

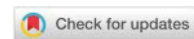
LANGUAGE PROFICIENCY AS THE KEY TO UNLOCKING GLOBAL BUSINESS SUCCESS

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Abstract: In international trade, language proficiency has increasingly been recognised as an important asset that facilitates global business success. This article analyses the significance of linguistic competence across multiple dimensions of international business, including communication, negotiation, and the establishment of sustainable, trust-based relationships. In competitive, culturally diverse markets, fluency in foreign languages enables firms to reduce misunderstandings, increase clarity in complex interactions, and strengthen cooperation with international partners. The article focuses on the effect of language proficiency on international negotiations. Research demonstrates that negotiators with a strong command of their counterparts' language are more likely to achieve advantageous outcomes, such as improved contractual terms, expedited agreements, and reduced conflict. Language fluency enhances the interpretation of subtle meanings, cultural nuances, and nonverbal signals, thereby increasing credibility and mutual understanding. These theoretical perspectives are supported by case studies that illustrate how linguistic competence contributes to advantageous deals, smoother negotiations, and robust long-term partnerships. The paper also presents findings from an empirical study involving 63 employees from 12 Serbian export-oriented companies across multiple sectors. The research examines the frequency and context of foreign-language use, the availability of corporate language training, and employees' perceptions of how language skills affect international business performance. Findings show that foreign language proficiency, particularly in English, is critical for international communication, negotiation, and customer relationship management, while systematic investment in language training remains inconsistent. The study emphasises the strategic value of language proficiency in driving export success and international competitiveness, offering practical implications for managers, educators, and policymakers. By encouraging trust and cultural understanding, language proficiency supports business relationships that extend beyond transactional exchanges and underpin enduring international partnerships. Organizations that invest in employees' linguistic competence gain a competitive advantage by accessing new markets and leveraging emerging business opportunities.

Keywords: *Language proficiency, language barriers, global business success, business communication, negotiating skills.*

Field: Social Sciences

1. INTRODUCTION

In a globalised, interconnected business environment, language proficiency has evolved from a supplementary skill to a core strategic capability for companies engaged in international trade. As firms expand beyond national borders and operate in culturally and linguistically diverse markets, effective communication becomes a critical determinant of competitiveness, negotiation outcomes, and long-term business sustainability. Therefore, fluency in foreign languages is essential for navigating the difficulties of global business interactions.

Language proficiency is fundamental for facilitating clear and productive communication with international partners, reducing misunderstandings, and fostering mutual trust. Beyond its functional value, language competence enables a greater understanding of cultural norms, values, and business practices, which is particularly significant in cross-border negotiations and relationship development. International studies consistently show that firms and individuals with strong language skills obtain superior negotiation outcomes, higher customer satisfaction, and stronger international partnerships. Negotiators who communicate in their counterparts' native language are more likely to establish rapport, interpret subtle cues, and respond effectively to complex negotiation dynamics.

While extensive international literature examines the role of language in global business, most research focuses on large economies and multinational corporations. Transition economies, such as Serbia, have received comparatively less scholarly attention, despite recent growth in export-oriented business activity. As Serbian companies increase their participation in international markets,

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understanding the perception, utilization, and strategic management of language proficiency becomes increasingly relevant. The export orientation of Serbian firms raises critical questions about the role of linguistic competence in international business success and the extent to which firms systematically invest in language development as a strategic resource.

The primary objective of this paper is to examine language proficiency as a key driver of global business success, with particular emphasis on its impact on communication effectiveness, negotiation performance, and the development of sustainable business relationships. By integrating a thorough theoretical overview, illustrative case studies, and empirical evidence from Serbian export-oriented companies, the study demonstrates the strategic value of language skills in international trade. The research seeks to contribute to the literature and provide actionable insights for managers, educators, and policymakers aiming to enhance international competitiveness and export performance.

2. MATERIALS AND METHODS

Contemporary organisations face increasing operational and employment-related risks due to globalisation, technological change, and market instability. These conditions require managers to possess strong strategic and interpersonal competencies, including advanced communication skills, which are essential for managing uncertainty and improving organisational performance (Bešić et al., 2023). This study adopts a mixed-methods research design that integrates qualitative and quantitative approaches to examine the strategic role of language proficiency in global business success. The research approach is grounded in established practices in international business, negotiation studies, and language management, which emphasise integrating theoretical perspectives with empirical evidence (Tenzer et al., 2017; Harzing & Tenzer, 2024).

