunities but did not direct interest towards any particular market" (2015, p. 1089). In contrast, their ability to speak other languages directed the search for opportunities to markets where those languages were spoken. Hurmerinta et al. (2015, p. 1089) described this effect as the "linguistic knowledge corridor." When the corridor effect is very strong (especially if decision-makers are fluent in only one foreign language), it may turn into "a linguistic blind" (Hurmerinta et al., 2015, p. 1090). Hence there is a risk that decision-makers will miss out on opportunities in markets where they lack language proficiency.

While foreign language skills can indeed encourage decision-makers to search for opportunities in certain markets, Hurmerinta et al. (2015) also found that language skills alone do not provide sufficient competences to do so. They argue that "fluency in a language may create false expectations for the decision-maker's understanding of the market and culture" (Hurmerinta et al., 2015, p. 1090). To successfully exploit international opportunities,

linguistic knowledge must be accompanied by cultural knowledge which can be acquired through international experience (Hurmerinta et al., 2015). As Knowles et al. (2006, p. 638) point out, "it is the integrity of and relationship between these three decision-maker characteristics—language skills, intercultural competence, and business experience—that appear to hold the key to success for SMEs in international markets."

In the next section, we turn to the literature on inter-firm relationships and networks.

# Language in Inter-Firm Relationships and Networks

An important sub-theme in our review deals with how SMEs establish interfirm relationships and networks from a language perspective. We begin this section with a short overview of the concept of *networks* and its role in firm internationalization. In networks, "firms are linked to each other in various, complex and, to a considerable extent, invisible patterns" (Johanson & Vahlne, 2009, p. 1411). These relationships can also cross borders and create connections between different country markets (Vahlne & Johanson, 2013). Goods and services are exchanged between the members of a network, but networks also represent an important source of resources and knowledge for them (Johanson & Vahlne, 2009; Musteen et al., 2010; Schweizer, 2013; L. S. Welch & Luostarinen, 1988). Although networks are the basis of effective communication, they tend to be time-consuming and demanding to establish particularly when physical or cultural distance is involved (Welch & Luostarinen, 1988).

Given the importance of networks, Johanson and Vahlne (2009) argue that foreign-market entry should be studied as a process of building network positions where internationalization is the outcome. Improvement in a network position means access to more knowledge, leading to the discovery and/or creation of new business opportunities (Johanson & Vahlne, 2009). An insider position in relevant networks is paramount; otherwise a company may suffer from liability of outsidership (Johanson & Vahlne, 2009; Vahlne & Johanson, 2013). Liability of outsidership impedes learning, the building of trust, and the development of committed relationships as well as recognition and exploitation of opportunities (Johanson & Vahlne, 2009). To become an insider, however, it is necessary to first identify the relevant networks and the key members within them, and then build relationships with them (Valentino et al., 2018). Those already in a network must also be willing and motivated to connect with newcomers (Yamin & Kurt, 2018).

Although scholars often talk about inter-firm relationships, relationships are ultimately formed between people—not between firms. The importance of individuals in industrial relationships is underlined in IMP research (e.g. Håkansson, 1982; Turnbull & Welham, 1985). Hence individual characteristics such as experience, educational level, attitudes, and competences—including language skills—are influential in establishing international relationships (Turnbull & Welham, 1985). In addition to influencing *where* to look for international opportunities, language ability also affects *how* to internationalize (i.e., the choice of operation mode) and the quality of relationships.

Which mode of operation? Language differences are commonly seen as barriers to internationalization. Such barriers are situated between the target market and the internationalizing firm and are, therefore, external to the firm (Alrashidi, 2019; Leonidou, 2004). Intermediaries such as agents, distributors, or trading companies are frequently used to overcome language barriers (e.g., Håkansson, 1982). In such situations, the exporter outsources language matters (Welch et al., 2001) and relies on second-hand information about the foreign market instead of retrieving it directly (Williams & Chaston, 2004). Although trading companies play an important role in assisting firms of all sizes to internationalize, their services are particularly important for SMEs (Piekkari et al., 2014). In domestic indirect exports, the intermediary is based in the home country of the exporter who, in fact, may not have any direct contact with customers overseas. It is more common, however, for exporting companies to use foreign indirect export, in which the intermediary is located in the foreign market. In this form of exporting, there is great variation in how exporters and intermediaries 'share the work'; some companies are closely involved alongside the intermediary while others hand over more responsibility (Piekkari et al., 2014). Although intermediaries provide a bridge between the exporting company and foreign markets, psychic distance may play a role in the exporter-intermediary relationship as well (Safari & Chetty, 2019). Furthermore, according to Crick's (1999) study of UK companies looking for intermediaries, the ability of an intermediary to speak English was regarded almost as important as the ability to sell products in the target market. On the other hand, when exporting directly, that is, without any intermediaries, a company takes on the full responsibility for business relationships, including communication and, thus, language.

