

2 Theories on Language, Value, Economics and Policy

This chapter aims to provide the study with a solid theoretical framework. The first section of will introduce the concept of human capital theory, which is the most prominent framework in research on the link between economics and education. In the second section, the notion of language as capital will be introduced and explained from an economic angle. The third stream of literature relevant to this study originates from the sociological conceptualisations of linguistic capital, forwarded most prominently by Pierre Bourdieu. It will, firstly, introduce Bourdieu's conceptual triad and his work on linguistic capital before some of the similarities and differences between the economic and the sociological understanding are pointed out. In a fourth step, the chapter will review the relevant literature from business and management studies. In this context, the psychic distance theory and its language components are very important for the understanding of the importance of language skills in international business activities. The fifth and final section of this chapter will provide a theoretical foundation to language policy issues. It reviews some of the most salient aspects in general language and education policy making and, more importantly, it will serve as a terminological basis for the discussion of economic implications for language education policy debate.

2.1 Human Capital Theory – Linking Economics to Education

The connection between economics and education can be analysed on many different levels. Research not only focuses on the resource allocation of governments to educational institutions and investment in the implementation of certain policies, but also takes into account economic considerations of families, certain groups of students and individuals (McEwan and Brewer 2010, p. v). For most of these economic analyses of education, human capital theory has proven to be the most feasible basis for carrying out research in this field (Eide and Showalter 2010, Franz 2006, Grin 2002). Therefore, an in-depth overview of the origin, development, the validity and application to present-day contexts of human capital theory shall be set out in this chapter.

2.1.1 History of Human Capital Theory

Human capital is seen as “the intrinsic productive capabilities of human beings” (Eide and Showalter 2010, p. 27). Education or training in general can increase these capabilities (ibid.). The first author to touch on such a theory was Adam Smith (1776) who argued that while the acquisition of useful abilities cost a certain expense to the acquirer, they do nonetheless become capital which is fixed in himself. Furthermore, not only will the acquirer benefit from these skills, but so will the entire society. Almost a century and a half later, Alfred Marshall acknowledges families’ and individuals’ investment in human capital in his *Principles of Economics* (Marshall 1920).

The real beginning of human capital theory, as it is now commonly understood, appeared in the 1950s and 1960s. Most authors (e.g. Brewer et al. 2010, Chiswick et al. 2007, Eide and Showalter 2010, Franz 2006) argue that three particular publications of that period shaped human capital theory work to what it is nowadays. The first one of those three was Jacob Mincer’s (1958) article on the investment in human capital and personal income distribution. Following this, Theodore Schultz gave rise to the field of the economics of education through his monograph *The Economic Value of Education* (1963). The third frequently cited contribution is Gary Becker’s *Human Capital: A Theoretical and Empirical Analysis* (1964). Following on from the theories of those three contributions, human capital theory has formed “the basis for most of the empirical work in the economics of education” (Eide and Showalter 2010, p. 31).

2.1.2 Alternative Models

This section will provide a brief overview of the array of alternative models which have emerged in the 20th century before returning to human capital theory. It will draw upon three concepts which explain similar phenomena through a slightly different approach.

The first diverging concept is the Solow-Swan model (Solow 1956), developed by Robert Merton Solow and Trevor Swan. The model constitutes the basis of the Neoclassical growth model, which is nowadays a widespread framework to explain positive and negative growth in economics. At its basis, however, the Solow-Swan model was primarily concerned with the elements of labour, capital and technology and their role in economics. Solow suggested that an economy can only grow through technological progress (Solow 1956). This implies that individuals within a society should receive training and education with a particular focus on science and technology, unlike the human capital model which, at its basis, does not differentiate between different kinds of training and education.

The second model which suggests divergent explanations of the relationship between education and its rates of return is the signalling model. Its main difference from human capital theory is “that individual workers’ innate productivity levels are identified by their years of schooling rather than enhanced by them” (Page 2010, p. 33). The key point is that education is a credential by which an employee is measured. Due to this credential the employee enters the job market on a higher rank, without having proven higher productivity (Spence 1973, 1974, 1976). Marianne Page sums up: “As employers cannot observe potential workers’ actual productivity, they instead use educational qualifications to predict productivity, make hiring decisions, and set wages, based on the assumption that individuals who have more years of education are more productive” (Page 2010, p. 33). However, research suggests that it is difficult to separate the signalling theory completely from the human capital model since “[b]oth models predict that more-educated workers will earn higher wages” (ibid., p. 34).

Closely related to, yet slightly different from, the signalling theory is the so-called ‘sheepskin effect’. While the sheepskin effect, just like the signalling theory, describes the phenomenon of employees being judged on their education credentials when entering the job market, it stresses that completing key phases of education is more important than a higher number of years of education: “The returns to an additional year of education that involves completion of a stage (e.g., graduating from high school, or university) is higher than the return to a year of education that does not involve the credential of the completion of a phase” (Gunderson and Oreopoulos 2010, p. 41).

There are varying degrees of differences between the three models presented here and the human capital theory. The latter has, however, proven to be the most applicable for the analysis general interdependencies between economics and education. It was, therefore, selected as one of the most important theoretical pillars of this study and will be explained in further detail in the following sub-sections.

2.1.3 Defining Human Capital Theory

The way in which human capital theory is applied to research into the economics of education differs across projects depending on the investment or outcome factor a study is aiming to explore. A broad definition by Eide and Showalter captures human capital as follows: “Human capital refers to intrinsic productive capabilities of human beings. These capabilities can be increased through investment in things such as education, on-the-job training, and health. Human capital is viewed as an asset that generates a flow of services, most often meas-

ured as earnings, although broader measures of output are also used” (Eide and Showalter 2010, p. 27).

Education is generally seen as an investment. Technically, this investment is often supported or provided by governments in the form of free or even mandatory education. Other research, however, incorporates the element of choice and focuses on voluntary decisions made by individuals: “human capital theory assumes that individuals take actions that will likely increase their future earnings and well-being” (ibid.). The future earnings and benefits are commonly referred to as *rates of return* or *returns*. Usually, those returns are measured as monetary terms, but other forms of returns such as better health, psychological benefits, higher social status, etc. are subject to research as well.

François Grin builds his definition of human capital around the notion of productivity, saying that after investing into the acquisition of specific skills, the acquirer “will tend to be more productive than another without these skills. Since wage rates generally reflect productivity, a more skilled person will tend to earn more. If skills are acquired through the education process, education yields benefits represented by wage premia. Even if education is costly, both for individuals and for society, it can therefore be seen as an investment whose rate of return can be estimated” (Grin 2002, p. 23).

