# One North East

The Development Agency
for the North East of England

# Language Skills Capacity Audit

# Executive Summary

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# Executive Summary

This report was commissioned by OneNE's Education and Skills Committee in June 2000. Our aims in asking the Languages National Training Organisation to undertake the project were:

- To provide a planning baseline for those skills essential to the internationalisation and globalisation of our markets.
- To provide a feeder route for skills and labour market intelligence to our Skills Observatory.
- To identify examples of good practice among our international businesses and our trainers and business support providers from which we can learn and on which we can build a more successful future for our young people.
- To respond constructively to the Nuffield Report into the language needs of the UK, which was published in May 2000 and calls for action at all levels to avert a growing national skills deficit in language competence.
- Above all, to identify those actions and initiatives which will help all the enterprises and agencies in our Region in our mission to realise our potential.

The breadth and detail of the final report of the project have both surprised and delighted us. It covers all aspects of skills provision in languages and maps that provision not only against today's demand for language skills in the region but also against changes in employer attitudes to language skills over time and against national trends. It is the most detailed survey to date of language skills in a region and, as such, will be of major interest nationally as a research tool as well as regionally as an essential part of our planning information.

The survey was conducted in two sections: a survey of demand for language skills and services, and a survey of provision in the Region.

## 1 Survey methods

The **demand survey** comprised a four-page postal questionnaire, which was mailed to 3206 companies in the North East region in July 2000. The responses were compared with those from the Elucidate Study of employer attitudes to language skills which was collated for the North East in 1996. This enabled the demand survey to present both the current position as well as changes of emphasis which have occurred in the last five years. The Elucidate findings are juxtaposed to the current findings throughout the study.

For the **survey of provision**, quantitative information was drawn from

- DfEE (2000) *Statistics of Education: Public Examinations, GCSE/GNVQ & GCE/AGNVQ in England, 1999*, London, The Stationery Office, and
- HESA (2000) *Students in HEIs 1998/99*, Cheltenham, HESA.

This was supplemented by data supplied by individual institutions in the Region and by ALEC, ATC, City & Guilds, DfEE, HESA, IoL, ITI, NcfE, NOMIS, SCHML, TOC and UCML. Recent CILT, FEDA and NIACE survey publications were consulted, also the findings of the Nuffield Languages Inquiry. Data formats and availability range widely and detailed analysis could form the basis for a second study.

Qualitative information was gathered from questionnaires, telephone interviews, focus group sessions and on-line consultation. A 6-page questionnaire was distributed by post/email to all the Region's post-16 state sector providers and commercial providers. Return rates were: 75% Sixth Form Colleges; 44% FE Colleges; 66% AE Centres, 55% commercial providers. Follow-up telephone interviews were held to clarify or expand individual responses.

3 cross-sectoral focus group sessions were held to verify the interim findings and debate issues and proposed recommendations. Contributors to the provision survey were consulted on-line to refine the issues and recommendations as presented in the report on provision.

As there has not been a survey of provision carried out in this way before in the Region it is not possible to offer any reliable longitudinal analysis (as in the case of the demand survey). Individual institutions provided data from earlier years for comparison.

## 2 Survey findings – demand

### 2.1 Languages needed

Overall, 60% of 'international' companies (companies involved in export trade) use foreign languages regularly (52% of the *whole sample*), this compares with 71% of export companies in the 1996 Elucidate Report. It appears that smaller companies, in particular, are tending to concentrate on markets further afield (i.e. outside Western Europe) such as China, Latin America and Eastern Europe, where the strong pound has less impact and where companies have to rely on English as they are less likely to have skills in the languages of more distant lands.

French and German continue to be the languages most commonly used by companies, followed by Spanish, Italian, Dutch and Japanese. But there has been a reduction in the percentage of companies using French (down from 57% to 41%) and German (from 48% to 40%), as well as Italian (from 15% to 12%). Use of Dutch and Spanish has increased over the same period, which reflects the upward trend in exporting to these countries. What is surprising is that the Netherlands, a traditionally 'English speaking' country, appears to pose language barriers.

