

# Importance of **global talent** within international businesses

Report by Conversis  
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# Foreword

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Based on my research and academic-industry interactions, I have been amazed to see that while English is becoming the lingua-franca worldwide, the local languages and cultural styles are continuing to dominate the world of business. Thus, to me this report does not come as a surprise, but as yet another affirmation of the fact that importance of 'Language and Culture' will continue to increase in an ever diverse global marketplace. It is critical for workers and nations to enhance their cross-cultural competence (language and intercultural skills) to be competitive in this global networked economy.

Globalization has led to an increased exposure to people, practices and institutions across the world. In 1983, Theodore Levitt, the famous Harvard Business School marketing professor,

put forth the idea of a globalized consumer market in which a standardized marketing strategy could lead to a competitive advantage and cost savings. However, in the years since Levitt's propositions, a multitude of researchers, companies, and consultants have learned that ignoring local language and cultural differences, and leveraging a standardized business strategy, often brings with it severe pit falls. This includes corporate miscommunications, brand dilution, market share erosion, consumer antipathy, and most importantly the erosion of global competitive advantage. Thus, cross-national differences in ways of thinking, communicating, and behaving have the potential to create misunderstandings and miscommunications.

Foreign language and intercultural skills are the key to avoiding these cultural



miscommunications and succeeding in a global economy. Thus, lack of foreign language and intercultural skills is not a superfluous issue that business professionals and policy makers could afford to continue sweeping under their rug. From a business perspective, companies need to become more adept at localizing their communications and offerings to meet diverse linguistic and cultural expectations. From a policy perspective, countries need to invest in educating their youth in cross-cultural competence skills, wherein foreign language proficiency should not only be desirable, but mandatory.

As this report shows, British businesses are losing out to foreign competitors because of the lack of cross-cultural competence. The solutions are not that difficult to implement. From a

short term perspective, business policy and public policy need to emphasize intercultural communication skills. But from a long term perspective, public policy decisions need to be made to integrate foreign language and culture curriculum in k-12 institutions [primary and secondary education]. At university level, foreign language proficiency and intercultural skills should be emphasized as a part of the common core for all incoming students.

Today's competitive advantage rests on the ability to effectively deal with diverse global expectations. And the role of language and culture is at the heart of it. I hope this report will serve as yet another warning to both companies and governments to not overlook the importance of foreign language and intercultural skills.



# Executive Summary

**British and US businesses are losing out because of a lack of language skills and cultural awareness.**

**Companies seek Global Talent to support growth.**

This study of UK based business leaders, together with the survey of US based Hiring Managers, shows that many are finding it hard to operate globally because they can't find new staff who can speak other languages.

One in four companies surveyed in the UK that currently, or are looking to, operate internationally said they had lost business opportunities because of a lack of foreign language skills with one in six of all businesses in the US (where 33% of mid and large size companies had international operations and/or serve multilingual/multicultural clientele) said similar.

More than 80% of respondents in the UK and 70% in North America believe colleges and universities should do more than they are currently doing to help young adults think more globally.

The research suggests that British and American businesses could be losing business to overseas competitors because of a lack of foreign language skills and cultural awareness amongst their staff.

A quarter of respondents said a lack of language skills among their newest employees has resulted in a loss of business opportunities, while two in five UK businesses and 14% of US said a lack of cultural understanding among their newest employees has resulted in lost business opportunities.

A third even said a lack of language skills among their newest employees has resulted in difficulty filling vacancies.

Two thirds of senior UK directors at businesses that currently, or are looking to, operate internationally are worried that many young adults' perspectives or educational experiences are not broad enough to operate in a multicultural economy. This rose to more than three quarters at large businesses with over 250 employees.

Both sets of research show just how important language skills and even an understanding of other cultures are becoming in the increasingly global business marketplace.

74% in the UK said their organisation values new college hires and graduates with international skills that can advance their international trade efforts with 93% of US mid and large size companies that have international operations and/or serve multilingual/multicultural clientele, seeking employees who can show they are able to work effectively with customers, clients, and businesses from a range of different countries and cultures.