Whose language skills? Language skills assist in knowledge exchange and in building personal relationships with international customers (Håkansson, 1982; Turnbull & Welham, 1985). Although the language skills of decision-makers play a key role, successful exporters often employ foreign language specialists as well, particularly in marketing-related roles (Enderwick &

Akoorie, 1994). Furthermore, language skills are also important in, for example, credit control and quality assurance (Marcella & Davies, 2004). The ELAN study (2006) mentions companies that had targeted foreign markets based on use of the existing language skills of their employees and then hired additional staff with language skills that matched specific markets. In addition to the language skills of decision-makers and employees, Hurmerinta et al. (2015) report that even the language skills of family members are significant in recognizing and exploiting opportunities, especially in the case of SMEs.

Which language? Our review also provides insights into which language is valuable in inter-firm relationships. Many studies underline that the seller should speak the buyer's language (Conway & Swift, 2000; Knowles et al., 2006; Leonidou, 2004; Mughan, 1990; Nemkova et al., 2012; Swift, 1991; Turnbull & Welham, 1985; Vandermeeren, 1999). According to Mughan (1990, p. 22), "language skills can be the difference between failure and success in foreign markets." The above studies suggest that fluency in the customer's language provides the exporter with a deeper understanding of the target market, of its culture and of the customer's needs. Furthermore, the customer is also better able to recognize the abilities of exporters. Use of the customer's language can be seen as a sign of interest and respect which will promote development of a positive attitude toward the exporter and lead eventually to a relationship of mutual trust.

Lavric and Bäck (2009) offer an extensive analysis of language choice based on a study among Austrian exporters. They follow a three-level model that distinguishes between linguistic adaptation, non-adaptation, and standardization. Adaptation refers to speaking the customer's language, whereas non-adaptation means speaking one's own language; in other words, the customer is required to speak the exporter's language. Standardization, in turn, refers to use of a lingua franca. It is more common for exporters to adapt their language use to that of the customer's than the other way around (Piekkari et al., 2014).

The extent to which an exporting company can adapt language use depends on the language skills in the firm. From a broader perspective, the availability of language skills is subject to factors such as the educational system of a country, geographical location, historical ties, and business relationships with other countries (Johnstone et al., 2018; Lavric & Bäck, 2009). Fidrmuc and Fidrmuc (2016, p. 33) found that "[c]ountries whose residents can communicate easily are likely to trade more with each other, but residents of countries that trade a lot have also an incentive to learn each other's language." The reviewed publications suggest that members from smaller linguistic groups have stronger incentives to learn the language of larger groups than the other

way around. This is due to the opportunities offered by majority languages (Foreman-Peck & Zhou, 2015).

Aaby and Slater (1989, p. 20) argue that "English is an important international language and may in export situations be the basis for the majority of international communications." Hurmerinta et al. (2015, p. 1089) agree by reporting that many of their Finnish interviewees saw English as a "safeguarding mechanism" with which the company could survive in a variety of markets even if they did not possess skills in the local languages of the target markets. In a study of exporting Australian companies, Stanley, Ingram, and Chittick (1990, p. 59) confirmed that a company can indeed get by in many markets without knowing the local language, "[b]ut getting by is not what business is about"; it is about having a competitive edge which can be derived from knowledge of local language and culture (Stanley et al., 1990).