Companies appear to be trading more globally; thus there has been an increase in companies using 5 or more languages regularly.

There are a number of significant differences in export trade destinations of companies in the international sample since 1996. There has been consolidation in the German, French and Spanish markets; although Germany has overtaken France as the most important export destination.

There is evidence of demand for a broader spread of language skills in line with the impact of globalisation. A matter for concern is the growing mismatch between language skill provision in the Region and the languages of the target markets of NE companies, which are increasingly non-European due to globalisation.

Outside Europe there has been an increase in the percentage of companies trading with the Middle East (up from 18.2% to 25.1%) and South East Asia (up from 10.6% to 22.1%). Again, there has been market diversification leading to greater demand for 'rarer' languages. Changes of this magnitude in just 4 years could impact very quickly on demand for language and cultural skills training.

### 2.2 Company profiles

Companies are more likely to recognise and act on their need to use languages in trade when they reach a certain resource level. Language use can appear deceptively high in very small companies involved in exporting. This is because very often the language skills recorded rest with the owner/manager and the target market (usually France and Spain) reflects this limited scope. The barriers arise when companies grow and then wish to expand beyond the immediately accessible markets.

Companies that export less than 10% of their sales are less likely to use language skills, either because they do not have the resource to buy in services, or they do not feel the market is large enough to warrant investment in this aspect of exporting. In some cases there is inadequate awareness of the issue – which is often the case with reactive exporters.

Government intervention may be necessary in companies which are either too small (10-49 people), or whose export profile too small (less than 10% of sales), and which cannot resource this potential skills deficit adequately.

**2.3 Skills and people**

Over 62% of ‘international’ companies claim to have employees with language skills. (NB in 1996 Elucidate reported 72%). This percentage includes people with a GCSE which means they are not generally operational; 5.7% of respondents in ‘international’ companies did not know whether their employees had language skills or not (which increased to 8.3% for the whole sample). This suggests that companies do not carry out skills audits on a regular basis.

No longer is the need for language skills limited to ‘export’ or sales managers. MDs and senior general managers are increasingly having to become involved in joint ventures and make contact with foreign partners or employees at all levels of company activity. There is an increasing need for more junior personnel with language skills, particularly at the direct customer interface.

Comparison with the Elucidate report indicates a much greater percentage of employees with a basic knowledge (from 33% to 40.5%) at the expense of bilingual employees that declined from 12% to 6.6%. The percentage with fluent and advanced skills has also declined. It is this latter trend that is the most worrying. The fact that we appear not to have enough people with advanced language skills is a Regional deficiency that is all the more concerning when the findings of the provision survey are taken into account.

**Barriers to export effectiveness**

The fact that 46% of international companies claim to have encountered language barriers in business dealings is one of the most important findings of the study.

Not surprisingly, the top 4 languages causing barriers have not changed since 1996: French, German, Spanish and Italian appear to cause the greatest barriers due to frequency of contact. Lack of appropriate French is still the barrier for the greatest number- with over 37% of companies who encountered barriers citing French. Chinese (11.7%) has now overtaken Japanese (10.2%) in terms of the percentage of NE companies meeting it as a barrier in the North East.

The use of English is a very important factor for many companies. If, therefore - as noted earlier - the region's foreign customers and suppliers are starting to speak English better, it is important to identify what level of the language skills concerned our business people need at the **initiation or early stages** of the commercial relationship.

This does <u>not</u> mean in any sense that those skills should not be developed as far as they can be. The lesson learned from successful European companies (see the ELUCIDATE study) is that language competence is in itself a key element in business development..

Cultural barriers have been encountered by 19.7% of international companies (17.4% of the whole sample). This compares with Elucidate when 20% of companies met similar barriers and with the DTI Language Study 1997 (nationwide), when the figure of

20% was also recorded. This paints a consistent picture of one in five companies facing cultural barriers. The cultures of countries causing barriers have seen a number of changes. Japan still appears to cause the greatest number of company's problems. Over a third of companies that experience cultural barriers cite Japan. China has increased from 14% to 22% of companies and moved to second place.