The research is primarily based on secondary data sources, including peer-reviewed academic literature, international reports, and empirical studies on language proficiency, business communication, negotiation effectiveness, and cross-cultural management. Key theoretical foundations were drawn from studies examining the role of language in international negotiations and organizational performance (Elfenbein et al., 2008; Pérez-Yus et al., 2020), as well as research addressing language barriers and strategic language management in multinational and export-oriented firms (Tenzer et al., 2017; Harzing & Tenzer, 2024).

In addition, illustrative case studies of international companies (e.g., Starbucks, HSBC, Airbnb, IKEA, Google, Netflix) were analysed using publicly available corporate reports and previously published academic and professional analyses. These cases were selected for their relevance in showing both the positive and negative business outcomes associated with language proficiency and language-related mismanagement.

To complement the theoretical and case-based analysis, this paper incorporates empirical data collected through a standardised questionnaire administered to employees in Serbian export-oriented companies. The empirical component follows a methodology commonly used in socio-economic and business research, based on the analysis of secondary and survey data (Janković et al., 2025). It is adapted here to the context of language proficiency and international business operations.

The empirical study was conducted on a sample of 63 employees from 12 export-oriented companies in Serbia, selected across sectors including manufacturing, information technology, logistics, and agribusiness. Data were collected using an online questionnaire comprising closed-ended questions (multiple-choice and Likert-scale items) and a limited number of open-ended questions designed to capture qualitative responses. The questionnaire examined the frequency and aspects of foreign-language use, the availability of corporate language training, and respondents' perceptions of how language skills affect negotiation outcomes, customer satisfaction, and overall business performance.

The data analysis implemented descriptive statistical methods to identify dominant patterns and trends in language use and training practices, following approaches commonly used in applied economic and business research (OECD, 2020; Janković et al., 2025). The results were presented as percentage distributions and graphs to facilitate interpretation. In addition, a comparative analytical approach was applied to contrast theoretical findings alongside empirical results and case study evidence.

Given that the research relies on secondary sources and self-reported survey data, certain limitations have to be acknowledged. These include the relatively small sample size, the regional focus on Serbian export-oriented companies, and the subjective aspect of respondents' perceptions. Nevertheless, triangulating theoretical literature, case studies, and empirical findings increases the reliability and validity of the results. It enables meaningful conclusions about the essential value of language proficiency in global business contexts.

3. RESULTS

The empirical results of this study clearly indicate that foreign language proficiency plays a central role in the international business activities of Serbian export-oriented companies. The findings show that the use of foreign languages is deeply embedded in daily professional tasks, particularly in communication with international clients, partners, and suppliers. A significant proportion of respondents (76%) reported using at least one foreign language daily, pointing to the extent to which export operations rely on effective multilingual communication. English emerged as the predominant working language, used by the vast majority of respondents (91%). In contrast, other languages such as German, Russian, and French were also present, indicating the structure of Serbia's foreign trade and its key export markets.

The results further show that foreign language use is most intensive in high-stakes business situations, including international negotiations, contractual communication, and customer relations. Respondents emphasised that the ability to communicate fluently in a foreign language facilitated clearer understanding, reduced misinterpretations, and improved overall efficiency in cross-border interactions. These results show that language proficiency is not restricted to a single function within the company, but rather represents a transversal competence essential across multiple stages of the international business process.

Regarding organisational support, the findings show that although most companies recognise the importance of language skills, systematic investment in language development remains limited. Although 65% of respondents stated that their company offers language training, only 38% had participated in it in the previous year. This difference points to a gap between the acknowledged strategic importance of language proficiency and its practical integration into human resource development policies.

The perceived impact of language proficiency on business outcomes was strongly positive. More than 82% of respondents agreed that language skills had a direct and favourable influence on international negotiation outcomes. Participants reported that communicating in a partner's native language contributed to faster agreement, greater trust, and more stable long-term business relationships. Open-ended responses further confirmed that language proficiency often played a decisive role in successfully closing deals and resolving misunderstandings. Overall, the results show that language proficiency functions as an important asset that enhances negotiation effectiveness, strengthens business relationships, and supports the international competitiveness of export-oriented companies.

Table 1. Summary of Empirical Findings on Language Proficiency

Indicator	Result
Daily use of at least one foreign language	76% of respondents
Dominant working language	English (91%)
Other frequently used languages	German (18%), Russian (14%), French (11%)
Companies offering language training	65%
Employees who attended language training in the last 12 months	38%
Respondents perceive a positive impact of language skills on negotiations	82%
Main perceived benefits	Improved trust, faster agreement, reduced misunderstandings

Source: Authors' survey (2025)

The key empirical findings are summarised in Table 1, which provides an overview of the frequency of foreign language use, availability of language training, and the perceived effect of language proficiency on international business outcomes.