The findings of this report are of particular importance to the translation and localisation industry, which, according to [Common Sense Advisory](#), is now worth US\$38.16 billion globally, growing at an annual rate of 6.46%.

# Background and Methodology

In July 2014, as the UK was leading up to a General Election, the APPG for Modern Languages published its [Manifesto for Languages](#) calling for all political parties to make a general election manifesto commitment to improve the UK's linguistic skills base. At the time, Baroness Coussins, Chair of that particular APPG, said that the UK economy was losing around £50 billion a year in lost contracts because of lack of language skills in the workforce.

When the two leading party's manifestos were eventually published, the word 'language' was only referenced once in the [Conservative Party Manifesto](#), stating that they will require secondary school pupils to take a GCSE in a language, but the word didn't even appear in [Labour's document](#) at all.

With this information in mind, translation and localisation agency [Conversis](#) commissioned this research project.

The aim of the study was to look into the importance that the c-suites of businesses in the UK and US, that are currently or looking to operate internationally, put on Cultural Awareness<sup>1</sup> within their organisations, specifically of new recruits, together with the impact the current state of play has on enhancing their performance and competitiveness.

However, following a meeting at the [Globalisation and Localisation Association's \(GALA\)](#) Annual Conference in Seville in March 2015 with Bill Rivers, Executive Director, [Joint National Committee for Languages – National Council for Language and International Studies](#), it became apparent that his organisation, along with GALA and the Collegiate Employment Research Institute of Michigan State University, had already surveyed 2,101 Human Resource managers in mid- and large-size US companies, but had yet to release the findings. It was therefore agreed to localise this existing questionnaire for the UK, where 1,253 director level respondents were surveyed in July<sup>2</sup>, enabling us to filter out the 200 who matched the international remit, and produce this joint report.

To support the research in the UK, further desktop research was carried out looking at the LinkedIn profiles of 1,000 individuals based in the UK, across various sectors and at different levels of seniority. The aim of this supporting research was to see how many people listed language skills and any reference to a cultural awareness on their personal business related social media profiles.

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<sup>1</sup> Understanding of workplace cultures and the cultures of the specific countries where the businesses operate - including modern language skills

<sup>2</sup> Carried out by independent research company Ginger Comms with the British Airways Directors Club





# Findings

## **British businesses that currently or are looking to operate internationally could be losing business to overseas competitors because of a lack of foreign language skills and cultural awareness amongst their staff.**

Our research saw a quarter of respondents say that a lack of language skills among their newest employees has resulted in a loss of business opportunities, while two in five (39.5%) said a lack of cultural understanding among their newest employees has resulted in lost business opportunities.



[39.5% UK's international businesses lost business due to lack of cultural understanding among employees @conversis\\_uk #globaltalentreport](#)

The findings in the US showed that one in six of all businesses (where 33% of mid and large size companies had international operations and/or serve multilingual/multicultural clientele) had a similar concern, saying that their company has lost business due to a lack of personnel with language skills and multicultural experience

The majority of respondents put this issue down to education, with 65% in the UK worried that many young adults' perspectives or educational experiences are not broad enough to operate in a multicultural economy. This figure increased to more than three quarters (76%) at large businesses with over 250 employees.

These findings were made even more significant considering the UK's 2015 GCSE results confirmed that the [number of GCSE students taking modern foreign languages had dropped significantly](#). Only 302,500 students took a

