

## ENGLISH LANGUAGE PROFICIENCY: THE ONLY ESSENTIAL COMPONENT FOR SUCCESSFUL STARTUPS?

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**Abstract:** Start-up is the buzz word of the present day's business corridors. But the success stories are very few. For this slow and negligible success rate, who do we blame? Is it the Government, educational institutions, supporting agencies, lack of innovation or a failed communication that is responsible for the failure? Since the number of failures is larger than successful ventures, it is important to understand the possible reasons for failure than to find markers for sure shot success. Besides other reasons for the negligible growth rate of startups, failed communication is one major cause. The paper delves into the role of effective communication right from seed stage to steady stage. For effective communication is it important to have English Language Proficiency? Some strategists are of the view that one can't budge an iota without the proficiency in the English language. On the other hand, certain scholars vouch for the effectiveness of regional languages in the digital age. As per FICCI KMPG report 88 percent Indians are non English Speaking! Does this mean that we can ignore English language completely? With these multifarious voices creating an unbearable cacophony, we need to understand the dynamics of the Indian market and the communicative language strategies that can facilitate the nouveau entrepreneur's startups and make the venture successful. The paper looks into projected efficacy of English language usage and its workability for the present day startups; up to which stage can one manage with a regional language and at which stage of the start-up journey does the English language proficiency become an essential component for success.

**Key words:** Start-ups, Communicative Language Strategies, English Language Proficiency, Multilingualism

### INTRODUCTION

Startups have become the buzz word with the young Indian entrepreneurs. What exactly is a startup? A startup is a relatively young company that has just begun to develop. Startups are typically small and at the start financed and managed by a few founders or a single individual. According to Ries (2011), Startup is a human institution designed to create new products and services under conditions of extreme uncertainty. Dave McClure, an entrepreneur and angel investor who founded the business accelerator 500 Startups, said: A startup is a company that is confused about what its product is, who its customers are and how to make money. Thus the startups are the companies that offer a product or service that is unique or innovative in one way or the other and is not

there elsewhere in the market. Startups may be provided financial assistance by traditional small business loans from banks or credit unions, by government sponsored Small Business Administration loans from local banks, or by grants from nonprofit organizations and state governments. Established incubators can provide startups with both capital and guidance, while friends and family may also provide loans. There are a lot of studies available on how startups can be turned into highly successful tax-paying companies. But despite a huge corpus of literature available in the form of motivational, organizational or entrepreneurial wisdom, 80 percent of the startups in India have failed miserably.

What makes a startup successful or fail in given circumstances. There are some theories which could be

implicitly considered as “startup theories” in the existing literature: (i) organization, (ii) management, and (iii) entrepreneurship. (Salamzadeh). “The organizational approach argues the conditions under which an organization is planned and the processes followed in its initial development [phase, which] have important consequences on its structure and performance in later life” Van de Ven et al. (1984). As per Salamzadeh, some of the main management theories used in startup research are as follows: strategic management (e.g. see, Pettigrew et al., 2001), small business governance (e.g. see, Ritchie & Richardson, 2000), human resource management (e.g. see, Miles & Rosenberg, 1983), team management (e.g. see, Kaiser & Müller, 2013), complexity theory (e.g. see & Lan, 2006), etc. However these theories are loosely connected to startup research and are mostly considering startups as their samples or cases. As Salamzadeh further (2015b) argues, entrepreneurship theories on startups fall into two categories: (i) macro level theories (e.g. see, Schumpeter’s theory (Schumpeter, 1934), population ecology (Hannan and Freeman, 1977)), and (ii) micro and meso level theories (see e.g. Vesper, 1990; Lim et al., 2008; Bhaves, 1994; Veciana, 1988; Deakins and Whittam, 2000; Núñez, 2007; Serarols, 2008; Samuelsson and Davidsson, 2009). This category of theories is more focused on startups. This might be due to several reasons. First, entrepreneurship deals with idea, creativity, innovation, new product or service development, opportunity, and the like. Thus, entrepreneurship theories are more prone to be considered in the early stages of any business or organization. These concepts are integral parts of a startup (Radovic-Markovic & Salamzadeh, 2012).

However, all these theories take into cognizance many other aspects of business but they do not primarily deal with ability to communicate in English language as one of the factors that may or may not lead them to a successful venture. In India, English language proficiency is projected as the main component for achieving success in any venture and in particular in business. There has been a growing projection by the news channels like Reuters and CNN that English language is picking up as the language of International business and language for International business. Even Harvard Business Review carried a paper on global business being carried out in English that almost declared English as the global language of business. As Neely opines in her book,

English is the highest expanding language in human history and now comprises over 1.75 billion speakers.