4. DISCUSSION

The results presented in the previous section confirm and further substantiate the growing body of international research stressing the strategic importance of language proficiency in global business. The high frequency of foreign language use reported by employees in Serbian export-oriented companies indicates that multilingual communication is not an occasional requirement but a structural component of daily international business operations. This finding corresponds to earlier studies that identify language

proficiency as a key enabler of effective coordination, negotiation, and relationship management in cross-border business contexts (Tenzer et al., 2017; Harzing & Tenzer, 2024).

The dominance of English as the primary working language indicates its role as the lingua franca of international business, a trend consistently observed in global entrepreneurship and export-oriented activities (Siddiqui et al., 2023). At the same time, the presence of other foreign languages such as German, Russian, and French suggests that companies operating in international markets increasingly require multilingual capabilities tailored to specific trading partners and regional markets. This supports the argument that reliance on a single global language may be insufficient to fully realise the potential of international business, particularly in negotiation-intensive, relationship-driven environments.

One of the most important findings of this study concerns the perceived impact of language proficiency on negotiation outcomes. The strong consensus among respondents that language skills contribute to more successful negotiations corroborates earlier empirical evidence that negotiators who communicate in their counterparts' language achieve more favourable outcomes and build stronger interpersonal trust (Elfenbein et al., 2008; Pérez-Yus et al., 2020). Language proficiency enables negotiators to interpret contextual meanings, cultural features, and implicit signals more effectively, consequently reducing uncertainty and enhancing mutual understanding (Choudhury, 2023). This reinforces the view that language competence functions not merely as a technical skill but as an integral element of negotiation strategy (Ferraris et al., 2022; Tibrewal et al., 2024). Despite the recognised importance of language skills, the findings show a notable gap between awareness and organisational practice. Although most companies offer some form of language training, participation rates remain relatively low, indicating that language development is often treated as optional or as an individual responsibility rather than as a systematically managed strategic resource. This observation is consistent with previous research indicating that many firms underestimate the long-term benefits of structured language management and fail to integrate linguistic competence into human resource and export strategies fully (Aston Business School & ATC, 2021; Harzing & Tenzer, 2024).

The results also point out the role of language proficiency in strengthening long-term business relationships. Respondents emphasised that communicating in a partner's native language fosters trust, accelerates decision-making, and facilitates conflict resolution. These findings echo the broader literature on cross-cultural business communication, which emphasises that trust and relationships are critical foundations for sustainable international partnerships (Tenzer et al., 2017). In this sense, language proficiency goes beyond transactional efficiency and contributes to the creation of durable relational capital.

From a broader perspective, the findings are particularly relevant for transition economies such as Serbia, where export growth increasingly depends on small and medium-sized enterprises. In such situations, language proficiency can serve as a cost-effective competitive advantage, enabling firms to overcome entry barriers, differentiate themselves in foreign markets, and enhance export performance. The results suggest that greater institutional and organisational support for language training could significantly improve international competitiveness and long-term business success.

5. CONCLUSION

This paper has examined the role of language proficiency as a key determinant of success in international business, with particular emphasis on its impact on communication effectiveness, negotiation outcomes, and the development of long-term business relationships. The findings confirm that foreign language skills represent far more than a supportive operational competence; they function as a strategic asset that enhances international competitiveness and export performance.

The empirical results from export-oriented companies in Serbia show that foreign languages, especially English, are widely used in daily business activities and play a critical role in international negotiations and partner communication. A substantial majority of respondents perceived language proficiency as a decisive factor in building trust, facilitating faster agreement, and diminishing misunderstandings in cross-border interactions. The results are consistent with existing international research that emphasises the importance of linguistic competence in negotiation strategy, cross-cultural understanding, and relationship-based business models.

Despite the recognised importance of language skills, the study also reveals a gap between awareness and systematic organisational investment in language development. While many companies provide some form of language training, participation rates remain limited, suggesting that language proficiency is not yet fully integrated into strategic human resource management and export planning. This indicates missed opportunities to strengthen international performance through relatively low-cost,

high-impact investments in linguistic and intercultural competencies.

The results of this study are particularly relevant for transition economies such as Serbia, where export growth increasingly depends on firms' ability to compete in linguistically and culturally diverse markets. Strengthening employees' language proficiency can help overcome market-entry barriers, improve negotiation efficiency, and foster sustainable international partnerships.

In conclusion, the paper argues that language proficiency should be recognised and managed as a strategic resource in global business. Systematic investment in language training and cross-cultural education can significantly improve negotiation effectiveness, relationship-building, and long-term competitiveness. Future research could extend this study by using larger samples, longitudinal designs, or qualitative methods to explore further the dynamic role of language proficiency in international business success.

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