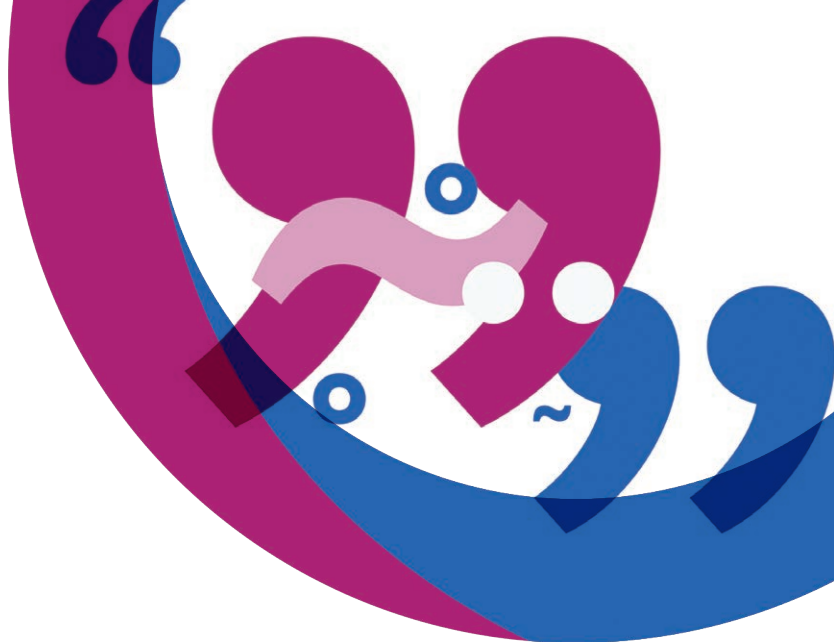
language GCSE in 2015, compared with 321,000 in 2014 and around 332,000 in 2013, with entries for French down 6.2%, German down 9.2% and Spanish down 2.4%.

In fact, more than 84% of our UK respondents believe colleges and universities should do more to help young adults think more globally. However, as recently as August 2015, according to [research by The Sixth Form Colleges Association](#), Sixth-form colleges in England have had to cut the number of foreign language courses they offer because of financial pressures, with A-levels in modern languages having been cut in more than a third of colleges.

70% of respondents to the North American study indicated that higher education in the US needs to do more to prepare graduates in terms of language skills and multicultural experience too.

This lack of 'global talent' – professionals in all disciplines who have a high level of language proficiency and/or significant experience abroad – is creating an issue for those UK and North American businesses seeking recruits in order to better manage the increasing diversity of their workforces, and to design and market their services and products to multilingual and multicultural audiences in their respective countries and abroad.

In the US specifically, companies associate a wide range of positive attributes with



global talent, including increased risk-taking and improved risk management; flexibility; adaptability; and a greater ability to work with and manage diverse viewpoints – internally in company operations and externally with clients and customers of all backgrounds and in all locations.

74% of those UK organisations currently operating internationally, or looking to do so, value new college hires and graduates with international skills that can advance their international trade efforts, rising to 86% and 80% at medium and large businesses respectively.

Of the 33% of US mid and large size companies that have international operations and/or serve multilingual/multicultural clientele, 93% seek employees who can show they are able to work effectively with customers, clients, and businesses from a range of different countries and cultures, 64% seek employees with multicultural experience and 49% seek employees with overseas experience.

Two thirds of UK organisations trading or looking to trade internationally look for new college hires and graduates with first language competency other than English that can connect them to new markets. A similar number values new college hires/graduates with the ability to speak other languages that are critical for their business' economic growth and this percentage is also the case for those that say they would

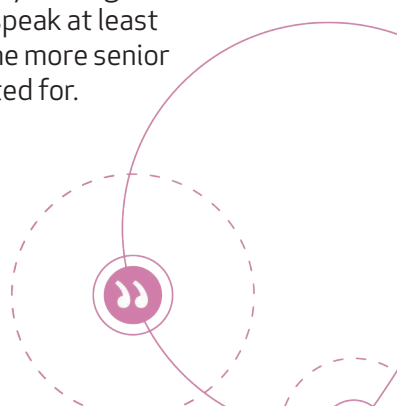
hire multilingual candidates over those who lack a second language.

However, cultural awareness was in fact seen as more important than language skills when hiring at all levels in the UK other than senior management with 71.5% valuing previous foreign experience/multicultural experience which demonstrates a new college hire's and a graduate's ability to adapt to new locations.

