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"LANGUAGE AS AN ECONOMIC SIGNAL: ANALYZING THE ROLE OF ENGLISH IN CROSS-BORDER FINANCIAL COMMUNICATION"

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Abstract: *In the context of globalization, English has evolved from a language of convenience into a central instrument of credibility within international finance. This study examines how English functions as an economic signal in cross-border financial communication, exploring the ways linguistic choices convey professionalism, transparency, and global orientation. A qualitative-comparative design was employed, analyzing annual reports and investor-relations documents from ten multinational corporations representing both English-speaking and non-English-speaking economies. Using critical discourse analysis and thematic coding, the study identified three recurring patterns: the standardization of English as a marker of professionalism, the use of positive evaluative language as a signal of credibility, and bilingual or hyper-formal discourse as indicators of prestige and legitimacy. The findings reveal that English serves not only as a communicative medium but also as a form of symbolic and economic capital influencing investor confidence and perceptions of corporate reliability. While the study acknowledges limitations related to sample size and scope, it offers insight into how language practices in financial communication carry both economic and semiotic power, reinforcing English as a key instrument in the global financial landscape.*

Keywords: *English as a lingua franca, economic signalling, cross-border finance, linguistic capital, corporate communication, discourse analysis, globalization*

Introduction

In today's globalised economy, corporations and financial institutions increasingly operate across borders, which makes the language of financial communication a central concern. As capital flows more freely between nations, the way companies express themselves in annual reports, press releases, and investor presentations carries more than informational value—it communicates trust, credibility, and professionalism (Nickerson, 2005). One of the most visible features of this process is the dominance of English as the lingua franca of international finance. Even firms with no direct ties to English-speaking countries often prepare their financial reports in English to align with international expectations. English, therefore, performs more than a practical communicative function. Its

use may act as an economic signal—a way of signaling openness, reliability, and participation in global market practices. From this perspective, language becomes an instrument that influences investor perception, reduces uncertainty, and shapes financial outcomes (Spence, 1973; Bourdieu, 1991). When a firm adopts English, it can implicitly communicate global orientation and competence, even if its operations are localized. The main objective of this paper is to analyze how English functions as an economic signal in cross-border financial communication. The discussion connects insights from signalling theory and linguistic capital to empirical observations from financial communication research. The article proceeds by outlining theoretical underpinnings, reviewing key studies on language and economics, and later analyzing the communicative and symbolic value of English in the international financial sphere.

Literature Review

Signalling theory, originally proposed by Spence (1973), explains how observable characteristics—such as education or certification—serve as indicators of quality under information asymmetry. When applied to language, using English in financial communication can similarly signal competence, transparency, and trustworthiness. Firms use English not merely to share data but to convey that they belong to a globally literate and credible community (Mayrhofer, 2017). At the same time, Bourdieu's (1991) concept of linguistic capital emphasizes that language proficiency constitutes a form of symbolic and economic capital. English, as a globally valued language, represents both prestige and economic opportunity. Scholars such as Park and Wee (2012) argue that English proficiency often translates into economic advantage because it serves as a gatekeeping resource that controls access to transnational markets and professional mobility. Thus, in financial communication, English operates simultaneously as a signal of quality (in Spence's sense) and as a form of capital (in Bourdieu's sense).

Over the last three decades, English has become the primary medium for cross-border business and finance. It is now standard in stock exchange documentation, annual reports, and international banking correspondence (Nickerson, 2005; Gerritsen & Nickerson, 2009). Companies from non-Anglophone contexts adopt English to align with international accounting standards, to reach investors, and to minimize translation ambiguity (Evans, Baskerville, & Nara, 2015). Nevertheless, the adoption of English is not purely functional. Research by Kim (2012) shows that English use can affect investment flows, as firms communicating in English experience reduced transaction costs and greater investor confidence. Similarly, Luo and Zhou (2021) demonstrate that linguistic distance between English and a firm's local language can increase information asymmetry and lower financial

transparency. Such findings suggest that English is not a neutral communicative tool but a strategic asset influencing how financial information is perceived.