Grin further explains human capital theory in a model contrasting two education scenarios. He uses two education scenarios, which start diverging at the age of 15. In one scenario, a person starts earning money straight away (at the age of 15), but that person’s salary level (Yearly earnings) never reaches the one of the second scenario. In this second scenario the person invests into further education. This investment is represented as forgone earnings. The second person’s wage, however, is likely to be higher than the one of someone who starts working after minimum schooling. This results in the standard understanding of human capital theory: as long as the higher earning of the person, who invests more into education is bigger than the investment plus the forgone earnings during the years in education, there is a financial gain for those pursuing longer education (ibid., p. 24). Despite a fair representation of human capital theory in this model, Grin mentions difficulties in the application of this model to language education in Europe since it is mostly state funded and due to the fact that forgone earnings under the legal working age tend to zero (ibid., p. 25).

As a basic assumption, human capital theory states that “[k]nowledge and skills acquired through educational investments increase human productivity” and *ceteris paribus* the higher the productivity, the higher the financial rates of return (Brewer et al. 2010, p. 4). Psachoropoloulos and Patrinos (2002) have argued that an additional year of schooling results in approximately 10% higher rates of return (Psachoropoloulos and Patrinos 2002, Gunderson and Oreopou-

los 2010). How these findings and assumptions relate to language education in particular will be discussed later.

2.2 The Notion of Language as Economic Capital

In order to determine how language education relates to human capital theory, this section will explain how language can be seen as a form of capital. From an economic viewpoint, the value of languages and the rates of return to foreign language education will be clarified. To do so, Grin's (2002, 2003) explanations on the market and non-market value of languages will lay out the ground for a legitimate analysis of languages as capital. Following this, a summary of empirical research on language education as a successful investment in human capital will be provided. A brief section on language and economic power will describe the role of English as a powerful global lingua franca.

2.2.1 Market Value and Non-Market Value of Languages

Not only for the application to human capital theory, but also for political and therefore policy discussion it is crucially important to introduce the concept of 'value of language'. Metaphorically, languages are occasionally referred to as 'treasures' or linguistic diversity is referred to as 'linguistic wealth'. These denotations, however, cannot *per se* be translated into economic terms of value (Grin 1997). For purposes of simplification Grin suggests that "when something is [economically] valuable in the eyes of social actors, this is usually reflected in their behaviour" (Grin 2003, p. 36). Based on this assumption, he deduces that if endangered languages were considered valuable, they would hence be learned and used. In order to clarify, that this does not mean that minority languages have no value, Grin introduces the concepts of market value and non-market value (*ibid.*).

A language has a market value if it is transferrable into monetary profits or if a price can be assigned. If, for example, "speaking language X makes it easier to sell goods to the X-speaking public [...] [it] gives rise to higher profits" or if an X-speaking employee earns more, only because he speaks language X, X has a market value (Grin 2002, p. 20). Non-market value of a language is slightly more complicated as it is strongly connected to individual actors and their taste. According to Grin: "knowing language X gives access to X-language culture, facilitates social contact with members of the X-speaking community, etc. Such value is typically *not* reflected in market prices, but it will be experienced by individual actors if their tastes, or 'preference structure' includes contact with X-ish culture and communities. The argument may be extended from the case of one specific language (X) to the *diversity* of languages; there may be some non-market value attaching to linguistic diversity,

on the condition that a sufficiently large proportion of people value diversity in their *linguistic environment*, in the same way as they may value a certain (natural) environmental quality. Some people, however, may not care” (ibid, p. 20f).

Both the market value and the non-market value can explain why an individual decides to learn or not to learn (to spend money or not to spend money on learning) language X (ibid.). Grin argues that a precise value of a language cannot be measured, yet an individual market value can be estimated by analysing the relationship between language skills and rates of return (ibid, p. 22f). The fact that language skills constitute a component of human capital is however commonly agreed upon: “Language skills are an important form of human capital. They satisfy the three basic requirements for human capital: they are embodied in the person; they are productive in the labor market and/or in consumption; and they are created at a sacrifice of time and out-of-pocket resources” (Chiswick and Miller 1995, p. 248).

A summary of empirical evidence supporting this theory of human capital investment into foreign or second language acquisition will be provided in the following section.

2.2.2 *Language and Earnings*

Research on the impact of language skills on individuals’ earning in line with human capital theory is one of the main foci in language economics. In various different settings, researchers have attempted to gather survey or census data and analyse in how far language skills affect the rates of return (Grin 2006, p. 80).

The first major studies in the field originate from Canada. From the 1980s onwards François Vaillancourt and his associates have conducted a great deal of research analysing the effects of English proficiency in Francophone areas of Canada and French proficiency in Anglophone areas. Despite differences between the two languages, Vaillancourt’s research provides strong support for second language skills as an enhancement of human capital (Grin 1994, p. 27f., Vaillancourt 1980, 1985, 1991, 1992, 1996).

Research from other countries was initially slower to emerge, but has recently increased. In the United States, Bloom and Grenier (1996) found out that Hispanics with a high level of English can benefit in the labour market. Spanish as a language skill is, however, barely relevant due to an oversupply in the same market (Bloom and Grenier 1996). Chiswick and Miller provide further evidence for a striking importance of English in the United States and, furthermore, for the fact that English is a means of transferability of human capital for any non-native speaker of English (Chiswick and Miller 2007). Similar indications are found in Chiswick and Miller’s research in the Australian context

(Chiswick and Miller 1995). Dustmann analysed the impact of immigrants' command of German on their income on the German labour market and found out that a high proficiency level especially in writing fluency increases migrants' earnings (Dustmann 1994). A more comprehensive overview of studies on migrants' destination language proficiency in Europe and the world are presented in Martinovic's report on multilingualism in Utrecht (Martinovic 2011, p. 19).

2.2.3 Economic Power of Languages

Another position which needs to be clarified to understand the economic power relations of languages and economic motives of foreign language acquisition is the perceived economic power of languages. In the "last several decades, which have been unprecedentedly marked by the processes of migration and globalization, [...] the need for foreign language proficiency has skyrocketed" (Martinovic 2011, p. 6). In the process of globalisation, the need for foreign languages has not only increased due to mobility and migration but also due to international trade. From a European perspective, the economic power of the United States in the second half of the 20th century has played a major role in the spread of English. Its dominance appears to remain secured through technology, trade and communication (Graddol 1997, Coulmas 1992, 2005).

The acquisition of English has hence been advanced by the policies of governments and educational authorities: "[M]arketization, democratization and deregulation favour languages of scale and undermine the instrumental utility of local languages. Push factors, such as government sanctioned foreign language education, and pull factors, such as tourism, cross-border communication, Internet trade and international migration advance the expansion of English" (Coulmas 2005, p. 12).

On a more general level this means that languages used by economically strong majorities have more power and there is strong indication that these languages are favoured in the education sector. As Coulmas argues, "[f]oreign Language education around the globe has experienced an economic upswing as perceived intellectual values have been largely replaced by marketable components of human capital as major individual motives for foreign language learning" (ibid., p. 9).

2.3 The Sociological Approach of Defining Language as Capital

A different perspective on conceptualising language as capital, or the value of language, comes from a sociological background. While economic definitions of capital express that capital either creates or maintains material wealth, sociologists, and perhaps most prominently, Pierre Bourdieu have advanced the

notion of ‘cultural capital’, which is neither human capital nor economic capital. In order to understand and theoretically implement Bourdieu’s notion of capital, the following sections will explain Bourdieu’s *conceptual triad* and the way he developed his sociological theory on the different forms of capital.

