



Six ways English skills affect business results

How to make sure your employees have
the right level of English





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OVERVIEW





BACKGROUND

A core part of the British Council's cultural relations mission is to improve and promote standards of English for companies, governments and educational institutions. With **80 years' experience** providing English teaching and assessment, each year we administer **3 million exams** and train **over 300,000 people across 100 countries** worldwide.

From our ongoing conversation with partners and clients, we observed a gap between the increasing **importance of English in the marketplace** and the strategies and tools required to meet this challenge. Often businesses do not have sufficient knowledge of the English skills of their workforce and job applicants. We wanted to examine this issue and use our expertise to help companies **turn language skills from an area of risk into a business asset**.

THE RESEARCH

To better develop our understanding of this topic, we commissioned Euromonitor International to research the issue focusing on two primary objectives:

- to explore the key business areas where English skills are critical to success
- to measure the impact of poor English skills on profit

The respondents to this research were Human Resources managers and business leaders from large international companies across diverse industries – from construction and automotive to travel and banking. They were asked to consider the added benefits of having high-level English-speaking employees and estimate the impact on their business results if they could not communicate well in English.

The results reinforced our understanding that English is not just a basic job requirement, but an essential tool that can significantly affect business performance. Despite this, many companies did not realise until interviewed that there are many hidden costs associated with poor English.





The following six business areas showed the strongest correlation between business success and quality of employees' English:

- Business intelligence
- Supplier costs
- International projects and tenders
- International investment and sales
- Brand value and customer satisfaction
- Internal communication and team cooperation

In this report, you will find a summary of our findings and advice on how you can ensure your workforce is equipped with the specific English skills needed for the job.

Keep reading to:

- better understand the impact of English on key business areas and revenue
- get our expert advice on improving the language strategy of your company with tips you can easily put into practice.



SIX BUSINESS AREAS AFFECTED BY ENGLISH

BUSINESS INTELLIGENCE

How English impacts this area

Poor English can prevent managers from keeping up with industry trends and participating in international seminars, trade conventions and other promotional events. It may mean your company misses out on new market opportunities, dampens its reputation or fails to adapt to changing market trends.

Examples:

- If traders do not keep their business knowledge of the international markets up to date, 75 per cent of the total revenue generated by large German banks could be affected.
- In the automobile sector in Germany, the product development process is heavily dependent on employees across the world being able to communicate in one language. One company in our survey said: 'We could not develop new technologies suitable for all markets if the input is not communicated in a common language.'

OUR TIP

Ensure that employees across all levels of your company have the right English skills.

English skills are critical not only for staff who deal directly with customers but also for those with managerial or technical roles. Ensuring these higher-level employees have the right English skills means they can keep up with industry trends as well as communicate this knowledge internally.

SUPPLIER COSTS

How English impacts this area

Supply sourcing directly affects a company's profit as well as its ability to price competitively. Limiting the company to domestic suppliers only can lead to higher supply costs. Most companies look to site production in low-cost countries and source raw materials in bulk from the lowest priced seller. The importance of English in these cases is not only linked to sales, but also to costs.

Examples:

- German fast-moving consumer goods (FMCG) companies indicated that English allows buyers to negotiate more effectively. Our research estimated that a national chain dealing with international suppliers could lose 20-30 per cent of profit by not communicating skilfully enough to negotiate better pricing deals.
- In the manufacturing industry in Italy, English was estimated to reduce costs by 50 per cent by enabling firms to choose the lowest cost suppliers and to buy directly.

OUR TIP

Don't be fooled by false economies. Use reliable testing with specific benchmarks, backed by thorough trials and academic research.

Regardless of the size of your business or your assessment needs, it is crucial you use tests supported by reliable academic research. Using unreliable tests which provide an inaccurate and misleading snapshot of the English skills of your workforce can result in significant losses or inefficiencies. Though retail prices of these tests are often lower than more robust services, their real, long-term costs can be far higher.

Does your business have
the English skills needed
to compete in the
global marketplace?

**Take the Aptis English
test and find out.**



INTERNATIONAL PROJECTS AND TENDERS

How English impacts this area

International projects and tenders offer significant opportunities for growth in many industries, but developing competitive bids often depends on English.

People with good English skills are needed when bidding, negotiating and managing large international projects.

