



South West of England Regional Development Agency

Language Skills Capacity Audit

Executive Summary

Index

1	Survey methods	2
2	Survey findings – demand	3
	2.1 Languages needed	3
	2.2 Skills and people	3
	2.3 Company profiles	4
	2.4 Barriers to export effectiveness	5
	2.5 Language strategies	5
	2.6 Inward investors	6
3	Survey findings – provision	6
	3.1 Pre-16 education	6
	3.2 Post-16 education, including adult and further education	7
	3.3 Higher education	8
	3.4 Commercial language services	8
	3.5 Business support agencies	9
	3.6 Native speaker resource	9
4	Observations	10
5	Key recommendations for action	11

Executive Summary

This report was commissioned by the Skills Directorate of the South West of England Regional Development Agency (SWERDA) in June 2001. 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, language service 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 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 national trends. It is the most detailed survey to date of language skills in this 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 of a four-page postal questionnaire, which was mailed to almost 8,500 companies in the South West region in Autumn 2001. Follow-up telephone interviews were held with ten companies as a basis for case studies of interesting practice. Interviews were also held with a number of influencers in the region, key stakeholders whose opinion and comment was sought on past and current practice and emerging trends.

For the **survey of provision**, quantitative information was drawn from public sources such as the DfES and HESA. This was supplemented by data supplied by individual institutions in the region and by ALEC, ATC, City & Guilds, IoL, ITI, NCFE, NOMIS, OCNSW, SCHML, and UCML. Recent CILT, FEDA and NIACE survey publications were consulted, as were 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 six-page questionnaire was distributed by post/e-mail to all the region's post-16 state sector providers and commercial providers. Follow-up telephone interviews were held to clarify or expand individual responses.

Three cross-sectoral focus group sessions were held in the region 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. Some individual institutions provided data from earlier years for comparison.

2 Survey findings – demand

2.1 Languages needed

Of the 'international' South West companies surveyed (exporters, importers and potential exporters), over 60% use at least one foreign language regularly, and more than 40% use two or more. 40% use no language other than English. Use of European languages predominates, in particular French, German, Spanish and Italian, but a wide range of other languages are cited. Non-European markets are currently less important to the region in terms of volume of trade but are clearly ripe for massive expansion. It is clearly felt that linguistic and cultural barriers are impeding expansion of trade in Asia.

<p>There is evidence of need and demand for a broader spread of language skills. A matter for concern is the growing mismatch between language skill provision in the region and the languages of the target markets of South West companies, which are increasingly outside Western Europe.</p>
--

2.2 Skills and people

Overall 67% of companies claim to have employees with language skills. This percentage includes people with a GCSE, which is not generally sufficient to be operationally effective. The 'big four' (French, Spanish, German and Italian) are the most commonly represented. Where less common languages are noted, and skills at a higher level than basic, it is often a consequence of employing a native speaker.

MDs and managers are predominantly the users of languages in small and medium-sized companies in the South West. Traditionally, they have been the people setting up joint ventures or finding new markets. There is an increasing need for other categories of staff with language skills, not just 'export' or sales personnel, but also administrative and secretarial staff, who are often at the direct customer interface.

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 also an increasing need for more junior personnel with language skills, particularly at the direct customer interface.

2.3 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 in Western Europe) reflects this limited scope. The barriers arise when companies grow and then wish to expand beyond the immediately accessible markets. Bigger companies with bigger turnovers and a greater proportion of export business have fewer language barriers to deal with, or more resources to help overcome them. There would appear to be an overall correlation between language use, size and exporting effort.

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.

The optimal awareness profile is

- exports at 30-49% of turnover
- turnover at 10-20mEURO pa
- size: 100-249 people

Intervention may be necessary in companies which are either too small (10-49 people), or whose export profile is too small (less than 10% of sales), and which cannot resource this potential skills deficit adequately. A more sustained use of languages can maintain the export drive by overcoming language barriers.