Numerous studies highlight the connection between language proficiency and economic development. For instance, Grin (2001) observed that individuals with higher English proficiency tend to earn higher wages, confirming the economic value of linguistic capital. Likewise, Chen (2013) found that linguistic structures and language use can shape financial behaviour—countries whose dominant languages grammatically link the present and future tend to have higher savings rates. In financial markets, language has also been found to influence information costs. Studies by Loughran and McDonald (2016) reveal that the tone and readability of English in corporate reports can significantly affect investors' perceptions of risk. Meanwhile, Henderson (2025) reports that firms from countries linguistically distant from English show slower adaptation to international reporting standards, which can negatively affect their information environment. These results underline that language is not peripheral to finance—it is embedded within financial practices and influences market outcomes.

While the literature on language and economics is extensive, few studies explicitly examine English as a strategic economic signal within financial communication. Much of the existing work treats language either as a communication tool or a barrier, focusing on translation, readability, or human capital outcomes (Nickerson, 2005; Evans et al., 2015). What remains under-researched is the idea that English functions intentionally as a signaling device conveying legitimacy, professionalism, and global alignment. This article contributes to this gap by interpreting the use of English in cross-border finance as an active signaling practice within global economic interaction.

Methodology

Research Design

This study adopted a qualitative-comparative design aimed at understanding how English operates as an economic signal in cross-border financial communication. Rather than focusing on quantitative correlations, the emphasis was placed on the interpretive meaning of language use — specifically, how linguistic patterns and discourse choices can reflect economic and symbolic intentions. This approach was chosen because the study investigates communication practices and perceptions, which cannot be effectively captured through numerical analysis alone (Creswell & Poth, 2018). A qualitative design was considered most appropriate because it allows for context-sensitive interpretation of corporate texts, uncovering how linguistic strategies subtly signal credibility, trust, and professionalism to international investors. The research also followed a comparative logic, contrasting how

firms from different linguistic and cultural backgrounds deploy English in their corporate disclosures to attract foreign capital.

Data Collection

The empirical data consisted of annual reports, investor presentations, and press releases from ten multinational corporations operating in finance-intensive sectors such as energy, telecommunications, and manufacturing. Five of these firms were headquartered in non-English-speaking regions (Japan, South Korea, Germany, Spain, and Brazil), while the remaining five were from English-dominant economies (the United States, the United Kingdom, Canada, Australia, and Singapore). The documents were retrieved from official corporate websites and financial databases, such as the London Stock Exchange and Nikkei Asia archives. All texts were published between 2018 and 2023, ensuring that the data reflect the current global communication landscape and post-pandemic reporting practices. To maintain comparability, only sections addressed to global investors were selected — specifically the Chairman's Message, Investor Relations Overview, and Sustainability and Financial Performance segments. These parts were chosen because they often blend economic data with persuasive discourse, which provides an ideal ground for observing linguistic signaling.

Data Preparation and Corpus Management

The corpus comprised approximately 120,000 words in total. All texts were converted to plain text format (.txt) and uploaded into NVivo 14, a qualitative data analysis software. Before analysis, minor formatting differences (such as tables, graphs, and headings) were removed to ensure focus on verbal content only. Each document was coded by country and linguistic background to enable cross-case comparison. Additionally, translation quality was checked for bilingual companies. In those cases, the English version was compared to the local-language original (when available) to detect instances where the English text introduced added formality or evaluative language not present in the source version. This helped identify whether English served a purely communicative or a strategic signaling function.

Analytical Framework

The analysis combined Critical Discourse Analysis (CDA) with elements of lexical patterning and thematic coding. CDA was used to uncover implicit ideological and economic meanings embedded in the language (Fairclough, 2010). The coding procedure involved two stages:

1. Descriptive Coding: Initial open coding identified recurring linguistic features — evaluative adjectives (e.g., robust, resilient, transparent), modal verbs (may, will, must), and

hedging structures (appears to, tends to). These were noted as potential markers of signaling.

2. Interpretive Coding: The second phase interpreted how these features contributed to projecting corporate values such as reliability, sustainability, or global alignment. Codes were grouped into higher-order categories like credibility signaling, transparency signaling, and prestige signaling.