Significant issues arise around cultural barriers cited in this study. The barrier posed by 'gender' (= 'being female') arises for the first time in comparison with other surveys (19.6%). Also, honesty and truth issues have arisen sharply in response to increased contact with the Far East, where to say 'no' can be considered impolite and being truthful (about being 'stressed out', for example, which arose in one case) may lead to loss of face. The practical difficulties of holidays and religious festivals affecting eating, working arrangements arise – again as a result of increased contact with countries beyond Europe in a global society. In the Elucidate study, most companies cited only business etiquette as a barrier. Evidence for this survey suggests that there has been a shift to concern about deeper issues around values.

There has been a notable increase in the number of international companies claiming loss of business due to lack of language skills – from 12% in 1996 to 19% in 2000 (17% for the whole sample).

In the present survey this question was designed differently from the equivalent question in the Elucidate survey with lists of possible reasons for losing business presented as a checklist. We would therefore expect this to result in an increase but the scale is much greater than expected. The higher than expected level of business loss may reflect a greater awareness by companies of the economic value of using the customer's language.

**2.5 Language strategies**

There is a clear profile of companies that share an awareness and demonstrate evidence of implementing a language strategy. Larger companies are generally more aware of strategies.

The optimal awareness profile is: exports at 30-49% of turnover; turnover at 10-20mEURO pa; size: 100-249 people.

If there were to be an intervention strategy aimed at supporting the development of a language or communication policy in companies, then it would make sense to target companies which fall below the above three thresholds.

Of the 20% who have undertaken language training, 45% claim it improved performance against 30% stating no improvement. Further work needs to be done on the provision side into why the training was considered ineffective by such a high proportion (nearly one-third). German is the commonest language for which training is undertaken, followed by French and Spanish. Companies prefer part-time courses; evening is preferred (82%), during the working day is less favoured (62%). Self-tuition is also prominent with over 50% of companies who have undertaken training trying this method.

There is a significantly high level of reliance on subcontractors for language support in comparison with studies of foreign companies.

NE companies are comparatively less self-sufficient in dealing with foreign language communication than their international competitors.

Companies have an unrealistic view of how long training can take to reach operational outcomes. It is clear that more information is required about both the costs and time-scale required to reach certain levels of skill.

The languages where training is needed are German, French, Spanish and Italian. There has been a significant reduction in percentage of companies intending to train. There have been increases for Italian, as well as the appearance of Dutch and Arabic, which corresponds with the dramatic increase in trade with these countries.

It is apparent that culture and language competencies are almost equally important and intertwined.

## 3 Survey findings – provision

### 3.1 Pre-16 education

In the primary phase curriculum pressures associated with the introduction of the Literacy and Numeracy hours and the lack of specialist teachers able to offer a language mean that there is patchy provision of languages and a predominance of French. The popularity of fee-paying extra-curricular provision reflects a substantial level of demand not currently met through the school curriculum.

In the secondary phase a growing number of schools now offer only one language, usually French, rather than two at Key Stage 4. The practice of disapplying groups of students rather than individuals from language classes is a new development and should be a matter of some concern within the Region.

While there has been a small rise in GCSE languages candidate numbers in the North East by comparison with national figures in the last 10 years, the Region's performance in higher grades has fallen since 1991/92 and is significantly lower than the national average for the main languages taught in the Region: French, German and Spanish.

While experiencing many of the same issues as the state sector, the independent sector is maintaining provision and high levels of achievement in French, German and Spanish. As in the state sector, Spanish is proving more popular at all levels, French is showing signs of decline and German is in steep decline, particularly at A Level.

There are promising individual LEA initiatives promoting take-up and diversity, but while they are successful, they are largely extra-curricular, thus perversely reinforcing an emerging tendency to marginalise language provision pre-16.

In both the pre- and the post-16 phases the Region's 8 Language Colleges provide instances of best practice for replication and there are schools in the Region that have achieved national awards for curriculum development in languages.

### 3.2 Post-16 education, including Adult and Further Education

Low levels of continuity in languages post-16 and the pattern of poor A Level take-up reflect the general downturn UK-wide for most of the 1990s.