2.4 Barriers to export effectiveness

The fact that 45% of international companies claim to have encountered language barriers in business dealings is one of the most important findings of the study.

French, German, Spanish and Italian, in which contact is the most frequent, appear to pose the greatest barriers. Lack of appropriate French is still the barrier for the greatest number, with over 37% of companies who encountered barriers citing French. Japanese (11%) and Chinese (7.8%) represent the next most significant barriers.

23% of companies experience cultural barriers; nearly one in four, which is higher than for other UK regions where the average is one in five, or 20%. Japan appears to cause the greatest number of problems for companies in the South West, but France is in second place, negating the argument that cultural barriers are somehow a product of distance and the 'exotic'.

45% of companies have noted language barriers and 23% have encountered cultural barriers, but **20% of companies claim to have lost of business due to lack of language skills.**

The high level of awareness of business loss may reflect a greater awareness by companies of the economic value of using the customer's language.

2.5 Language strategies

Larger companies are generally more aware of language issues and can demonstrate evidence of implementing a language strategy.

Only 9.1% of the companies surveyed had such a strategy, a very low figure compared with other regions.

Many companies are making effective use of language 'tactics' rather than a full-blown strategy. More than 50% of this activity involves non-British or non-company agents, external translators and employed native speakers.

There is evidence of frustration arising from having to deal through in-country agents, whose effectiveness cannot be monitored, and through outsourcing of translation work to agencies, where costs are high and again, effectiveness cannot be monitored.

Where language training is a 'tactic' or part of a strategy, it is again in the most common Western European languages – French, Spanish, German and Italian. Nearly 75% of training is in French, which suggests that 'school French' is not adequate for business. Employers favour training that takes place off-site, out of working hours and part-time.

Looking ahead, 61.8% of the companies that have carried out training intend to undertake language training in the future. This is a more positive response to training than has been evident in other regions.

Survey responses, case studies and influencer interviews claim that effective language skills cannot be learned on the job and that the education system is not producing them.

2.6 Inward investors

Many inward investor companies have foreign management and often a more enlightened approach to languages. They are significantly bigger companies on average than the others surveyed for this report. They also export significantly more on average.

Inward investor companies experience similar language and cultural barriers and conform to the general pattern concerning past language training, but they score more highly for language use, skills in-house, awareness and implementation of strategies. They also lose less business as a consequence of language barriers.

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 disapplying¹ groups of students rather than individuals from language classes is a relatively new development and should be a matter of some concern within certain areas of the region.

Statistics on GCSEs in languages differ very little from the general picture nationally. While the South West has seen a slight rise in numbers of candidates for GCSE languages over the last decade this should be seen in the context of a greater national increase and is not reflected across all languages. The region's performance in higher grades at GCSE has fallen slightly since 1993/94. The average success rate for all grades in the last ten years has remained very slightly

¹ 'Disapplication' is the term coined to describe the legitimate removal of a school student from tuition in a particular subject for the child's best benefit in making general progress with his/her schooling.

above 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. In the independent sector, as in the state sector, there are early indications that the recent popularity of Spanish may have reached a plateau.

There are instances of excellent practice in the pre-16 phase, often linked to sustained initiatives involving 'virtual' and traditional links with overseas school partners. Yet constraints on the timetable, lack of appropriate staff, and lack of awareness of the value of languages for employability underlie an emerging tendency to marginalise language provision pre-16.

In both the pre- and the post-16 phases the region's fifteen 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.

Between 1993/94 and 1999/00, entries in French, German and Spanish at A Level in the region saw a significantly greater drop than was the case nationally. The success rate for those students who do take a language at this level has remained stable in the region over the last decade and is very close to the national average.

Entry figures for the recently-introduced one-year AS Level are encouraging in the South West as nationally, but it is too soon to speculate as to whether this upturn in interest and entries will be sustained and 'convert' into achievements and further study.