Now the question arises that in the given circumstances, how much start ups need to augment their English language ability skills? A close understanding of the process or steps of Start-ups will make us aware of the level of English language required for success. Welch, Welch and Pekkeri in their book, *International Studies of Management and Organization*, opine that language pervades through practically every facet of international business. It formulates the very essence of international business. There aren’t many studies available on the issue but Jhonstone has done a limited study to map the importance of English Language learning for startups.

Let us try to understand the English Language use and its importance in relation to three stages of Startups defined by Salamzadeh:

**Bootstrapping stage:** In this very early stage, the entrepreneur himself/herself initiates a set of activities to turn his/her idea into a profitable business. However, he/she considers a higher risk or even uncertainty level, continues working on the new venture idea, makes a team, uses personal funds, and asks family members and friends for their investment in the idea. Language skills allow communication, exchange of ideas and information sharing which have an effect on confidence, affinity and legality of the dealing parties. Such skills, therefore, can boost alliance over time and space by involving stakeholders. Jhonstone quotes Scott in support of English language requirement for understanding of and creating a rapport with foreign markets.

Bootstrapping, which is sometimes defined as highly creative ways of acquiring the use of resources without borrowing (Freear et al., 2002) The purpose of this stage is to position the venture for growth by demonstrating product feasibility, cash management capability, team building and management, and customer acceptance (Brush et. al., 2006). Going by the activities that an entrepreneur performs at this stage effective communication definitely has a role to play, however, the importance of *Lingua Franca*. As per Jhonstone, language ability is an essential source for success of any start up and continuation of maximization of the profits beyond economic terms. Language proficiency is directly associated with education. In particular,

language construction is the objet d'art of domestic education systems which also alongside it's development allows the growth of education. Therefore, language and education equally strengthen one another whether public or private, independently acquired or taught. Now what is noteworthy here is that Jhonstone is primarily referring to English Language ability in the context of foreign markets. While communicating with family at this stage does not require language proficiency in a foreign language, however, effective language skills and clarity of ideas definitely play a role. Language ability coupled with education and integrity of character is definitely required but at this stage English Language does not come handy.

As per Jhonstone's study in case of the bulk of the start-ups, language emerges to be foundation of competitive benefit, yet a gamut exists from requirement to unresponsiveness. Therefore, it seems that multilingual start-up companies achieve more international success than bilingual or monolingual ones.

It becomes evident that in the modern times the start ups have to deal with publics at different platforms. Since the startups aim to operate at different levels the language skills also need to match these levels. Most of the start-ups aim to go global, generally based online, operated nationally or internationally and orientated towards private consumer markets. Multilingualism is the key to success at this stage. In order to understand and communicate with global markets the start up entrepreneurs must have a good knowledge and proficiency of a foreign language, since English is the lingua franca, the proficiency in English is helpful. But in order to deal with the local fund raising that includes family and friends good communication skills in one's native language are essential.

Seed stage: After the bootstrapping stage, the founder enters into a new stage, which is the seed stage 1. This stage is characterized by team work, prototype development, entry into market, valuation of the venture, seeking for support mechanisms such as accelerators and incubators, and average investments to grow the startup. Frankly speaking, for most startups the seed stage is a mess and is construed as highly uncertain (Salamzadeh, 2015 a). Thus, founder seeks for support mechanisms such as accelerators, incubators, small business development centers, and hatcheries to

accelerate the process. A great number of startups fail in this stage. Since they could not find support mechanisms and in best case they would turn to a low profit company with a low rate of success. On the other hand, those who succeed in receiving support would have a higher chance of becoming profitable companies. It goes without saying that valuation is normally done at the end of this stage (Salamzadeh). At this stage language communication skills play a vital role.

Language can be a major hurdle on everyday basis when stakeholders that speak diverse languages are put in front of each other in a must communicate situation, as well as when business partners choose to exchange information in the standardized company language rather than the local language. In fact, imperfect language skills can also turn away employees from building associations that could have been cultivated with increased skill in the company language. However, language can also be a catalyst of a good communication flow. Persons with superior language skills have better chances for cross-unit communication, and cultivating relationships with other stakeholders more easily.