If a company cannot articulate their bid well in writing, this will significantly damage their chances of being shortlisted. Furthermore, for bids that are shortlisted, a clear and confident presentation in English – and one that effectively uses its many nuances – is essential. Bids are also ultimately underpinned by ongoing relationship building, which again requires clear and confident speaking and listening skills.

Examples:

- Our research clearly showed the effects of this in the **construction industry in Italy**. For these companies, around **80 per cent of project revenue is dependent on English** as it is the working language of the markets in which they operate – only 20 per cent of business is done in Italy. The ability to retain these vast sources of revenue would be put at risk if a company did not have sufficient English

OUR TIP

When recruiting, choose English language tests that can give you a full profile of the candidates' skills – speaking, writing, reading and listening.

Different positions require different levels of individual skills. An accountant or IT assistant who does not interact with clients face-to-face may need writing and listening skills more than speaking skills. The opposite is often true for customer services staff. Using a test that shows the level of each of these skills, instead of only an overall level, will give you the precise information you need for informed decision-making.

INTERNATIONAL INVESTMENT AND SALES

How English impacts this area

Expanding beyond local markets requires marketing and sales departments that can communicate effectively with international clients – and a high level of English is essential.

According to many of the companies that took part in our research, diversification of their market presence was the best way to withstand domestic market crises. They highlighted international expansion as a key component of this because it allows their businesses to remain healthy even with a decline in the local market. English was identified as an essential tool in this process.

Examples:

- **Travel agents in Russia** stated that without English they could not negotiate with foreign partners and would eventually be forced out of the market, with the loss of revenue reaching **90 per cent**.
- In the **Italian tourism industry**, English is needed to allow companies to expand into new markets. Cruise companies, in particular, are focused on China and other parts of Asia, which require English skills. **Double-digit growth** is predicted for the Asian cruise market over the next ten years. For one company we surveyed, cruise sourcing from Asia and Australia rose by 18 per cent in 2013 alone.
- For **Italian banks**, trading on international markets is an important driver of growth and also helps to diversify risk; companies buy and sell foreign funds for domestic as well as international clients. In total, around 30-40 per cent of managed funds is international meaning that English contributes **30-40 per cent of revenue** through this channel.

OUR TIP

Map your employees' English skills to an international standard.

When employees deal with international clients, it is essential their English isn't just 'good' but can be shown to meet international standards. Choose a test that gives precise and accurate information on each of the language skills (speaking, writing, reading and listening) mapped to the Common European Framework of Reference – the international standard for describing language abilities.

English is an essential
tool for international
expansion.

**Make sure your
company is prepared
with the Aptis
English test.**



BRAND VALUE AND CUSTOMER SATISFACTION

How English impacts this area

Our research confirmed that poor English can deeply affect how international customers perceive a company's brand. A good international brand image indicates an international expertise and connection to a global network. This is critical in positioning a company as an industry leader and to winning clients. To keep clients coming back, it is essential to have a customer service team who can serve them well in English.

Examples:

- As an example of how the perception of quality allows for higher prices, one **Russian consulting and IT industry** respondent estimated that the **company's prices would need to be five times lower** if its employees did not have proper English skills, as this would damage their image in overseas markets.
- The impact of English on brand image is also significant for large hotel chains that face substantial competition and must maintain high levels of service to keep their clientele. In the **German hotel sector**, it was estimated that over **60 per cent of guests would not return** if their staff did not speak adequate English. In urban centres or popular tourist areas where the need for English is most pronounced, revenue is over 70 per cent dependent on a high level of English skills among employees.

OUR TIP

Choose tests that show precise language skill gaps to best design and assess training programmes.

Testing staff before training helps identify which employees are weaker in certain English skills (speaking, writing, reading and listening) allowing you to group them for tailored training that focuses on improving those skills. In this way, you are optimising time and money spent on training by targeting only those skills that need the most work. Testing after the course gives you a clear picture of improvement and the areas that saw the best results. In addition, the results indicate whether the course achieved the desired improvements in language, and where more work is needed.

INTERNAL COMMUNICATION AND TEAM COOPERATION

How English impacts this area

Due to the multinational nature of many projects involving teams in different countries, seamless teamwork also depends on quality English. The consequences of a simple misunderstanding can be costly, leading to inefficiency, higher direct costs and even accidents.

