The Reason So Many Business Deals Go Wrong In China

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Poor communication and language barriers are costing companies a lot of money, yet executives aren't doing enough about it.
According to a new report by the Economist Intelligence Unit - a business research unit of the Economist magazine — nearly half of the 572 senior executives interviewed admitted that misunderstandings and "messages lost in translation" have halted major international business deals for their companies. And 64 percent of them said poor communication skills have negatively affected their plans to expand internationally.

Christoph Wilfert, president of EF Corporate Language Learning Solutions, said in the report:

"The boundaries between old and new economies are increasingly blurred, and those same economies are evermore entwined and interdependent. Today's businesses leaders need to ensure their employees are equipped with the right skills to communicate across borders effectively and efficiently.

"Newer economies will fail on their internationalization plans, and older economies, who are already struggling, will find it almost impossible to regain their competitive foothold if businesses do not devote the appropriate time and resources into improving the international language skills of their key staff. It has never been so critical as it is today." Even though 75 percent of executives think that their employees' ability to communicate is only average or below average, 40 percent said that their recruiters aren't being trained enough to select people "suited to cross-cultural environments."

The report said that Brazilian and Chinese companies are most affected by financial losses due to failed cross-border transactions.