Johnstone's interviewees that included international startups from Finland, Sweden, and Portugal, has definite remarks to make on the importance of gaining specific language skills for enhancing business, or for creating successful ventures. "The interviewees remain divided in the consideration of language as a competitive advantage. For example, the Portuguese unanimously agree that language 'is a huge advantage, especially when [...] talking about global markets' (Company D), although the Finns only generally agree—the exception being Company B that has a multinational team and already feels at an advantage. Meanwhile, two of the three Swedes remain conflicted stating: 'I don't see it as a competitive advantage. It is a must of doing business, that's it' (Company I) and '[It] depends on your ambition I would say' (Company G). This perhaps asserts that the Swedes take their language skills for granted in the internationalisation process and also infers an unwillingness to adopt long-term linguistic strategies for new market penetration. Nevertheless, all companies agree that without language skills, new international businesses would fail, to which Company F extends: 'above all start-ups like us'. Here, the Swedes somewhat contradict themselves by not assigning such ability to competitive advantage. Nevertheless, Company D

(Portugal) outlines the role of context as a contributing factor which links the micro and macro perspectives, consistent with the company's domestic—rather than international—outlook.” (Jhonstone)

Creation stage: Creation stage occurs when the company sells its products, enters into market, and hires first employees (Salamzadeh, 2015). This is the real action stage, all that has been cooked needs to be served on the table here. At this stage communication matters a lot. Language is inevitably connected with human resource management practices such as staff induction, selection and training.

Product launching and entering into market requires best of the communication abilities. But communication in which language is determined largely by the context into which one is moving. “...it is not always necessary for firms to need such advanced language skills as context can constrain action and inform effectiveness as the normalisation of language ability is contextually embedded.” (Jhonstone) As per him, language and communication are the most important factors required to achieve success. It is through language that we introduce about our company and showcase our products. And, if we are unable to communicate properly through language we will definitely fail. Our daily operations are conditioned by the quality of communications. This infers that insufficient communication is disadvantageous for business legitimacy. If communication is on an initial or introductory level per se, it can compromise the corporate image of the start-up and effect business potential.

But we have another perspective from an Indian; Nitin Jha a successful Startup entrepreneur was asked “Is it necessary to be good in English speaking to be a successful CEO or entrepreneur?” His reply makes it clear, “Glad you asked that. There was a time when I was completely new to entrepreneurship, startups, forming a company etc. And my English was pathetic. I used to speak sometime people won't understand. I thought of improving my English first and then go for startup. But someone told me that the journey of the startup teaches you everything. I started my work. I started meeting with suppliers, customers, investors and other people I wanted them into my business. As the time went, my English improved a lot and other than that I can talk to anyone today. I joined professional

network marketing industry 4 months back and that has made me what I always wanted. People now take me seriously. They don't ask my age when I have a meeting. They want to have good relation with me. Because now they know the value. The skills I got in PNM industry, u will never get in any other industry in the world. Today, I can sit with anyone. Now, when I work on my startup, I know how to make things right. In short, your value ultimately increases when you possess short of skills that other don't have. As time runs, you become a better man.”

As per Neely as quoted by Sotorozum in her essay, CEO Hiroshi Mikitani in the year 2010 declared all of a sudden that the whole company would be switching their corporate language over to English. All the employees were given time of two financial years to clear an English ability test or they could be demoted. At the time, only 7000 of Rakuten's employees who constituted approximately 10 percent of the total employees, spoke English. As Halran saw it, when Mikitani announced his “Englishnization” plan, Takanobu Ito, CEO of Honda, hailed the plan as preposterous taking into account the fact that the majority of the employees were Japanese.

But there is an altogether different perspective as far as Indian Startups are concerned. As per Rustam Singh, the Sub-editor of Entrepreneur.com, the market place at a regional level works on several different parameters as compared to the markets operating at National or International levels. It is imperative to comprehend the mechanics of the regional markets at the micro level and then try and understand from the bottom rising upscale to a macro national level. The decisions of various Franchises to replicate the tried and tested international methods of reaching out to the customer base often prove fatal for such enterprises. Regional markets behave in a understand completely as to how regional marketing works in order to make the best policy. Even in the digital web space, the regional markets have a very different blueprint as compared to the local markets. Therefore, the strategy applied to one model cannot be replicated for the other model as the business enterprises operating at different levels in terms of space and publics are organically and intrinsically diverse in nature. In a recent summary of surveys conducted on digital marketing regionally, the following vital bits of information were revealed: Regional markets behave in a different fashion, “... they already have their own



trusted brands, methods of selling, time tested trust and a customer base which is plainly too loyal to give up the comfort of familiarity” (Rustom). Therefore, it is imperative to realize the basis of such loyalty and understand completely as to how regional marketing works in order to make the best policy.