2.3.1 Bourdieu’s Conceptual Triad

Bourdieu’s conceptual triad, a concept advanced by Rawolle and Lingard (2008), includes the three primary thinking and conceptualisation tools in Bourdieu’s work. The three components are *practice*, *habitus* and *fields*.

The concepts of *habitus* and *practice* are very closely connected as both describe and justify human behaviour and both constantly influence one another. Applying the concept of *habitus* is Bourdieu’s way of theorising *practice* “without appealing to the mind’s ability to represent actions” (Burkitt 2002 in Rawolle and Lingard 2008, p. 731). Through experience, interaction and involvement with our outside world, we acquire certain characteristics which strongly, yet unconsciously, influence our actions. These characteristics can be seen as a “socially developed capacity to act appropriately” (Rawolle and Lingard 2008, p. 731). *Habitus* is, therefore, a human’s set of dispositions which makes us react in certain ways (Bourdieu 1991, p. 12), ways of acting and reacting prereflectively (Calhoun 2003, p. 292).

One set of dispositions, and therefore one part of a person’s overall *habitus*, is his/her *linguistic habitus*. The *linguistic habitus* is primarily a class based relation to language concerned with linguistic standardisation and prestige (Bourdieu and Passeron 1977, Collins 2000). The notion can, however, also be turned into a culturally mediated, unconscious reaction towards certain languages.

The second aspect of Bourdieu’s *conceptual triad* is *practice*. His primary daily research focussed on all kinds of social *practices*. These could be very basic every day actions such as “meal customs, marriage strategies, visiting art museums or conducting scientific research” (Rawolle and Lingard 2008, p. 730). Bourdieu, however, did never offer a simplistic definition of human *practice*, instead he constituted “the concept as a rich but open category for activities that have a social character and meaning” (ibid.). Social *practices* are hence influenced by a number of factors, but mainly by the *habitus*. Individuals are “the products of particular histories which endure in the *habitus*, their actions can never be analysed adequately as the outcome of conscious calculation” (Bourdieu 1991, p. 17). Rawolle and Lingard paraphrase *practice* in three steps: “First, practice is the carrying out of an activity [...]. Second, practice is the nominalisation of a process, or the formal naming of an activity that gives it social organisation [...] Third, practice is differentiated from theories about

practice, and is circumscribed by shorter cycles of time that give it structure, limits and meaning” (Rawolle and Lingard 2008, p. 730).

This set of analytical tools helps to explain how individuals work within a social context. This set of tools requires, however, one more concept to fully understand Bourdieu’s triad, the *social fields*, because *practices* are also a product of the encounter between *habitus* and *field* (Bourdieu 1991, p. 17). In the application to languages this means that linguistic behaviour (*practice*) is the result of the interaction between an individual’s linguistic predisposition (*habitus*) and the linguistic market (*field*) (*ibid.*). The notion of *fields* and Bourdieu’s resulting conceptualisation of capital will now be clarified in further detail.

Fields are social contexts (Bourdieu 1991, p. 14) within which an individual’s *habitus* is expressed in *practice* (Rawolle and Lingard 2008, p. 732). ‘Market’ and ‘game’ can metaphorically be used as interchangeable concepts (Bourdieu 1991, p. 14). Any given *field*, such as the political field, the intellectual field, the field of sciences or the field of law “has its own distinctive rules and stakes of play” (Calhoun 2003, p. 294). Accomplishments, prestige, rewards or other forms of power would usually be field-specific, but in order to describe and define transferability Bourdieu introduces his theory of different forms of capital (Bourdieu 1986). This “analysis of the differences in forms of capital and dynamics of conversion between them is one of the most original and important features of Bourdieu’s theory” (Calhoun 2003, p. 294).

Bourdieu’s Notion of Capital

In his essay on “The Forms of Capital”, Bourdieu (1986) introduces three different types of capital, economic capital, social capital and cultural capital. Economic capital, as Bourdieu explains, is “immediately and directly convertible into money and may be institutionalized in the forms of property rights” (Bourdieu 1997, p. 47). Social capital and its subdivision, symbolic capital, are concerned with accumulated prestige. In Bourdieu’s words it is “the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition – or [...] to membership in a group – which provides each of its members with the backing of the collectivity-owned capital, a ‘credential’ which entitles them to credit” (Bourdieu 1997, p. 52).

In simpler words, social capital can be accumulated through ‘smart networking’. This means that by having the right network, social prestige or credentials, one could transfer social capital into economic capital. If, for example, two individuals with the same qualifications are looking for a job, person A has a network of rich and influential friends, which person B does not have, then, *ceteris paribus*, it is more likely for person A to find a job.

Its sub-form symbolic capital can be assigned out of all other forms of capital, when something is officially recognised. The most important examples here are official languages. As soon as a language is considered the official language it becomes legitimate and hence is filled with symbolic capital (Silver 2005, p. 49). This does not mean that a language can simply be declared an official language, it has to be “bound up with the state, both in its genesis and in its social use” (Bourdieu 1991, p. 45)

The last, most complex, yet very important form of capital for the application to education research is cultural capital. Cultural capital entails knowledge, skills or acquired educational credentials. More importantly, it also represents the way in which those skills are “realized through institutions or objects” (Silver 2005, p. 48). Bourdieu describes three subdivisions within cultural capital (Bourdieu 1986). The first of these is institutional capital, which describes the institutional and economic recognition of education credentials and qualifications. The second area of cultural capital, called objectified capital, “includes objects which have value and might be transferable [...] or transmittable [...]” (Silver 2005, p. 48). The third is embodied capital which describes all knowledge and skills which have been acquired by the individual.

2.3.2 *Linguistic Capital, Market and Exchange*

In order to understand the way Bourdieu applies his theory of capital to languages, one needs to understand the concepts of market and exchange. Bourdieu uses various terms such as capital, market, profit or exchange borrowed from the language of economics. Their meaning is, however, strictly limited to the application of his social field theory and the different forms of capital.

Linguistic behaviour, such as utterances and expressions, can be understood as the product of the interaction of the *linguistic habitus* with the linguistic market (Bourdieu 1991, p. 17). People anticipate what linguistic value their utterances (linguistic products) will receive on the interlinguistic market and in other fields or markets. The anticipation implies that decisions – either a conscious product or strictly driven by the subconscious *linguistic habitus* – are made to increase the value of one’s speech in a certain context. This practical competence of knowing how to increase the value of one’s linguistic output is not equally distributed among every member of a society. Different speakers “possess different quantities of ‘linguistic capital’ – that is, the capacity to produce expressions *à propos*, for a particular market” (Bourdieu 1991, p. 18), which explains why individuals speak in a particular language, dialect and tone appropriate to the market or field they are in (e.g. family, education, job-market, etc).