While many rely on English as a lingua franca in cross-border business, it is not automatically the solution. First of all, Liu et al. (2015) remark that the proficiency and willingness to speak English should not be taken for granted. In fact, Fidrmuc and Fidrmuc (2016) show that even in Europe, English language proficiency is not as common as often assumed. Moreover, as Brannen et al. (2014) argue, it is only an illusion that a lingua franca makes communication unproblematic; in fact, it may become more complicated. While people speak English as a foreign language, they still draw on the language systems, interpretive frames, and socio-cultural norms of their mother tongues (Brannen et al., 2014; Jentjens, 2021; Vandermeeren, 2005). This may lead to misunderstandings since sharing a language does not necessarily mean that the interpretations and meanings attached are shared (Brannen et al., 2014; Jentjens, 2021).

Lavric and Bäck (2009) provide examples of how a mix of languages can serve different purposes in an exporter-customer relationship; while small-talk may be conducted in the customer's language, in the actual business negotiations both parties may use a lingua franca. Visser (1995) also notes that companies need to prioritize; it is unrealistic to expect proficiency in the languages of all potential customers. Finding employees with specific foreign language skills can be difficult, and language training is expensive, time-consuming, and slow in producing results (Visser, 1995). Hence it has been suggested by some studies (Asasongtham & Wichadee, 2014; ELAN, 2006; Foreman-Peck & Zhou, 2015; Marcella & Davies, 2004; Rižnar & Rybnicek, 2017; Sui et al., 2015; Welch et al., 2001) that the native language skills of migrants could offer important resources to SMEs. This is the next topic of our review.

# The Language Skills of Migrants in SME Internationalization

Language skills and knowledge of international markets are often mentioned as key factors that make migrants an important resource for organizations (Al Ariss & Crowley-Henry, 2013). Migrants are also said to counter the effects of cultural differences (Tadesse & White, 2017). Yet, as indicated by Hernandez (2014), the themes of firm internationalization and migration have rarely been studied together. In this section, we add language to the equation and first review literature on migrant populations in firm internationalization and then turn to individual migrants.

# **Migrant Populations**

Economists explain international trade flows by, for example, applying gravity models which commonly use language as a variable. There are indications that a shared language promotes trade between two countries (e.g. Hutchinson, 2002; Light et al., 2002; Melitz, 2008; Melitz & Toubal, 2014), excluding cases where the two countries experience or have a history of political tensions (Hernandez, 2014). Although there is still limited evidence on the participation of migrants in trade (Sui et al., 2015), there is some indication that the number of migrants from a certain country is positively related to trade toward their country of origin (e.g. Lücke & Stöhr, 2018; Pennerstorfer, 2016). Hernandez (2014), on the other hand, found that migrant populations also promote internationalization of companies from their country of origin toward the country of residence; they offer both a readily available customer base and a valuable source of market information. Some firms even follow migrant populations and co-locate their operations abroad (Hernandez, 2014). The importance of migrants for bilateral trade grows if the local host population has a limited proficiency in the migrants' native language (Light et al., 2002; Lücke & Stöhr, 2018). A shared national identity, language, and code of ethics form the basis of the bond between migrants and their country of origin; these factors enhance communication and ultimately promote trust (Cai et al., 2021; Hernandez, 2014; Jentjens, 2021; Melitz & Toubal, 2014).

#### **Individual Migrants**

Simmonds and Smith (1968) suggest that migrants may act as change agents who encourage non-exporting companies to start exporting and put the international experience and knowledge of migrants to use. Referring to Simmonds and Smith (1968), Welch et al. (2001, p. 194) theorize that migrants can serve as language bridges and influence a company at two levels: "as key decision maker, a migrant may select markets on the basis of former country familiarity" or as an employee, a migrant may reinforce the attractiveness of a selected market.

The study by Sui et al. (2015) is exceptional as it is the only one that falls directly into the focus of our review (see Fig. 5.1). They studied how the native languages of migrant SME owners affect the internationalization process. In line with the study of Hurmerinta et al. (2015), they found that the native language skills of migrants shape the firm's internationalization strategy; migrant entrepreneurs preferred to target markets with which they had "a linguistic match" and tended to avoid markets with "a linguistic mismatch" (Sui et al., 2015, p. 811). Sui et al. (2015) argue that their findings support the liability-of-outsidership hypothesis (Johanson & Vahlne, 2009). Migrant SME owners preferred to focus on markets where their language abilities provided easier access to network insidership as the lack of access, that is, outsidership, would hamper internationalization. Moghaddam et al. (2018, p. 52) argue that "[i]t would be very difficult, if not impossible, for a nonimmigrant entrepreneur to gain a high level of dual social embeddedness in two countries without spending a considerable amount of time in both countries learning their culture, language, and social norms." This view is supported by Light et al. (2002), who found that the right language and cultural skills allowed migrants to find export opportunities in their country of origin that nonmigrants in the country of residence simply could not see.