The downturn between 1997/98 and 1998/99 in the North East is not typical of the rest of England and should be a matter for concern, particularly as it will have an impact on the ability of schools and colleges to continue providing A Level teaching on an individual subject basis.

Nationally the UK enjoys relatively high levels of interest and uptake in languages by adults and this would appear also to be the case in the Region. Numbers for FE/AE are broadly stable in the Region, with a notable increase in recent years in the popularity of Spanish. Levels of achievement in the Region are typically at or below NLS Level 2. Concerns expressed by FE and AE providers reflect those expressed at national level to the Nuffield Inquiry and revolve around issues of staff contracting, curriculum planning and timetabling, staff development and competition.

### 3.3 Higher Education

Higher Education in the Region fared particularly well in 1995/96, with an increase in its language student FTEs of 32.4%. Compared with the other English Regions the North East continued to do well in relative terms until 1998/99, with modest increases each year in its languages FTEs when most other Regions were already in decline. The Region finally suffered a sharp decline of 12.5% in 1998/99, still not as great a decline in that year as in the East Midlands and South West, where the percentage decline from the previous year was over 15%, but sufficient to put pressure on language departments in all 5 of the Region's HEIs. IWLP numbers have remained steady, but it would appear that 'modular squeeze' and the introduction of fees for this area of study may be beginning to have a negative impact.

Main degree provision is mostly in French, Spanish, and German, the last of which is acknowledged to be in crisis in the Region as it is nationally. The Region sustains one HEI offering a wide range of lesser-taught languages, although the long-term sustainability of some programmes is questioned. There are instances of successful initiatives linking undergraduate programmes more closely to the world of work.

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| Regionally, as nationally, language graduates are highly employable, but they are leaving the Region to find work. |

### 3.4 Commercial language services

Commercial language service providers, especially translators, and those HEIs and FE colleges that recruit overseas represent an important element of export trade in the North East.

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| Commercial language services do not emerge from this survey as a dynamic sector in the Region. |

There is a small number of established and respected providers, but an increasing proportion of their work comes from outside the Region. Among those responding to the survey, German is the language most widely offered, followed by French, then Spanish, with very few specialists in other languages. There is a shortage of experienced technical translators.

### 3.5 Business support agencies

There is no one independent source of advice on language services in the Region and the criteria for the various databases held are not transparent or linked to any quality assurance framework.

Take-up of available grant support for language services is poor, as are application levels for BTI Awards. This would appear to reflect the low priority given to languages/culture in general in the Region.

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| It would appear to be the case that, for those SMEs that take up the challenge to enter or extend export markets, the support they are offered, not only in terms of funding but also in terms of actually finding good quality language services, is restricted and may not be made available on a helpful time-scale. |

It is evident that the job market in the North East is European, even global, and that those without good levels of competence in a language, allied to appropriate vocational skills, are at a disadvantage in being able to apply for vacancies in the Region. Intermediary agencies seeking to supply clients with employees with appropriate language and other work-related skills indicated that they are not generally able to meet their needs from within the Region.

### 3.6 Native speaker resource

Although the data are not reliable, it is clear from consultation that there are significant populations of native speakers resident in the Region, many of whom may be available for work. Considerable increases in the numbers of overseas students in the Region in recent years have been noted and exploited by agencies recruiting, in particular, for multilingual call centres in the North East. Increases in the refugee and asylum seeker populations, and changes in British legislation, have occasioned issues concerning interpreting services, as yet to be fully addressed in this Region as elsewhere in the country.

## 4 Observations

As companies move into markets further afield than Europe, their need for a wider range of languages is growing, yet the majority of commercial providers in the Region cater for the more common Western European languages. In all phases of the education sector, diversification away from French, Spanish and German is rare and, other than in one HEI and the Language Colleges, is dwindling rather than increasing. Provision for those ‘rarer’ languages increasingly in demand by companies, or found to present barriers to trade (Dutch, Japanese and Chinese) is minimal.