Figures for A and AS Level in the region serve to reinforce the picture of a national decline in the popularity of language study at this level and are having a negative impact on the capacity of schools and colleges to continue providing 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 an increase in recent years in the popularity of Spanish, also noted in all other regions of the UK audited to date. The range of both languages and levels of study is restricted at a number of AE centres, but there are some cross-institutional and cross-phase initiatives that may provide a solution to this issue. Some centres of provision offer a very wide range of

languages and represent a resource on which the region might capitalise. Levels of achievement in the AE phase in the region are typically at or below NLS Level 2, although there is evidence for demand for learning at a higher level were the opportunity available locally. Concerns expressed by FE and AE providers reflect those expressed at national level to the Nuffield Inquiry and revolve around issues of unsupportive funding mechanisms for post-16 languages, staff contracting, curriculum planning and timetabling, staff development and competition between types of institution in the state sector.

3.3 Higher education

The region fared well in 1995/96, with a remarkable rise in numbers that was significantly above national trends. South West figures matched the national decline in 1996/97, and showed a slight improvement in 1997/98, before a fall of 15.3% in 1998/99, the most pronounced decline in any English region for that year. The decline was sufficient to put pressure on language departments in all of the region's higher education institutions, two of which currently offer no language tuition. While figures in the last two years indicate that intake numbers have risen slightly, the region still ranks seventh in England, ahead of only East Anglia and the East Midlands.

Institution-Wide Language Programme (non-specialist) numbers are steady, and it is encouraging to note that at least one HEI supports the principle of IWLP through policy statement from the highest level in the university. It is also encouraging to note that the region has managed to date to maintain its provision for the Postgraduate Certificate in Education.

It remains the case, however, that languages generally do not have a high profile within the HEIs and, despite instances of good practice in linking specialist language undergraduates into the local labour market for work experience, language graduates are not currently finding employment in the region. These are issues for concern in both the short term and the long term.

Regionally, as nationally, language graduates are highly employable, but they are leaving the region to find work. Effective measurement is needed to make more transparent for employers the language skills of graduates in other disciplines, particularly where their skills have been honed in the workplace.

3.4 Commercial language services

By comparison with other regions audited to date the South West has up to four times as many commercial language service providers. As a business sector, especially translators, and those HEIs and FE colleges that recruit overseas, they represent a small but important and increasing element of export trade. They would benefit from more effective sign-posting and direct contact with clients for the region to use this resource to competitive advantage. A general increase in

business over the last three years indicates that this is a sector with room for expansion, but in the region, as nationally, there are skills shortages to be addressed. The South West has a shortage of experienced staff in all types of language service, in European and Far Eastern languages. There are also issues of cost, effectiveness, and quality assurance to be addressed.

Commercial language services in the region are dominated by agency supply. More direct contact with clients could improve the effectiveness of services and cut the cost.

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 neither transparent nor 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. While there is evidence of very recent activity to promote a more consistent, cohesive approach to advice to companies on international communications for export, there is clearly much more to be done.

For the small businesses that take up the challenge to enter or extend their 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 not available on a helpful time-scale.

3.6 Native speaker resource

Although the data is 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. Overseas students have traditionally represented a transient but important source of labour for the tourism sector in certain parts of the region. Employability issues for many native speakers of other languages revolve around the lack of adequate skills in English. Were this need to be more effectively addressed, they could represent a resource for the region, in helping to retain and attract further inward investment, and in supporting the growing export trade beyond Western European markets.

Increases in the refugee and asylum seeker populations, and changes in legislation concerning fair representation, have occasioned issues for the public interpreting services, yet to be fully addressed in this region as elsewhere in the country.

4 Observations

As the region's companies move into markets further afield, their need for a wider range of languages is growing, yet the state education sector and 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. There is only minimal provision for the 'rarer' languages, such as Japanese and Chinese, that are increasingly needed by companies, and that are currently presenting barriers to effective trade.

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.

5 Key recommendations for action

Aim

To enhance companies' competitiveness and individual capability in the global market, recognising that successful international communications are not the only factor in export success, but that they are an indispensable element.