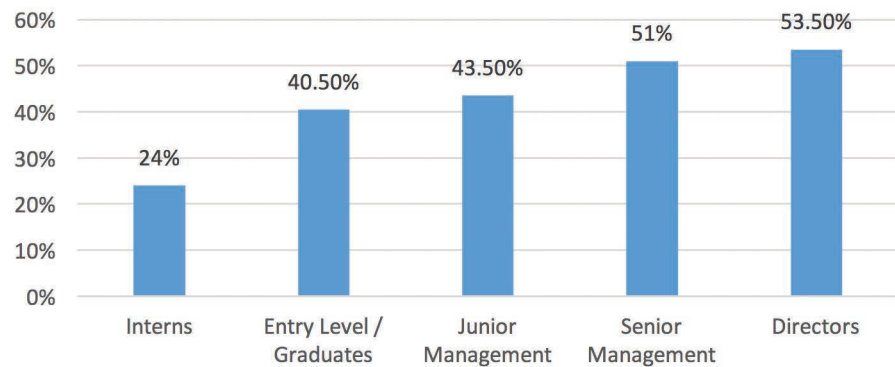
61.5% in the UK said they give an advantage to candidates with international experience, 62% to multilingual candidates and 64% to those with multicultural experience, the latter being 35% in the US.

The study found a number of skills and competencies that recruiters to global operations are having difficulty finding among new or recent graduates. For example, in the UK, 68.5% highlighted the ability to effectively adapt written and verbal communication to various cultures, but 73.4% cited the ability to manage projects with a multicultural team. However, the biggest concern was the 74% that listed the ability to mentor and develop others from different cultural backgrounds.

New employees to those businesses in the UK looking to trade or already trading internationally are required to speak at least one language besides English the more senior a position they are being recruited for.

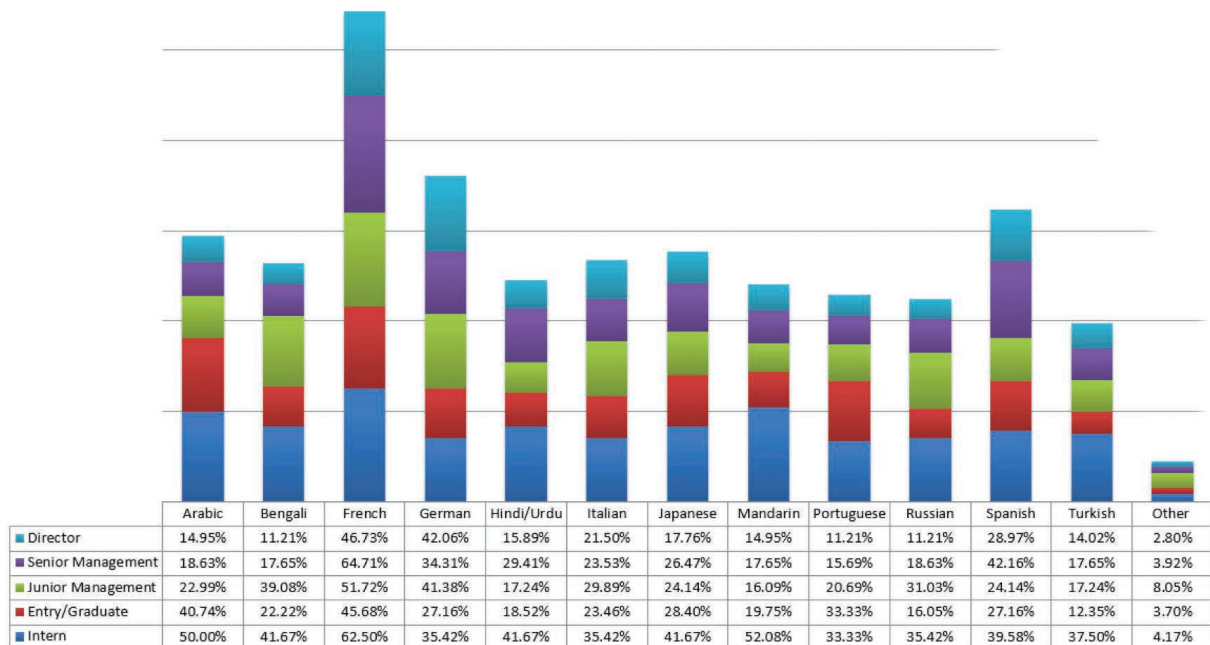


## Employees needed to speak at least one language besides English by level they join the organisation



Of those companies that need new employees to speak a second language besides English, French was highlighted as most required across all levels with other languages that featured highly being Arabic, German, Italian, Japanese and Spanish.