Similar effects were also found in a study on migrants as employees. Jentjens (2021) (2021) studied the employability of German women who had migrated to France for family reasons, for example, had a French spouse. Her findings indicate that the women's fluency in German and cultural understanding and knowledge of their home country were highly beneficial in their international jobs, where these women needed to build networks between the French employing organization and stakeholders in Germany, and sometimes also deal with conflicts and misunderstandings. This highlights the importance of culture-sensitive communication skills that go beyond mere grammar and

vocabulary (Jentjens, 2021), a view that is shared by Liu et al. (2015), who studied the role of migrants in international inter-firm knowledge transfer.

To sum up, Pennerstorfer (2016) details five advantages that migrants offer to firm internationalization compared with non-migrants: (i) migrants know more about business opportunities in their countries of origin; (ii) they are more likely to be connected with business networks in their countries of origin and are, therefore, better able to find customers and partners; (iii) they have more knowledge about preferences in their home country market; (iv) they face lower communication barriers due to language skills, and finally, (v) they are more likely to have both formal and informal knowledge about their home country, for example, legal systems, institutions, local business practices, and knowledge on whom to trust. Taken together, the positive impact that migrants have on international operations toward their country of origin is referred to as the "immigrant effect" (Chung, 2004, p. 706).

#### **Discussion and Conclusion**

In this chapter, we conducted a review of 59 publications in the fields of IB, IE, IMP, and Economics from 1968 to 2019. Despite the scant attention devoted to migrants, language, and firm internationalization to date, research across these fields seems to agree that migrants offer important resources for internationalizing SMEs.

The findings of our review showed that the way researchers have addressed language has varied over time. References to language first appeared in connection with the concept of psychic distance and patterns of international expansion (Beckerman, 1956; Johanson & Vahlne, 1977). During the 1980s and 1990s, when internationalization research turned its attention to the role of individuals in inter-firm relationships, language gained more traction (Håkansson, 1982; Swift, 1991; Turnbull & Welham, 1985). In the late 1990s, scholars developed an interest in language as a management challenge for MNEs, and since then it has been increasingly treated as an intra-firm issue (Brannen et al., 2014). Interestingly, recent work has called for renewed attention to language in developing business relationships to advance exports (Alteren & Tudoran, 2019).

Our review provides several avenues for future research. Extant research on language and internationalization tends to look at individuals' *foreign* language skills—or the lack thereof—leaving the perspective of migrants' *native* language skills underexplored. Future research could consider both perspectives and dig deeper into the social aspects of language in firm

internationalization. While IB research commonly views language as a mechanical skill (Piekkari et al., 2022; Welch et al., 2001), our review reminds us that language skills should be complemented with cultural knowledge in order to advance internationalization (e.g., Hurmerinta et al., 2015; Knowles et al., 2006). This cultural knowledge includes communicative competence (Hymes, 1972), which means that, in addition to having knowledge of the vocabulary and grammar of the language in question, interlocutors must also follow the same socio-cultural norms of language use. This requires active and conscious learning of the socio-cultural norms of language use, such as the correct use of terms of address, in a foreign language, whereas the norms of a native language are learnt without much effort (Vandermeeren, 2005). In building and maintaining relationships, migrants using their native language to interact with customers have a clear advantage over non-native speakers and are better equipped to navigate various kinds of communicative contexts.

We acknowledge that our review treated migrants as a homogeneous group. However, this group is much more heterogeneous than what meets the eye. Future research could explore in more detail whether and under what circumstances migrants contribute to the internationalization of SMEs. The difference between first-generation migrants and their offspring may also be worth considering. Many migrants end up being self-employed and not all of them aspire to internationalize their businesses. However, based on our review, it would seem that the benefits for internationalizing firms of migrants' language skills are very similar regardless of whether the migrants are entrepreneurs or employees (e.g., Pennerstorfer, 2016), but this calls for further research.