Objective 1: Create the infrastructure for a co-ordinated regional approach

- to achieve cohesion and synergy between the range of bodies and measures working to improve the effectiveness of the region's businesses in international communications

Recommended activities

1. Create in the South West a central point of information on language skills and services, with links and sign-posting to/from relevant related services (e.g. Regional Skills Observatory)
2. Support catalytic action to link a common message about the value of language skills and services into the strategic planning processes of other key regional and national stakeholders (the RDA, LLSCs, CBI, TPUK, SSCs, SSDA, HE/FE, etc)
3. Create a 'virtual language community' for the region, with: a regional website, quality assured online provider search, online job vacancy exchange, Labour Market Intelligence exchange, sign-posting to facilities, services, materials, etc
4. Support the co-ordination for maximum impact of externally-funded solutions to identified business need for languages (e.g. ERDF, ESF, Leonardo-funded opportunities)

Objective 2: Promote networking among users and providers of language skills and services

- to improve the effective use of a range of language solutions to enhance economic (export) performance

Recommended activities

1. Underpin and further facilitate networking between users of language skills and services and providers, to support improvements in service

effectiveness. Build where appropriate on existing networks , e.g. Export Clubs, Tourism planning committees

2. Facilitate networking between the different categories of provider of language service, to support continuing professional development and quality improvement.
3. Provide training workshops for International Trade Advisers on the international communications requirements for successful exporting
4. Create a 'new solutions demonstration' centre, where users and providers can explore the potential of new developments in international communication technologies (e.g. machine translation)
5. Run 'how to' workshops, for users (e.g. as part of Overseas Trade Mission preparation events) and for providers
6. Target for support the companies where there is audit evidence of particular need (i.e. smaller companies with less than 10mEURO turnover or where less than 40% of sales are exported)

Objective 3: Implement a range of practical measures

- To mobilise and extend existing resources to meet the needs of the region's companies

Recommended activities

1. Provide subsidies for translation of literature and localisation of websites
2. Building on existing good practice models, extend the take-up of focused work-shadowing and work experience opportunities for school, FE and HE students
3. Collaborate with local universities and commercial agencies on the placement of suitably experienced overseas students in South West companies to handle appropriate short-term assignments, e.g. in market research
4. Use Business Language Champions to promote the value of languages for employability in schools, from the primary phase on
5. Create and disseminate focused careers information
6. Provide 'how to' guides for companies (e.g. how to locate and use different types of interpreting services)
7. Disseminate the TPUK pack *Improving your Business Communications*

Objective 4: Support strategic planning and funding measures for skills provision for the future

- To support the education sector and other providers in making available for the future the language skills and services that South West companies will need

Recommended activities

1. Support provision in languages where regional deficiencies are more apparent: increased provision of German, Spanish and Italian; support for Japanese and Chinese
2. Encourage through appropriate funding mechanisms linkages in FE/HE between languages and other disciplines, e.g. accountancy, IT, marketing, etc
3. Establish new programmes of study in 'missing' languages
4. Work with national business support agencies and stakeholders to tailor business support packages to respond to known issues

Objective 5: Disseminate a clear and consistent regional message on the value of languages

- To raise awareness generally among all stakeholders

Recommended activities

1. Produce material containing evidence from the survey – 45% of South West companies facing language barriers, 23% facing cultural barriers, 20% losing business
2. Mobilise the region's media to publish success stories of local, regional and national importance (e.g. winners of regional and national TPUK Language for Export Awards, language achievement in the workplace)
3. Create and disseminate good practice case study material demonstrating the economic benefit of effective language skills and service use in SW businesses

All the above might be subsumed into a regional language strategy, implemented by the SWERDA, in partnership with the Languages NTO and key regional stakeholders. One representative of the SWERDA noted, when consulted for this report, that 'some kind of co-ordinated approach, perhaps

on the back of a campaign, would be very desirable'.

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.