## Languages required by position, as a percentage of those that said yes



The shortage of Global Talent is highlighted when analysing the individual LinkedIn profiles of employees based in the UK, with only 17.6% claiming to have some kind of cultural awareness and 29.2% saying they can speak at least one other language apart from English to

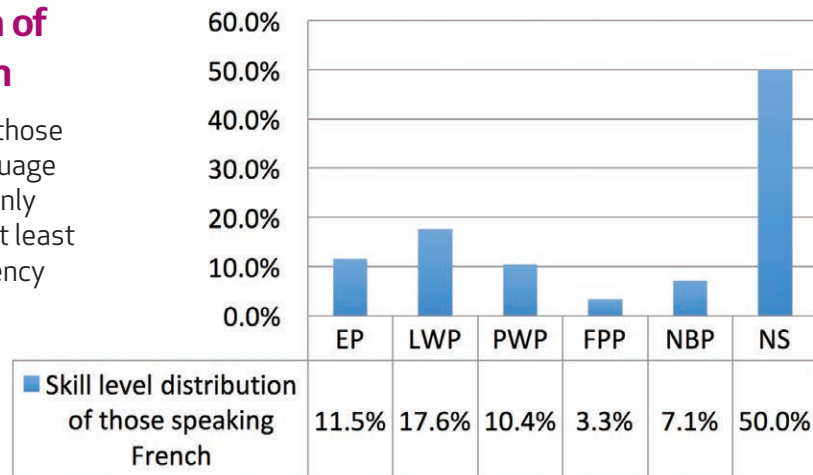
some level, although 15.3% claim they can speak more than one additional language, 5.9% more than two, 2.8% more than three, and 0.7% claim to have some level of proficiency in more than four languages other than English.



## Skill level distribution of those speaking French

French was spoken by 62% of those who could speak a second language (18% of the total sample) but only 20.8% of those said it was to at least a professional working proficiency standard.

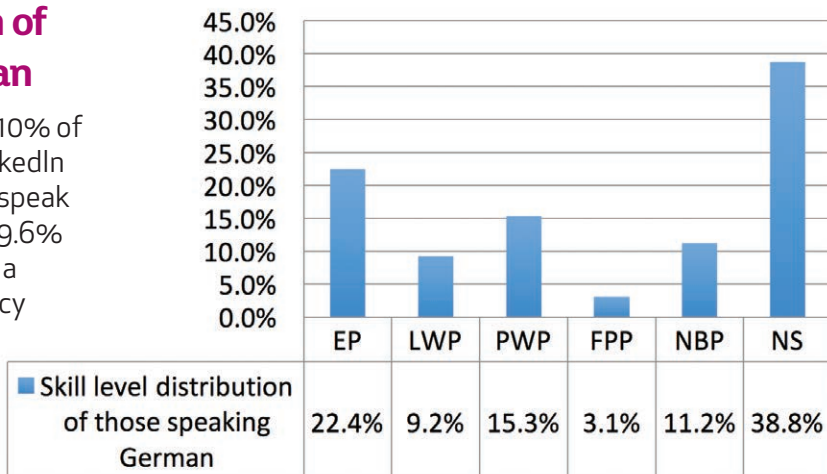
EP = Elementary Proficiency;  
LWP = Limited Working Proficiency;  
PWP = Professional Working Proficiency;  
FPP = Full professional Proficiency;  
NBP = Native or Bilingual Proficiency;  
NS = Not Stated



## Skill level distribution of those speaking German

German is spoken by less than 10% of those UK employees with a LinkedIn profile (34% of those who can speak a second language), although 29.6% of them claim it was to at least a professional working proficiency standard.

EP = Elementary Proficiency;  
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The third most popular second language is Spanish, 7.4% with 4% stating they could speak Italian to some level.