In undertaking the review, we assumed that SMEs are willing to employ migrants in their internationalization process and that migrants are equally willing to use their native language skills and knowledge of their country of origin to advance this process. However, this may not always be the case (Kane & Levina, 2017). We invite future research to investigate the language-related roles of migrants among various stakeholders such as customers, suppliers, and co-workers. Companies may hire migrants proactively to initiate internationalization toward the migrant's country of origin, or reactively to maintain operations in the countries where the migrants are from (Hatzigeorgiou & Lodefalk, 2021). However, language-based advantages on the labor market are not static but dynamic; the competitive advantage of migrants that stems from their native language may start to fade as their skills in the host country language improve (Jentjens, 2021). Yet, we also suspect that some migrants may 'get stuck' in their language-related roles if they are unable to use or

demonstrate their other competences. Future research could investigate turning points in their careers.

According to our review, much of the previous research conceptualizes internationalization as an outward process. However, as Welch and Luostarinen (1993) have pointed out, this view neglects inward internationalization, such as imports. Outward and inward internationalization are linked in such a way that the effectiveness of one influences the success of the other. Future research could theorize migrants as links between these two aspects of internationalization (Welch & Luostarinen, 1993). Migrants are an integral part of both processes; they represent a form of inward internationalization through which a company acquires resources from abroad. But they also affect the outward internationalization of SMEs by recognizing business opportunities that connect the exporting SME with foreign customers and by building business networks in their countries of origin. Migrants possess the requisite cultural and linguistic sensitivity (e.g. Jentjens, 2021; Pennerstorfer, 2016) that allows them to take on boundary-spanning roles.

Finally, our review suggests that extant research places the language barrier outside the internationalizing SME, in-between the firm and its customers or intermediaries abroad. However, migrants also present a new internal situation for SMEs that may have originally been entirely monolingual. Management of language diversity and inclusion have already been studied in the context of MNEs (e.g., Lauring & Klitmøller, 2017; Tenzer et al., 2014). We believe the increasing migration will make language and cultural diversity a critical management challenge for SMEs as well. How they deal with this challenge is for future research to uncover.

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# **Appendix**

Aaby and Slater (1989) Al Ariss and Crowley-Henry (2013) Alrashidi (2019) Asasongtham and Wichadee (2014) Bilkey and Tesar (1977) Bilkey (1978)

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Brannen et al. (2014)
Burton and Schlegelmilch (1987)
Cai et al. (2021)
Chung (2004)
Clarke (1999)
Conway and Swift (2000)
Crick (1999)
Dichtl et al. (1990)
ELAN (2006)
Enderwick and Akoorie (1994)
Fernández-Ortiz and Lombardo (2009)
Fidrmuc and Fidrmuc (2016)
Foreman-Peck and Zhou (2015)
Håkansson (1982)
Hernandez (2014)
Hutchinson (2002)
Jentjens (2021)
Johnstone et al. (2018)
Knowles et al. (2006)
Kubíčková and Peprný (2011)
Lavric and Bäck (2009)
Leonidou and Katsikeas (2010)
Leonidou et al. (1998)
Leonidou (2004)
Light et al. (2002)
Liu et al. (2015)
Lücke and Stöhr (2018)
Marcella and Davies (2004)
Melitz and Toubal (2014)
Melitz (2008)
Moghaddam et al. (2018)
Mughan (1990)
Nemkova et al. (20120
Pennerstorfer (2016)
Piekkari et al. (2014)
Safari and Chetty (2019)
Schlegelmilch and Crook (1988)
Serra et al. (2012)
Simmonds and Smith (1968)
Stanley et al. (1990)
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Suárez-Ortega and Álamo-Vera (2005)
Sui et al. (2015)
Swift (1991)
Tadesse and White (2017)
Turnbull and Welham (1985)
Vandermeeren (1999)
Vandermeeren (2005)
Visser (1995)
Williams and Chaston (2004)
Hurmerinta et al. (2015)
Morgan (1997)
Rižnar and Rybnicek (2017)
Welch et al. (2001)
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