Just like other forms of capital, linguistic capital reflects the position of an individual in a social space. Therefore the efficiency of using language is an index “of the quantities of linguistic capital [...] which they possess. The more linguistic capital that speakers possess, the more they are able to exploit the system of differences to their advantage and thereby secure a *profit of distinction*” (ibid.).

The way of conceptualising linguistic exchange as a form of capital exchange can be seen as one of Bourdieu’s most influential ideas concerning linguistics. The transfer of Bourdieu’s theory, which is primarily concerned with variations in the command of one’s L1, to foreign languages can easily be made (see: Silver 2005, p. 50). If a speaker speaks several languages, his linguistic capital increases as he/she has access to several linguistic markets. Alongside the linguistic capital, the cultural capital increases to the same extent. The speaker gains access to cross-cultural participation (literature, arts, media, etc), increases his/her opportunities for travelling (for holiday, work or study purposes) and is likely to develop a general openness towards other cultures (Martinovic 2011, p. 24).

2.3.3 Combining the Economic and Sociological Approach

Working towards a framework which includes and combines the most relevant aspects of why and how we invest in language as a form of capital through education, this section will draw upon the differences and similarities of the different theories of capital described above. In order to do so, the main aspects will be contrasted to show to what extent the different theories are exclusive, can coexist or can be combined.

Human capital theory states that investment in education increases an individual’s *rate of return*, more often than not, and it is built on very transparent economic principles. It holds a very solid basis and is difficult to challenge. Even the ‘signalling theory’ and the ‘sheepskin effect’ do not contradict it, they rather stress different aspects. Pierre Bourdieu comes very close to describing and therefore confirming a human capital theory model, too. Under the label of *la reproduction sociale*, he describes that social mobility in a downward sense is unlikely. With particular reference to the French society, we learn that through investment in education of their children, wealthy parents would often have the opportunity to secure the family’s social status. Hence, children from wealthy backgrounds would not end up being “*ouvriers*” [workers] (Bourdieu 2001). Calhoun, describing Bourdieu’s capital conversion theory, establishes a similar example with reference to the American society: “Rich people try to make sure that their children go to good colleges [private, expensive colleges in the US]. This is a way of converting money into cultural capital (educational

credentials). In this form, it can be passed on and potentially reconverted into economic form” (Calhoun 2003, p. 294).

Even though Bourdieu does not provide any evidence for the technical validity of human capital theory, he evidently agrees with it and establishes an approach of how his sociological concept of cultural capital theory links into human capital theory.

In the discussion on language as capital, a crucial point is Grin’s distinction between market-value and non-market value. He makes it very clear that the cultural value of a language does by no means correspond to an economic (market) value and rejects, from an economist’s perspective, every metaphorical notion of language as a ‘treasure’ or a form of ‘wealth’ (Grin 2009). About Bourdieu’s notion of linguistic capital he says: “In Bourdieu’s sociology, lots of things seem to fall from heaven. He talks about the linguistic market and that is fine, but again, these are metaphors. He talks about profit and so on and so forth, but these are metaphorical uses of economic terminology. Bourdieu does an excellent sociology of language, [...] it is simply not economics of language, [...] it is something else.” (Grin 2009, conference talk).

Yet, Grin does not completely disagree with or disregard the concept of language as a culturally valuable good. This value is, however, a non-market value. The non-market value therefore corresponds to the understanding of language as cultural and/or social capital.

A wide range of empirical research evidence for the market value of languages exists, it does however mainly come from studies on migrants’ destination language proficiency (see: Section 2.2.2). Based on this research evidence and various other developments outlined in Section 2.2 (such as globalisation, technological progress, etc), one can attest that languages hold different market values. The relevant economic explanations for this are economic developments of the countries in which the language in question is spoken. The resulting economic push and pull factors for migration and/or overarching effects of a dominant language, which make it indispensable even outside its own culture, exemplify economic power (value) of languages.

Considering that the market value of a language increases when the demand increases, one immediate connection between cultural aspects and market value can be observed. If, through a dominant cultural scene (media, art, literature, etc), a language becomes popular beyond its borders, there will be a demand for access to (the cultural capital of) that language (Martinovic 2011). Either through individuals who seek to acquire the language or through the demand for interpretation and translation, the market value of the language will rise. On a more microeconomic scale, the linguistic distance theory demonstrates the immediate importance of language for international business activities, which will be outlined in the following section.

2.4 Psychic Distance Theory

In addition to human capital theory and the sociological views on linguistic capital outlined above, this section will provide an insight into the aspects of business studies literature. On the relevance of language in business internationalisation theories, research suggests that the issue of speaking foreign languages in business and internationalisation concerns the direction of business (i.e. the ‘seller’ speaks the language of the ‘buyer’) (Hagen 2011). This hypothesis is, in principle, confirmed by basic business negotiation literature. Rehbein argues that in every multilingual trade setting, the seller has to translate “into the language of the buyer or into *a language of communication*” [emphasis in the original] (Rehbein, 1995, p. 75). The psychic distance theory model, which originates from international business and managements studies, will further clarify aspects of the importance of language in international trade development. This part of the theoretical framework for this study will, therefore, mainly focus on the relevance of psychic distance as a research paradigm to the later analysis. A concise overview of its long and prominent development will be provided as a starting point. Without attempting to provide details of each and every stream of the increasingly diverse literature on psychic distance, it will be demonstrated that the linguistic aspects of the theory will be important and helpful to the understanding of the importance of language in international business and trade. Section 2.4.2, therefore, exclusively discusses ‘Linguistic Distance’ in the business internationalisation sense. The final part of the section provides some direct hints and relevant knowledge of the current situation of international activity of Irish businesses.

2.4.1 History and Definition of Psychic Distance Theory

The measurement of psychic (or cultural) distance has been one of the most influential concepts in research into internationalisation considerations over the last number of decades (Beckerman 1956, Dehnen 2012, Forsgren 1989, Johanson and Vahlne 1977, Vahlne and Nordström 1992). The idea of addressing issues of differentness between trade markets in economics and business studies goes back to early influential work of Linnemann (1966) and Beckerman (1956). The latter suggested that geographical distance should be complemented with aspects of psychic and cultural differences, which marked the beginning of the scholarly discussion of cultural and psychic distance between different economies. Nowadays, however, the ‘real’ starting point of the scholarly understanding of psychic distance is understood to lie in the very influential work of the 1970s, when Nordic scholars and researchers applied the theory to the internationalisation processes of Swedish firms (Johanson and Vahlne 1977, Johanson and Wiedersheim-Paul 1975, Vahlne and Wiedersheim-Paul 1973).

The central idea was that the different aspects of psychic distance can explain and determine the chosen paths of internationalisation. Psychic distance became the 'key explanatory variable' in the understanding of these processes (Sousa and Bradley 2006).