Of those who said they could speak at least one second language other than English, 51% listed languages aside from those top four. In fact, 47 different languages were listed to varying levels, which included Afrikaans, Albanian, Arabic, British Sign Language, Bulgarian, Cantonese, Catalan, Chinese, Croatian, Danish, Dari, Dutch, Faroese, Farsi, Finnish, Flemish, Greek, Gujarati, Hindi, Icelandic, Irish [sometimes referred to as Gaelic or Irish Gaelic], Japanese, Korean,

Latin [this is a classical language], Latvian, Malay, Maltese, Mandarin, Norwegian, Persian, Polish, Portuguese, Punjabi, Romanian, Russian, Sanskrit, Serbian, Slovenian, Swahili, Swedish, Tagalog, Turkish, Urdu, Welsh, Yoruba, Zulu with even one person listing an elementary proficiency in Cornish on their profile.

The findings of this report are of particular importance to the translation and localisation industry that Conversis operates within, which [Common Sense Advisory](#) (CSA) reported is now worth US\$38.16 billion globally, growing at an annual rate of 6.46%.

86.5% of businesses in the UK that are trading or looking to trade internationally have content/assets that they translate or localise for use in more than one territory.



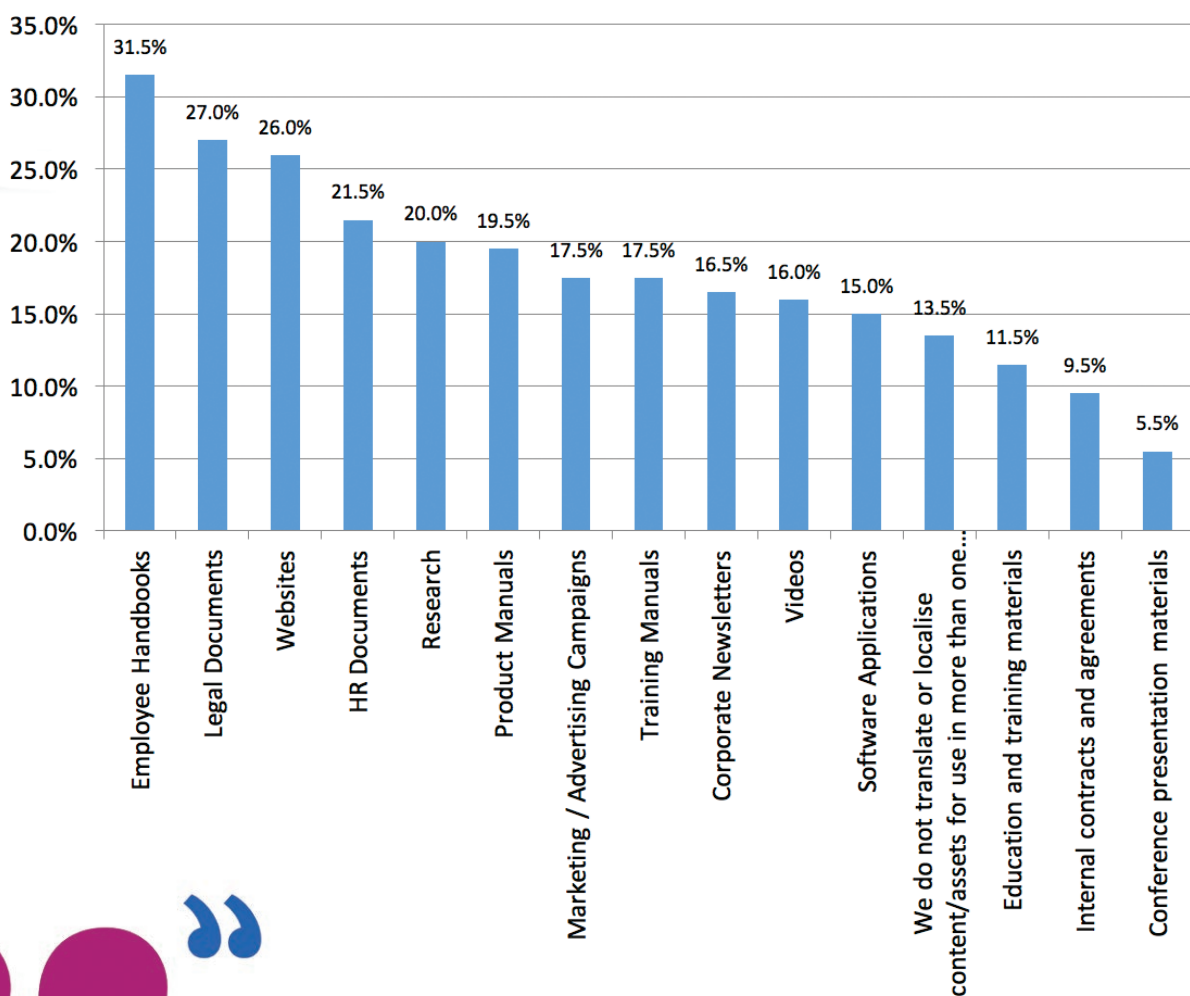
[86.5% UK's international businesses translate content / assets for use in more than one territory](#)  
[@conversis\\_uk](#)  
[#globaltalentreport](#)