German was found to be an important language for companies in the Region, and Germany has overtaken France as the main export destination. The high level of demand for German is matched in the survey by the high instance of German services offered by commercial providers. What should be a concern for the Region in the mid- to long-term is the present sharp decline in the popularity of German at A Level and on HE degree programmes, and the effective phasing out of German lower down in the state education sector. Sustainability of a German language skills base in the Region is under threat.

Cultural skills are increasingly acknowledged by business and by business support agencies as being at least as important as language skills for international trade. However, it is the service reported as being provided least by the commercial sector, and cultural skills are not addressed consistently as part of language learning, or otherwise, in the education sector.

Statistics for levels of language ability among the Region’s employees broadly reflect the fact that for most learners in the Region, language learning stops at or before GCSE/NLS Level 2.

It is a matter of concern that the Region’s companies would appear to be relying on subcontractors for support in language matters, when the commercial provision sector in the Region, with one or two notable exceptions, may be regarded as pedestrian and has acknowledged skills shortages.

While further work needs to be done to identify the reasons for a high proportion of the Region’s companies reporting language training as ineffectual, the demand findings already indicate that there is a large mismatch between company expectations concerning language training, and the reality of the investment it represents in both time and money to achieve a worthwhile level of competence. This lack of understanding is also reported by providers.

## 5 Key recommendations for action

### 1 Awareness raising

**Objective**

- to improve global competitiveness in non-English-speaking markets

**RDA objectives**

- to develop new regional awareness-raising initiatives
- to co-ordinate regional initiatives on language provision and technology

**Recommended activities**

1. Set up an ongoing PR exercise with a local sponsor to add languages to plastic shopping bags or equivalent consumer items
2. Initiate a leaflet and poster campaign for use in schools and companies, training centres, etc.
3. Encourage local authorities in the Region to ‘think cosmopolitan’, e.g. signposts in languages other than English, a campaign for basic language skills among ‘first point of contact’ staff in the customer services sector
4. Fund a ‘family language learning’ programme, with a customer service focus, and retail sponsorship, to raise expectations about the usefulness of language skills in everyday life
5. Use the language skills of native speakers, e.g. professional footballers, to raise the profile of languages
6. Fund the replication of existing good practice in ‘video-conference/email pen-pal’ links to offer to more children the incentive to appreciate another culture and language
7. Fund a training module on cross-cultural issues for public service sector personnel
8. Hold a ‘North East Languages and Cultural Learning Show’

### 2 ‘Global Communication Champions’

**Objective**

- to offer support and training to businesses in the Region

**RDA Objectives**

- to target and route available funding effectively
- to consolidate and develop the Region’s existing in-company language capacity

**Recommended activities**

1. Set up a One North East Regional programme for building ‘champions’ in businesses, who will cascade languages, language and intercultural awareness throughout their company and in the wider community
2. Fund highly subsidised (free?) language training programme for company managers and ‘change agents’ in Regional and local communities
3. Fund the training of business advisors for updating on the language and intercultural aspects of exporting
4. Target language development activity on those categories of SME identified in the demand survey as most in need of support

## 3 Language Centre for the Region

**Objective**

- to promote access to information and language solutions and act as a catalyst for networking, activities and further development

**RDA Objectives**

- to create a central point in the Region for languages in and for the workforce
- to co-ordinate and stimulate developments in languages and intercultural awareness in the Region
- to promote dialogue between users and providers of language services to effect more speedy and realistic solutions to identified business needs
- to provide year on year data on skills provision and skills needs in languages to inform resource planning in the Region

**Recommended activities**

1. Create a virtual language information centre with associated networking capacity, linked to the planned virtual International Trade Centre for the Region
2. Make available access to a language technology demonstration centre and promote the potential of different forms of language service and emerging technologies for meeting client needs
3. Network with foreign Chambers, commercial providers and other relevant bodies to provide a portfolio of services for SMEs
4. Offer a business/cultural mentoring service/course for inward investors
5. Facilitate productive networking between providers - 'vertically' (providers of the same type of service) and 'horizontally' (providers of different types of service) – and between users and providers
6. Promote the replication of existing good practice in HE in linking language study to the world of work

A comprehensive series of recommendations for action arising out of consultation on the findings may be found at the end of each section of the Report.