The aspects of psychic or cultural distance between markets included differences in education, language, political systems and general market economics. While this earlier work focused on competition and the transaction costs of overcoming this (Cyert and March 1963, Aharoni 1966), Johanson and Vahlne (1990) attempted a more process-oriented approach using behavioural theory aspects. Throughout the 1990s, psychic distance became "one of the most commonly cited (Sivakumar and Nakata 2001), yet vaguely measured, constructs within the realm of international business research." Dow and Karunaratna explain that within "the last 5 years, 37 articles referring to psychic distance, or the closely associated concept cultural distance, were published in the *Journal of International Business Studies* alone" (Dow and Karunaratna, 2006). As a result, increasingly diversified stances were reached. Sousa and Bradley (2006) have summed up many of these different streams and have established some very important distinctions. The authors explain that the concepts 'cultural' and 'psychic' distance have been used interchangeably in most studies. They argue that "[t]here is a general consensus in the literature that when firms decide to enter foreign markets, they must adjust to a foreign national culture and be prepared for challenges, such as differences in language, lifestyles, cultural standards, consumer preferences and purchasing power" (Albaum and Tse 2001, Lu and Beamish 2001, Peñaloza and Gilly 1999, Pornpitakpan 1999, Sousa and Bradley 2005) (Sousa and Bradley 2006: 49).

Based on this, the authors stress that these concepts should be understood on two different levels. The above-mentioned aspects of distance can either be seen and assessed at individual level as psychic distance or at country level as cultural distance. The authors, however, argue that there is a strong dependency between the two concepts. It has been shown by others that cultural distance has an influence on the perception of individuals (Earley and Mosakowski 2000, Lau and Murnighan 1998, Lee and Jang 1998, Swift 1999 in Sousa and Bradley 2006). Based on this, Sousa and Bradley provide the following argument. "[W]e argue that cultural distance has an influence on the individual's psychic distance. The greater the cultural distance of a foreign country from the home country, the less knowledge about the new environment is likely to be available" (Sousa and Bradley 2006, p. 53).

Based on this theoretical framework, it can be assumed that cultural proximity is a supporting factor in the facilitation of bilateral or international trade. Moreover, this proximity can be carried in the individual as an actor in interna-

tional business decisions and within a group of people (i.e. on company level or country level).

Given the amount of published literature on psychic distance theory, it would neither be appropriate nor satisfactory to provide one single definition. Given the similarities between different authors when it comes to defining the concept, this, however may not be necessary. Griffith and Dimitrova (2014) define psychic distance as ‘the perception of distance between the home market and a foreign market (Bello and Gilliland 1997, Brewer 2007, Evans and Mavondo 2002, Evans et al. 2008, Johanson and Vahlne 1977)’. Johanson and Vahlne (1990), referring to Vahlne and Wiedersheim-Paul (1973) define psychic distance in terms of “factors such as differences in language, culture, political systems, etc., which disturb the flow of information between the firm and the market” (Johanson and Vahlne 1990, p. 13). As mentioned above, Sousa and Bradley (2006) name differences in factors such as “language, lifestyles, cultural standards, consumer preferences and purchasing power” (Sousa and Bradley 2006, p. 49). As a final example, Dow and Karunaratna (2006) refer to “differences in culture, language, religion, education, and political systems” (Dow and Karunaratna 2006, p. 578).

In summary, this means that in the process of internationalising and in international trade activities, there is a distance between markets and economies. This distance can be understood and measured on different levels. The most frequently cited aspects of differentness include: 1) culture, 2) political systems, 3) economic functions and 4) language. This means that firms that wish to internationalise need market knowledge of their target markets. This knowledge mainly includes, but is not limited to, the above mentioned four areas (Johanson and Vahlne 1990). Section 2.4.3 will provide insights into the practical application of the theory with close reference to the relevance for this study.

At this stage, it might be important to clarify two terminological issues. Firstly, as mentioned above ‘psychic distance’ and ‘cultural distance’ are not unambiguous. In the present context, they will, however, be referred to exclusively in the understanding as a concept in international business. Secondly, the following sections will refer to ‘linguistic distance’. This term will exclusively be used as an aspect within the psychic distance paradigm, meaning that differences in language can have negative impacts on international trade. In this context, this means that, for example the linguistic distance between Finland and Ireland is lower than between France and Ireland. This has evidently nothing to do with similarities or differences between the most widely spoken first languages on the respective markets (English and French or English and Finnish), but with the role of the English language in the Finnish economy.

2.4.2 *Linguistic Distance within Psychic Distance*

It is largely uncontroversial to suggest that international business and trade activities cannot happen without some form of mutual communicative understanding. Therefore, when individual actors or company delegations meet potential new trade partners or enter foreign markets, a common understanding of one language is necessary (unless an entire process of internationalisation is relying on external translation). There are, therefore, technically three possibilities of language choices. Firstly, if internationalisation activities happen between economies where the same first language is spoken, the choice is clear (i.e. an Irish company internationalising on the British market). Secondly, if internationalisation goes beyond a company's own language border, either the mother tongue or target language can be used (i.e. an Irish company entering the French market, either English or French is spoken). The third, and increasingly more important, alternative is the use of a bridge language or trade lingua franca (i.e. a German company entering the French market using English in communication). In all scenarios of the second and third type, linguistic distance is a crucial part of psychic distance which needs to be overcome in international business activities.

As demonstrated, language questions play a vital role in most discussions of psychic distance theory. Interestingly, in its earliest conceptualisations, the language factor was more central than in subsequent developments. Beckerman (1956), for example, started out by arguing that psychic distance, as a complement to geographical distance in internationalisation theory, was connected to 'language difficulties' (Beckerman 1956, p. 13, Cuypers and Hennart 2014). In the following decades, however, psychic distance was increasingly equated to differences in culture. Only in recent years, research has begun to give increased focus to the language variable again. Marschan et al. have called language the 'forgotten factor' in international management (Marschan et al. 1997). Cuypers and Hennart (2014) explain that "while language differences were clearly integral to early concepts of psychic distance" they were rarely subject to explicit consideration (Cuypers and Hennart 2014). Piekkari et al. talk about the importance of language being "a surprisingly neglected subject of research in international business studies" (Piekkari et al. 2014, p. 11). Following this, however, they clarify that in recent years, a growing interest into linguistic distance as part of psychic distance has re-emerged (Dow and Karunaratna 2006, Dow and Larimo 2009) and continue to argue that this lack of research is in the process of being addressed (Piekkari et al. 2014, p. 14).

Cuypers and Hennart (2014) have statistically proven that linguistic distance plays a significant role in cross border acquisitions and Piekkari et al. dedicate significant parts of an entire book to the subject of the language aspect

is psychic distance measurement. Throughout their recent valuable publication, they argue that language has “a range of important effects” (Piekkari et al. 2014, p. 14). In a similar line of research, Schroedler and Dehnen (2015) have shown that linguistic distance is a limiting factor in the attraction of venture capital investment.

2.4.3 The Relevance of Psychic and Linguistic Distance to this Study

As mentioned at the outset of this chapter linguistic distance as a component of psychic distance theory is an important framework to take into consideration with regard to the later data analysis of this study. Knowing that language can be a measurable and important limiting or enabling factor in successful international business activities will be helpful to clarify the role of foreign language skills on micro- and macroeconomic levels.