Almost one third (31.5%) of business in the UK trading or looking to trade internationally require their Employee Handbooks to be translated, with over a quarter listing Legal

Documents (27%). However, despite it taking 14 languages to reach 80% of the world's population, according to the above report by CSA, just 26% of respondents said they needed their websites translated, which is very low considering they are trading or looking to operate internationally. CSA believe that businesses are leaving many potential customers out in the cold by not supporting the right languages.

Other assets requiring translation included Product Manuals, Training Manuals, Corporate Newsletters and Videos.

## Content/assets translated or localised for use in more than one territory



# Final Thoughts

**Gary Muddyman, MBA**

**CEO Conversis and Advisor to All-Party  
Parliamentary Group on Modern Languages**



International trade is a vital part of the UK economy. Exports comprise approximately 30% of UK GDP. It is estimated that the UK was losing around £50 billion per annum as a result of a language and cultural ignorance. Consider this in combination with the news that in 2015, those students taking modern foreign languages at GCSE has fallen again, continuing a trend evident over the last ten years. So we see a true disconnect between the needs of business and the skills that students entering the workplace will possess.

This report was commissioned with this disconnect in mind. Before the last UK General Election, we scoured the manifestos of the major political parties to look for mentions of language and we found one minor reference in one party's manifesto. This skills gap has not captured the attention of the politicians because it really hasn't captured the attention of the electorate. This is a historical cultural issue rooted in the acceptance of English as the default business language. However, the global economy and the Internet have changed the expectation of consumers across the world and

we are now in a period of transition. The UK is falling behind the trend which will ultimately lead to a lack of competitiveness. In fact, I personally believe that has already started. Consumers are ten times more likely to buy goods or services if addressed in their own language, irrespective of their own linguistic skills. If we are not addressing our overseas customers in their own tongue we reduce the likelihood that they will buy from us. 13 years in the localization industry has taught me that cultural understanding is inextricably linked to language understanding.

This issue is already a reality. This study shows that nearly 40% UK businesses trading internationally, or looking to do so, say that lack of language and cultural understanding amongst its employees has directly resulted in losing business. A third of businesses surveyed expressed concerns that they have had vacancies unfilled because of the lack of language skills of applicants. This issue may not be headline grabbing for our current generation of leaders, but failure to act will only lead to a fall in UK competitiveness on the world stage.

**Bill Rivers**

**Executive Director at Joint National  
Committee for Languages**

The results of these two surveys show that businesses in the US and UK value and seek global talent – linguistic and cultural human capital. They do so in order to increase their capacity to develop and market their goods and services to other countries, and to domestic clients who may have a language other than English. Most strikingly in the US, companies seek professionals with global talent in order to improve how their own internal teams function, as the US workforce has become increasingly diverse.

Primary and secondary schools as well as the higher education need to offer more language programming, and it needs to start sooner in the child's schooling. In higher education, language programs need to work with the other programs on campus to ensure that students in business, engineering, the sciences, and other disciplines have quality language programming as well as opportunities to study abroad.





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