

Not knowing English good for business?



Japanese stop sign

The current global orthodoxy holds that learning English is good: individuals who know English are supposed to have an advantage in the job market and countries with large English-learning populations are supposed to be “developing” and “modernizing.” Critical sociolinguists have, of course, for a long time pointed out that it doesn’t quite work like that. They tend to argue that, while the spread of English has certainly made things easier for international elites, it has also served to exacerbate internal inequalities within many countries. However, even within the critical camp, I’ve never come across the argument that, in some circumstances, a competitive advantage may actually result from NOT knowing English. So, you can imagine my surprise when I discovered precisely this in the facts put forward in a recent article about the global spread of temping agencies (Coe, Johns, Ward, 2012).

The article investigates the global spread of transnational staffing corporations. With the international rise of neoliberal workplace relations and the widespread demise of regular work over the past decades, temping firms have become a lucrative market internationally. Globally, the temporary staffing market is worth many billions of dollars, with the USA, the UK and Japan being the three largest national markets. This huge market is firmly in the hands of a relatively small number of transnational corporations all of which originate in the USA or Western Europe. In 2008, the three largest players internationally were Adecco, Manpower and Randstad. Adecco, which originates in Switzerland, generated 30.2 billion USD in foreign revenue (97% of its total) by operating in 59 countries. Manpower, which originates in the USA, generated 19.6 billion USD in foreign revenue (91% of its total) by operating in 82 countries. Randstad, which originates in the Netherlands, generated 18.2 billion USD in foreign revenue (78% of its total) by operating in 50 countries. So, temporary staffing is big business; big global business.

In this context, the Japanese temporary staffing market (worth 14.7 billion USD in 2008) constitutes an anomaly: it is not dominated by transnational corporations but by national ones. Coe et al. investigate why the big global players have failed to significantly penetrate the world’s fastest-growing and third-most lucrative market. They argue that transnational staffing corporations have failed in Japan on three levels: gaining market entry; gaining business once established; and securing business on an ongoing basis. On each level, language

and culture played a role. In terms of gaining market entry, transnationals have no advantage if they start from scratch (“greenfield entry”) because national competitors are well-established. As one interviewee explained:

They might think that Japan is a very big market, but it is a not new market ... it is different here. This is not an English speaking country and it has a long history, and a very different culture.

Failing greenfield entry, acquisitions of domestic companies are the other key strategy to gain international market entry. Acquisitions strategies, too, haven’t been going well in an industry heavily dependent on services and communications. The success of a temping agency depends heavily on its good relationships with the companies they are sending workers to and with the actual workers on their books. As it turns out, expatriate managers, who are typically installed in acquisitions and direct subsidiaries, simply aren’t as good at developing and maintaining these relationships than their Japanese counterparts. Most clients of a temping agency in Japan prefer to do business with a Japanese person.

The way multinational staffing corporations thrive internationally is by entering into global contracts with other multinational corporations (e.g., Staffing Company A has a global contract with Hospitality Company B to supply all their cleaning staff globally). However, that strategy does not work well in the Japanese market, either. Apart from the fact that there are relatively fewer transnational corporations operating in Japan to begin with, even if a global contract is in place, the lack of local networks meant that transnational companies often could not actually fulfill their global contract in Japan, as another interviewee explains:

There is a problem with global contracts because Japan is not an English-speaking country. So, when the foreign company A has a global contract with Manpower ... for instance Pasona [=2nd largest national temping agency] has been doing the staffing for company A, but because of the global contract they have to switch to Manpower, but Manpower cannot find the 200 skilled English speakers that they need. So, a company might have a global contract, but they might not be able to switch from Pasona to Manpower.

In an industry such as temporary staffing, where the “service” (i.e. supply of workers) is “produced” and “consumed” locally, it is hard to see what transnational companies can actually add in value to the ways in which the service is rendered. On the contrary, they lack a crucial ingredient that their Japanese competitors have: an emphasis on building long-term relationships and trust between clients and companies.

The authors conclude that, as Japanese clients value long-term relationships and trust over universal branding and globally uniform business practices, there are obvious limits to the expansion potential of multinational corporations. Looking at it differently, NOT speaking English actually grants national operators in the temporary staffing industry in the Japanese market with a competitive edge. I wonder whether it wouldn’t be possible to discover many similar cases from around the world if we just started to look beyond the global hype and to undertake actual cost-benefit analyses of the global spread of English?



NEIL M. COE, JENNIFER JOHNS AND KEVIN WARD (2012). Limits to expansion: transnational corporations and territorial embeddedness in the Japanese temporary staffing market *Global Networks*, 12 (1), 1-26