With regard to the Irish situation, the above summary of psychic distance theory presumably implies that trade with English-speaking markets is prioritised. It has been shown that the information flow between firms and their target markets is one of the most important conditions for successful international trade (Vahlne and Wiedershaeim-Paul 1973, Johanson and Vahlne 1990). Therefore, it comes with little surprise that approximately 35% of Irish exports are traded to its linguistically and culturally closest markets (18% to the US and 17.4% to the UK). Given the success of numerous exemplary firms from across Scandinavia, the Baltic States and the Netherlands, it is well documented that through policy actions and education, psychic distance can be decreased and very profitable firm internationalisation can sprout (Piekkari et al. 2014). While some of the countries mentioned above are economically easily comparable to Ireland, there is evidently a flaw in the comparison when considering the linguistic setup. The overarching role of English as a business lingua franca is an important factor. However, the later analysis will show that significant economic opportunity can only be exploited when moving beyond borders in which all business activity happens through English. Particularly in firm internationalisation, target markets need to be easily understandable. Opportunities can only be seen and exploited if the target market is linguistically and culturally understood (Johanson and Vahlne 1990 p.13).

On a final note in this part, it might be helpful to understand the connection between psychic distance and human capital. Human capital as a stock of investment into education and knowledge can to some degree explain the (deliberate) process of aiming to decrease the psychic distance between a firm and a target market. Johanson and Vahlne (1990) explain that company, performing activities in a foreign market, interacts not only with potential and actual customers but also authorities, suppliers, etc. In this way, knowledge is accumulat-

ed and relationships established, the company improves on certain attributes, and an advantage is created. This is not free of cost. (Johanson and Vahlne 1990, p.21).

This segment does not immediately reflect human capital theory, yet it explains that the accumulation of knowledge is valuable and that this learning process requires both monetary resources and, most likely, investment of time.

2.4.4 Summary of the Multidisciplinary Conceptualisations of Value of Language

This chapter has summarised four different theoretical aspects which bear immediate relevance to the later data analysis in this study. In order to gain a valid understanding of economic developments and their implication on the role and value of language skills, the analysis will be based on these four pillars. The human capital theory has provided the study with a basis for the understanding of economic value of languages and is an important factor for the economic analysis of all education policies. The conceptualisations of market value and non-market value of languages is a continuation of human capital theory. This differentiation will help to better understand both the findings of the quantitative first research phase as well as the expert interviews conducted in Research Phase II. The theoretical insights gained from sociology and the sociological understanding of *Language as Capital* will serve various purposes, such as a better understanding of power relations in business and trade, the analysis of investment into language and potential dependencies between language education and social mobility. The psychic distance theory paradigm will be very important in the analysis of the business expert statements on the importance of language for successful business, which may eventually lead to opportunities for economic improvement and competitiveness.

2.5 Language Education Policy – A Theoretical Basis

One of the aims of this study is to discuss the expert perceptions in relation to the language education policy debate and to assess what potential benefits an improved foreign language education system may have for Ireland. In order to discuss these points and to contextualise some of the study's findings in the language education policy debate, a terminological and theoretical basis is needed. This chapter will, therefore, provide a brief overview of the relevant theoretical issues for the later discussion. It will begin with an overview of definitional developments of language policy in general, including a range of relevant aspects on political and economic considerations. A second section will then explain and define matters of education policy, before the two con-

cepts will be merged and the most important term for this study, language education policy, will be explained. Based on this theoretical overview, the final section will summarise the current situation of the Irish language education policy situation, both on its own and in relation to European aims and guidelines. This will underpin the study with a solid framework to discuss the validity and the applicability of its findings in relation to the foreign language provision situation in Ireland.

2.5.1 *Defining Language Policy*

Language policies differ widely amongst different countries, governments and administrations. The overall field of language policy and planning research (including corpus planning, status planning and more) will be considered too large to be addressed individually here. Instead, this section will briefly point towards a general definition and a terminological basis of what can be considered *Language Policy*. Given this thesis' focus on discussing the perceived economic value of foreign languages in relation to language education policy issues, this section will set a basis for the matters of education policy and language education which will be raised in the immediately following sections.

Language policy making and planning has existed for centuries. Throughout history, language and communication have been crucially important in politics and trade, but governments and administrations have not always paid as much attention to this as is the case nowadays. In the present-day European context, a wide set of different approaches and themes in language policy research has evolved. In order to be clear about what is being discussed when researching language policy, a definition given by Crawford in 2000 shall provide a coherent basis. Crawford defines language policy as:

1. What government does officially – through legislation, court decisions, executive action, or other means – to (a) determine how languages are used in public contexts, (b) cultivate language skills needed to meet national priorities, or (c) establish the rights of individuals or groups to learn, use, and maintain languages.

2. Government regulation of its own language use, including steps to facilitate clear communication, train and recruit personnel, guarantee due process, foster political participation, and provide access to public services, proceedings, and documents (Crawford 2000, no pagination).

This definition points out that a specific language policy is concerned with language use within a given country's borders as well as the learning of that country's official languages, where present and as opposed to *foreign* language learning.

As indicated above, language policies often reflect certain power relations. Political domination can be expressed and enforced through language policies. Besides the major political and social influences on language policy making, a number of other themes and considerations have emerged over the past number of decades. As previously mentioned, the analysis of language policies is a highly interdisciplinary endeavour. In a broad sense, language policy research is an area within social sciences and humanities and more precisely within the realm of sociolinguistics (Ricento 2006, p. x). A closer look at language policy making and language policy analysis shows, however, that numerous other disciplines have strong influences and provide us with alternative perspectives on the topic. The core social science disciplines which hold considerable importance are “ethnography, geography, historiography, linguistics, [...] psychology and sociology” (ibid.). Moreover, when researching a country’s language policy, economic, political, legal and social structures have to be considered.

It is known that hardly any European state is purely monolingual (Wright 2004, p. 19). The perception of one’s official language may therefore diverge significantly among disparate groups within a single state. The *achieved*, *inhabited* and *attributed* identity of a citizen, particularly in countries with more than one official language or strong minority languages, may therefore widely differ within one country. Belgium exemplifies a very strong case in present-day Europe of how differing linguistic and social identities can result in political conflict. But even within one linguistic community, speakers have conceptions of status, quality and value of language, which results in a reproduction of becoming ideological constructs of power and authority (Blommaert 2006, p. 239f). Bourdieu (1991) is not the only author to support the view that one’s language usage determines an individual’s place in society. Gal and Woolard (2001) also argue that “better” (more standard) language varieties are clearly distinguished from “less adequate” varieties.

To sum up, language policies can be analysed from various different angles. What is, arguably, most important from this section in relation to this study is the awareness and the knowledge that language policies are a construct resulting from complex political and social developments. In the following, this study will focus on status issues in language education policy considerations. For this context, it has been shown that the *power* differences of languages also play a crucial role in language (education) policy debates. The following section will explain the relation between education systems and language policies.