Despite the fact that importance of English language for the digital portals is being propagated with a lot of support but the stats project a different picture, as Rustom Singh states, a majority part, customers and consumers in India rely on local languages. Almost 60% of users in urban India access online content in Hindi, followed by Tamil and Marathi. 88% Indians are non-English speakers (FICCI KPMG report) and 127 Million Indians consume content in local languages (IAMA + IMRB Report). Rustom in his article highlights that Hindi remains the most popular regional language, followed by Bengali, Telugu, Marathi and finally Urdu. 41% of the Indian population using Hindi is a very large statistic that’s difficult to ignore for entrepreneurs and start-ups alike.

While Rustom agrees that the internet totally runs on English. This barely makes up a surface truth, the basic purpose of any language is effective communication. So while English remains the lingua franca and endeavors should, in speculation, be made by each one to adopt it for the sake of ease, people do have a lot of religious, cultural, ethnic, national and self-pride connected with their language and this change takes time.

Article 5 of UNESCO’s Universal Declaration on Cultural Diversity States: “All persons should therefore be able to express themselves and create and disseminate their work in the language of their choice, and particularly in their mother tongue; all persons should be entitled to quality education and training that fully respect their cultural identity. (Grenoble A. Lenore and Whaley J. Lindsay, 2006 p 6)

As per Rustom’s study too, a large number of people believed that their local language facilitated their communication by giving them more confidence in terms of being grammatically correct in their communication with others. Facebook has the maximum usage of regional language online amongst other social networks. Diverse ethnic groups, communities, and nations with distinctive culture and languages are looking up for recognition of their growing number online and

legitimately create a demand for regional language usage. Countries like India, Mexico, Indonesia and regions in Africa are seeing a fast augmentation in the number of Facebook users.

Rustom concludes his article by saying that “Trend of the local language being used by the Indians is growing at a consistent rate keeping pace with the increasing Internet users of India. This is important for those establishing their start-ups right now or in the near future to consider”

English language proficiency is a must, but it is not the only requirement. What is required is the multilingual approach, but before language proficiency comes the thought process, the ideation, the conceptualization, the analytical ability, the risk taking capacity, entrepreneurial acumen and finally to present it all, to dish it out, to clothe it all, one needs the embellishment of good language skills, and not only good English language skills but good multi lingual skills.

As per Jhonstone’s study, which is limited in many ways, “although English is considered by all companies (that he undertook for his study) as the language of most important interest for international business, isolated trends are apparent.” The Finns project Russian and Mandarin languages bearing great importance in future, whereas the Portuguese look up to Brazilian-Portuguese and Mandarin as the leading languages in future trends, and the Swedes point towards Spanish has holding the beacon. These trends however, point to prospective foreign market selection as the repetitive process of making strategies by incorporating core language skills considered to be indispensable to break through such budding markets. They also reflect the historical ties. Undeniably, this could either be the outcome of previous ties in the broad sense of past national associations that kindle legitimizing effects and professed faith or the supposed corporate efficacy of future ties based on mutual economic and social concerns for up-and-coming markets. These apparent preferences may be an indication of standardizing fundamental context-bound conjectures on future markets which can find a relation on the basis of geography, history and sector. What is reflected in the study based on Finnish, Portugese and Swede entrepreneurs in the International scenario, might also be applicable to the startups happening in the other parts of the world, though Jhonstone definitely warns of generalizations, yet, the conclusions and inferences

drawn seem logical and rational. In the times of changing power structures, the inter-state relations and other socio-political factors will definitely leave an impact on language of business communication. As Jhonstone puts it, "All business is founded upon relationships whether internal or external, thus the extent to which the start-up communicates in its customers' lingua franca is likely to improve organisational trust and rapport, as well as build legitimacy in the eyes of the 'other.'" Language has a direct impact on management practices; it is not characterized by a flaccid effect by which information is disseminated. Language use in startups is an appropriate example of a situation where "The medium is the message," meaning hereby that the language used to communicate a message can considerably alter the intended content of the message. Not only can language variations result in semantic mix-ups, but what message gets communicated to whom can be directly affected by the language skills of employees and employers. In the growing global trends a single language proficiency approach will not help the startups, there has to be a Multi-lingual approach. The startup must cater to the needs of a pluralistic society, with multi-ethnic voices and trends.

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