Examples:

- In the **IT and consulting sector in Russia**, developers from different countries regularly work together on projects. In total, **65 per cent of internal communication is in English** for international companies in this sector. One IT company said that ‘although software developers can work without English, it is important to know the language to understand client requirements and cooperate with colleagues from other offices working on the same project.’
- In large **Italian manufacturing companies**, English is not only a significant part of external communication (80 per cent) it is also critical for internal communications – a full **40 per cent** is in English.
- In the **German automobile industry** over **50 per cent** of internal communication is in English. It is particularly critical at management level in order to facilitate communication between subsidiaries and head offices.

OUR TIP

The best time to test a potential staff member is during the recruitment phase.

Alongside business and technical abilities, you should establish candidates’ English skills when recruiting. For posts that require English, it is crucial to be certain you are employing someone with the level of English required to perform effectively. Failing to do so early on can have a significant impact on future business performance. It can not only cause growth opportunities to be regularly missed but training up employees once they are hired can prove costly if there are large language skill gaps.

Does your business have the English skills to serve your international customers?

Make sure your front-line staff are at the right level with the Aptis English test.





ASSESSMENT PRACTICES COMMONLY USED BY BUSINESSES AND THEIR RISKS

From our nearly 80 years' experience providing training and assessment and our work with our partners, we have observed three main ways companies currently assess the English skills of their employees. All of them provide some evaluation of the level of English knowledge. However, there are substantial risks and drawbacks to each that we outline below.



RELYING ON A SIMPLE CONVERSATION TO ASSESS JOB CANDIDATES

The primary risk associated with this method is that it evaluates only the conversational ability of the candidate, leaving their writing and reading skills untested – and it does so on a very basic and unreliable basis. This could create a situation where you hire an employee who speaks English but has poor writing skills. Your company could be affected by this decision in a number of ways from miscommunication with customers to costly production mistakes or accidents.

TESTING EMPLOYEES WITH EXAMS THAT ARE NOT DEVELOPED BY EXPERTS

Many companies use English tests designed locally or in-house. These tests are often not backed by research meaning they haven't been carefully trialled and therefore risk producing biased, incomplete and unreliable results. Test trialling is essential to an accurate test to ensure that the questions are at the appropriate level of difficulty and produce reliable results. Trialling can last several months and is rarely included in test preparation by local or in-house English experts. In addition, these tests do not give you the full picture as they are usually not designed to assess all four language skills – speaking, writing, reading and listening.





USING BASIC ONLINE TESTS

Using very basic online tests can produce far too broad a snapshot of a candidate's English skills. Quick assessment tests typically do not include a speaking or writing component. As a result, they don't give a precise and comprehensive picture of the test taker's ability. Relying on these types of tests can make it difficult to know whether a candidate has the specific English skills (e.g. writing at a B1 level, speaking at a B2 level) which can put many aspects of your business at risk.

OUR TIPS ON IMPROVING THE LANGUAGE STRATEGY IN YOUR COMPANY

- **Ensure that employees across all levels of your company have the right English skills**
- **Don't be fooled by false economies. Use reliable testing with specific benchmarks, backed by thorough trials and academic research**
- **When recruiting, choose English language tests that can give you a full profile of the candidates' skills – speaking, writing, reading and listening**
- **Map your employees' English skills to an international standard**
- **Choose tests that show precise language skills gaps to best design and assess training programmes**
- **The best time to test a potential staff member is during the recruitment phase**

These tips are not industry-specific and are intended to provide you with a general starting point for establishing your company's language strategy. For a tailored solution, we are happy to talk to you, analyse your company's language needs and advise on the best approach. Contact us for a free consultation.

OUR SOLUTION: THE APTIS TEST



Aptis

Forward thinking
English testing

To address these opportunities and challenges associated with English skills in the workforce, the British Council created the Aptis English language test. It is our modern solution providing language assessment that is both reliable and flexible.

It is designed to suit your precise needs and budget – with Aptis you have complete control over the time, place and language skills that are tested. As an assessment tool, it allows you to make better-informed decisions about your recruitment, workforce development and English language strategy.

- It provides **reliable, accurate results** on the English skills in your organisation.
- It is flexible and accessible so you can assess people **quickly and affordably**.
- It allows you to test the skills that are most relevant to your needs and **get results fast**.

If you'd like to find out more about Aptis and what it can do to help your organisation, click here.