To strengthen validity, inter-coder reliability was tested by involving an independent linguist familiar with corporate discourse. A 15% sample of the corpus was double-coded, resulting in 86% agreement — an acceptable level for qualitative linguistic research (Miles, Huberman, & Saldaña, 2019).

All data used in this study were publicly available corporate documents, meaning there were no human participants or sensitive data requiring institutional ethics approval. However, confidentiality and accuracy were respected: company names were anonymized (e.g., Firm A, Firm B) when citing specific excerpts. The analysis did not alter or manipulate the texts beyond minimal formatting normalization.

This study, like most qualitative research, carries several limitations. The sample size was relatively small and limited to publicly traded corporations, which may not represent smaller firms or privately held businesses. The focus on written communication also excludes other modalities such as spoken investor briefings or media interviews. Furthermore, as the researcher is a non-native English speaker, subjective interpretation of tone and formality may have influenced coding, despite cross-checking measures. Nonetheless, these constraints do not undermine the study's value; rather, they highlight the complexity of analyzing language as an economic signal within the global financial ecosystem.

Results and Discussion

The findings suggest that English serves several interconnected purposes in cross-border financial communication. The first and most evident role is that of standardization. Companies use English to align their communication with the expectations of international investors and regulators. This use of English reduces potential misunderstandings and minimizes transaction costs by offering a familiar communicative format. Many reports use nearly identical expressions when referring to profitability, sustainability, and shareholder value. Such lexical uniformity seems to project professionalism and reliability.

The second recurring pattern was the use of positive evaluative language, which functions as a credibility signal. Expressions such as steady growth, continued resilience, and commitment to transparency appeared frequently. These phrases may not always convey measurable facts but create a narrative of stability and accountability. This narrative

functions symbolically to build trust, especially for readers outside the company's cultural or linguistic community. It demonstrates what Spence (1973) called the signaling of quality in conditions of limited information.

Another observation relates to code-switching and translation strategies. Several non-Anglophone companies provided full English versions of their financial statements or included bilingual summaries. These summaries were not literal translations but adapted messages that emphasized global orientation and inclusivity. The presence of such English components may serve as a strategic effort to reach a wider investor audience while maintaining domestic identity. It is possible to argue that bilingual presentation embodies both linguistic capital and symbolic power (Bourdieu, 1991), making the company appear more internationally legitimate.

Furthermore, the tone and style of English varied slightly across regions. European firms tended to maintain a formal and conservative tone, reflecting long-established institutional practices. Asian corporations, particularly from Japan and South Korea, employed hyper-formal English with frequent hedging and complex structures, possibly to compensate for linguistic insecurity. Latin American companies, by contrast, showed a more promotional and interpersonal tone, often highlighting teamwork and commitment. Although these tendencies are not rigid, they illustrate how English use adapts to cultural expectations while maintaining its signaling function.

Conclusion

The study concludes that the use of English in cross-border financial communication operates as a multidimensional economic signal. Beyond its communicative role, English represents credibility, transparency, and integration into global markets. Its presence in corporate reporting helps reduce information asymmetry and fosters investor trust. This finding aligns with earlier interpretations of language as both symbolic and economic capital (Bourdieu, 1991).

At the same time, the adoption of English does not eliminate challenges. Differences in linguistic competence, translation quality, and cultural interpretation can still distort meaning. Yet even with such imperfections, English continues to function as a global standard, offering both symbolic legitimacy and practical efficiency. The implications of this study are relevant for multinational corporations and policymakers. For companies, strategic and accurate use of English can strengthen their reputation among international investors. For governments and educational institutions, promoting English proficiency can indirectly attract foreign investment by enhancing national communicative capacity in financial domains. Future research might expand this work through a quantitative approach, examining correlations between the quality of English disclosures and measurable economic

indicators such as investment inflows or share performance. Another promising line of inquiry would involve comparing English with other global financial languages such as Mandarin or Spanish to understand how linguistic choice interacts with regional power dynamics. English has evolved from a medium of communication to a symbol of economic trust. Its role in financial communication demonstrates how language continues to shape the architecture of globalization—quietly, symbolically, and powerfully.

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