2.5.2 *Education Policy*

Providing a generalised theory on education policy is highly challenging as education is organised and administered very differently from one country to another. This section will therefore focus on some aspects of what education policy as a general concept implies and, then, move on to a discussion of education policy in a globalised context. Towards the end, the section shall investigate how education policy influences and manifests curricula.

In a broad and conventional sense, education policy has been framed around the “allocation of values within an educational system” (Lingard and Ozga 2007, p. 3), a definition which would immediately raise a number of questions (e.g. whose values?). Other general motives in education policy would be the universal aim of improving an education system (cf. Grin 2003, 2005), but again, one would struggle with questions of what is improvement and who has the power to ‘improve’. It appears difficult to find a commonly agreed definition of what education policy constitutes. Haddad (1995) introduced the notion of a policy being “[a]n explicit or implicit single decision or group of decisions which may set out directives for guiding future decisions [...]”. (Haddad 1995, p. 18). Taylor et al. (1997) add to this, that education policy making is not only the creation of a policy text, but a complex network of policy writing, policy implementation, policy contestation and reconsideration (Taylor et al. 1997, p. 28f).

The resulting policy texts may have differing forms such as press releases, speeches or official documents (Lingard and Ozga 2007) and hence different legislative weight. For the purposes of this study, the generic notion of education policy being an accumulation of laws and formulated political aims concerning a country’s education sector shall be considered most appropriate. Education policy can reach from relatively broadly formulated goals (i.e. the transmission of democratic values in all education spheres) to being relatively precise and applicable to curriculum design (Trowler 2003).

The range of different themes and angles in education policy discussion is extraordinarily wide. Ranging from general political, cultural and social considerations to important issues such as the impact of globalisation on education policy, its accountability and economic issues related to government expenditure (Olssen et al. 2004, Bell and Stevenson 2006, Rizvi 2007, Ball 2007).

Rizvi (2007) argues that globalisation has been the most prevalently discussed concept in education over the last decade (Rizvi 2007, p. 23). Despite the lack of a commonly agreed notion or definition of what globalisation means, it has influenced education politics throughout the western world (ibid). Based on the general principle of increasing a nation’s human capital, education policies have increasingly focussed on providing learners with skills which

are perceived to be needed for individual and therefore common economic success (Ball 2007).

The interpretation of what enhances the human capital of participants in a country's education system inevitably differs among countries. Different amounts of financial resources are spent on different areas, disciplines and aspects in the education sector. Just to name one example, Grin (2002) argues that some Anglophone countries neither have to nor want to invest as much in foreign language education as non-Anglophone, developed countries.

Once an administration has published new agendas or education acts or has made other legally relevant changes to its education policy, these will require implementation. This usually means that curricula are adapted according to the content of the education policy. This policy implementation process only rarely results in curricula which fully represent the underlying education policy. A considerable amount of contemporary research focuses on the paradox of policy implementation, which describes the gap between the aims set out in education policy and its actual implementation (Everard et al. 2004., Fullan 2001, Rist 2000, Nudzor 2009). The full extent of this phenomenon is beyond the scope of this present enquiry, however, a degree of sensitivity to these concerns is required.

2.5.3 *Language Education Policy*

Mapping the concept of language education policy raises numerous different issues. This section will describe how and where it fits into and corresponds to the above described fields of language policy and education policies. Following this, an outline of how language education policy is seen in the European context will establish the basis for the final summary of the present-day situation in Ireland.

Under the term *Language Education Policy*, different people may understand different concepts. What some authors or authorities call modern, foreign language policy (e.g. Brumfit 1995), others label as modern, foreign language provision (e.g. LEA 1996). When addressing literacy education in one's first language it is also called language learning policy (e.g. Poulson et al. 1995). The term to be used throughout this study, however, will be language education policy. It is probably the most widely used term, is favoured by the Council of Europe (Council of Europe 2003) and best describes what will be analysed in the study at hand. According to the Council of Europe it covers the "educational 'engineering' [of] national or 'foreign' languages" (Council of Europe 2003, p. 7).

Language Education Policy is evidently closely related to and derived from the above explained concepts of both *language policy* and *education poli-*

cy. As the terminology implies, language education policy is mainly concerned with the implementation of a language policy in the educational sphere. This concerns the teaching of both official (first) languages and foreign languages. A language education policy is, on the other hand, also a part of a country's education policy. If we consider that education policy organises the entire of public and private primary, secondary and tertiary education, language education constitutes a crucial part of education policy.

Moving on from this relatively abstract overview to a more concrete description of the interdependence of these three concepts does not fit easily here on a general and theoretical level. This section will therefore continue with a discussion of the European context. Tulasiewicz and Brock (2000) lay out how not only the educational but also the political and social diversity of Europe has evolved since the Second World War. European countries have moved towards integration, yet the educational, linguistic, social and political diversity remains remarkable. Education and therefore language education is organised very differently in the different member states of the European Union. Common aims and European guidelines concerning language education policies, have however emerged over the past two decades.

The European Commission and the Council of Europe have formulated guidelines for the protection and fostering of Europe's multilingual environment. Explicit, legally binding language policies, however, do not exist (Tender and Vihalemm 2009). Some of the most prominent European publications addressing language education policy are the *Guide for the development of language education policies in Europe* (Council of Europe 2003) and an action plan called *Promoting language learning and linguistic diversity: an action plan* (European Commission 2003). In these documents, European institutions try to manifest the need for a plurilingual Europe and to foster multiculturalism through plurilingualism (Tender and Vihalemm 2009).

The declared aim of the European Commission is to educate every European citizen to a proficient level in two European languages (Commission of the European Communities 1995, Little 2007). This aim was introduced in the 1990s and has repeatedly been formulated and pursued since then (e.g. Commission of the European Communities 2005, An Action Plan 2003; for further discussion see: Tender and Vihalemm 2009). The implementation of this principle into European language education policies has raised wide criticism. Tender and Vihalemm forward the notion that "the European Union is only holding up a multilingual mask to the face of the reality, that the usage of English is increasing *vis-à-vis* other languages" (Tender and Vihalemm 2009, p. 42). Promoters of less widely used languages and minority languages especially criticise the fact that a general aim of L1 + 2L2 strengthens the position of English, French, German and Spanish in Europe.

The quintessence of this debate leads us back to economic considerations in policy making. There may be a tendency for countries to favour a linguistic *laissez-faire* or free market, which, in terms of language education policy making, implies that one would follow the demand of languages with an arguably higher market value. Alternatively administrations may seek to promote and protect less widely used languages and put forward the cultural value of language. Tender and Vihalemm argue that in the first case, the pressure to learn English would increase (Tender and Vihalemm 2009, p. 43) and criticise the vagueness of official statements from European institutions concerning regional or minority languages (ibid. p. 47).

In terms of direct intervention in the educational infrastructures of member states, the situation of European institutions remains complicated. The Action Plan (European Commission 2003) suggests investments in better teacher training and more appropriate class sizes, yet these suggestions are not legally binding. The extent to which Ireland has adapted its education and language education policies in line with European aims and guidelines will be outlined in the following part.

2.5.4 *European Aims and the Irish Language Education Policy Situation*

As outlined above, the European Union encourages its member states to implement the L1 + L2 principle in language education policies. This general aim, however, has in no way been implemented or encouraged in Ireland (Council of Europe 2008, p. 8). In fact, regarding education policies in Ireland, one finds a complete vacuum of defined guidelines for foreign language education. Therefore, it comes with little surprise that when researching the quantitative and qualitative performance of foreign language education systems in Europe, it becomes generally evident that the Irish system ranks among the weaker performers in European comparison (Eurostat 2012, Eurodyce 2012, Council of Europe 2008). In a Eurobarometer report on the issue, Ireland stands in last place of all EU member states (Special Eurobarometer 2006, p. 9). There are certain factors, which are frequently named as possible explanations for this phenomenon. The first explanation is the absence of a definite language in education policy (Council of Europe 2008, p. 8). The second reason, which is frequently cited as a cause for below-average foreign language learning in Ireland, is related to the English language. It has been argued that Anglophone countries in general perceive a lack of necessity of learning foreign languages given the global dominance of the English language (Grin 2002, Eurodyce 2012, Council of Europe 2008).

Based on the above mentioned statistics and reports, one may argue that the foreign language education system in Ireland has certain weaknesses. It has

been attested that, despite many students taking foreign languages (mostly French, German and Spanish) in secondary schooling, the learning outcomes are often insufficient (Council of Europe 2008). The percentage of students taking foreign languages in their Leaving Certificates and uptakes of foreign language degrees in university are both in decline. The proportion of students who sit a foreign language exam as part of their Leaving Certification dropped from 79% (2001) to 75.3% (2005) (*ibid.*, p. 18f.). In 2012, 70.5% of the students who took the Leaving Certificate examination chose a foreign language. With regard to the languages in question, the latest figures demonstrate that French is still by far the most popular language in the Irish education system. Of those 70.5% of students who took a foreign language in 2012, 70% chose French, 18.3% chose German and 11.7% chose Spanish (States Examinations Commission 2012).

Moreover, it has been argued that there is a lack of continuity between language learning in primary and secondary schooling. A large project called the *Pilot Project on the Teaching of Modern Languages in Irish Primary Schools* was launched in 1998. However, it remained a pilot project for over a decade and despite generally positive attitudes (Harris and O’Leary 2009) it was discontinued. It has also been argued that the potential for making connections and fostering transfer learning between English, Irish and other modern foreign languages has never been exploited (Council of Europe 2008). Other aspects of criticism and recommendations for improvement include awareness-raising of the importance of foreign language skills, improvement of teacher education and the positive exploitation of the multilingualism which has arrived in urban areas of Ireland through the economic boom in the late 1990s and early 2000s (*ibid.*).

To sum up, the absence of an explicit foreign language education policy raises certain concerns about the general education situation in Ireland. Despite the identification of foreign language skills needs over a decade ago, despite various initiatives and attempts to foster more and better foreign language learning (i.e. the Pilot Project in Foreign Languages in Primary Schools) and despite the strong European agendas, not much has changed over the last two decades (Council of Europe 2008, Eurodyce 2008, 2012, Harris and O’Leary 2009). The following section will summarise the relevant aspects of language education policy theory and will conceptualise an analytical framework for the economic analysis of language education policy.

2.5.5 *Summarising a Language Education Policy Analysis Approach*

This section will summarise the theoretical background on language policy and language education policy presented in this chapter in order to identify a

framework which can be applied in describing and analysing the study's findings on economic implications for language education policy making in Ireland.

It has been established that a language education policy "can only operate and be implemented within the wider context of national policy and societal attitudes" (Council of Europe 2008, p. 8). Besides the immediate political influences, the economic, legal and social structures within a country play a crucial role when assessing language policies and language education policies. It is important to consider how societies and citizens identify themselves with their official language(s). In the case of Ireland, issues related to the presence of Irish as a first official language are often complex and sensitive. What is crucial for this study is that Irish is, legally and in all policy, curriculum and teaching methodology frameworks, constituted the first official language and, thus, cannot be classified as a foreign language. It is, therefore, strictly outside the scope of this investigation.

In order to relate the study's findings on economic implications for the language education policy currently in place in Ireland, a high level of awareness of the following issues is important. Research shows that economic considerations in language policies or, subsequently in language education policy analysis, is a fairly recent development (Grin 2006, p. 77). As with all policies, language policies have economic implications, which are the costs and benefits of policy implementation. Generally, one may assume that policies should aim at increasing economic wealth within a society (*ibid*, p. 82). There are a number of studies that have identified insufficiencies in terms of foreign language skills and their negative effects for business and trade in the UK and Ireland. In 2006, for instance, a European Commission report on the shortage of foreign language skills in enterprise identified that "a significant amount of business is being lost as a result of lack of language skills" (European Commission 2006, p. 5). This circumstance is mirrored in a later report to the UK government. The report on the costs of language deficiencies explains how business is lost for SMEs and that trade opportunities cannot be identified and exploited due to a lack of foreign language skills (Foreman-Peck and Wang 2014). Relating this to language education policy issues, it has been argued across the European Union the demand for languages other than English is higher than for English itself (European Commission 2006, p. 7) and that for optimal employment conditions a variety of languages are needed as an outcome of national education systems (European Commission 2012c). Returning to the idea of increasing welfare through policy implementation, the above mentioned studies show that for strengthening its business and trade sector, it would be beneficial for a state to maintain or establish a well-functioning foreign language education system. The precise perception of value of languages, the lacks and needs of

language skills and further economic considerations of language education will be analysed in this study for the present-day Irish context.

On a general level, the expert group on the language education policy profile Ireland has argued that “competence in foreign languages is an essential resource for the State. A languages-in-education policy, therefore, must pay due regard to the cultural, social and economic needs of individual learners and of the state and should be cognizant of the future requirements of the economy and society” (Council of Europe 2008, p. 8). Grin suggests that language policies promote movement away from a given linguistic situation or environment towards a new, supposedly (economically) better linguistic environment (Grin 2003, 2006). The previously described distinction between market value and the non-market value of languages is here of crucial importance. Setting up an economically preferable language policy may, for example, require significant spending on the teaching of foreign languages long before gaining state returns. Given the complex differences between market and non-market value of language considerations, it remains challenging to assess the economic qualities of language education policies. Particularly, in economically difficult times or for countries in difficult positions, market value implications of language policies have to be taken into consideration.

Following on from this, it is evidently important to assess what the economic needs are, what the market value of languages is in the current situation, how the demand and supply of language skills looks like, etc., all of which will be addressed in this study before discussing economic implications for the language education policy debate. The following chapter will now describe the first research phase of this project.

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