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Policy Briefing on Languages, Business, Trade and Innovation

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Whether on an individual career basis, for attracting foreign direct investment and big economic wins here, or for the expansion of our successful businesses elsewhere, the need to communicate is up there with oxygen.

Eric Balish, Head of Corporate Trade Sales - UK & Ireland, Bank ABC

We are very grateful to the representatives from business, government and academia who participated in our Policy Workshop at the House of Commons in January 2020 and to all those who have contributed to the content of this Policy Briefing.

INTRODUCTION

A substantial body of evidence demonstrates clearly that languages are strategically vital for the future of the UK in a range of key areas, both global and local. These include literacy and the skills agenda; community and social cohesion; defence, national security, diplomacy and soft power; health and wellbeing; social mobility and equality of opportunity. The evidence, based on cross-disciplinary research (including a major initiative by the Arts and Humanities Research Council of which our projects form part),¹ has been published in a series of important reports by bodies such as the CBI,² the British Academy,³ the University of Cambridge,⁴ and the APPG for Modern Languages.⁵ Despite the strategic importance of languages for the UK, particularly as regards “Global Britain”, the numbers taking languages in schools and universities are falling, with particularly sharp declines in major European languages such as French and German.⁶

This briefing focuses on the importance of languages for business, trade and innovation and has emerged from a Policy Workshop in the House of Commons in January 2020, which brought together government departments, business leaders from a range of sectors and academics specialising in this field. Some evidence of the scale of the problem is available. Professor James Foreman-Peck’s 2014 report to UK Trade & Investment estimated that our language skills deficit currently costs the UK 3.5% of GDP, and identified a strong language barrier effect on trade patterns, leading to an overdependence on anglophone export markets.⁷ In 2019, for example, only two of the UK’s top ten partner countries in terms of exports have English as an official language.⁸ The British Academy’s Born Global report (2016) demonstrated the importance of languages graduates to business, not just for their linguistic abilities but also for their cultural agility, and the recent UKinbound report (2018) has highlighted a skills shortage in these areas for the UK Tourism Industry.⁹ In the 2015 skills survey conducted by the (now defunct) UK Commission for Employment and Skills, 15% of employers found language skills difficult to obtain among applicants. They also cited skills shortages in problem-solving, time-management and prioritisation, customer relations and persuading and influencing i.e. the transferable skill-set gained through language learning and international experience.¹⁰ The CBI identified the need above all for skills in French, German, Spanish, Arabic and Mandarin. Whilst Spanish is thriving in schools, numbers taking A levels in French and German are falling, and Arabic and Mandarin are starting from a low base.

¹ <https://ahrc.ukri.org/documents/publications/ahrc-the-power-of-languages/>

² <http://www.cbi.org.uk/insight-and-analysis/educating-for-the-modern-world/>

³ <https://www.thebritishacademy.ac.uk/publications/languages-state-nation;>
<https://www.thebritishacademy.ac.uk/born-global>

⁴ <https://www.publicpolicy.cam.ac.uk/research-impact/value-of-languages>

⁵ https://www.britishcouncil.org/sites/default/files/manifesto_for_languages.pdf

⁶ <https://www.britishcouncil.org/sites/default/files/language-trends-2019.pdf>

⁷ <https://www.gov.uk/government/publications/the-costs-to-the-uk-of-language-deficiencies-as-a-barrier-to-uk-engagement-in-exporting>

⁸ <https://data.gov.uk/dataset/9d5dea36-68d6-4cd9-bdb8-61a726d8b1a9/ukces-employer-skills-survey-2015>

⁹ [https://www.thebritishacademy.ac.uk/publications/born-global-implications-higher-education/;](https://www.thebritishacademy.ac.uk/publications/born-global-implications-higher-education/)
<https://www.ukinbound.org/industry-news/tourism-language-skills-crisis-uncovered-ukinbound-research/>

¹⁰ <https://data.gov.uk/dataset/9d5dea36-68d6-4cd9-bdb8-61a726d8b1a9/ukces-employer-skills-survey-2015>

KEY MESSAGES FROM THE BUSINESS, TRADE AND INNOVATION SECTORS

Enhanced language skills in the workforce would be a major benefit to UK business. All sectors represented echo the CBI's comment in *Educating for the Modern World* (2018): 'To achieve the government's ambition for a "Global Britain", we have to get language teaching in our schools right'. Whether they need more basic language skills in one or more languages, or a high level of linguistic and cultural fluency, UK businesses would be more productive and competitive if language skills were stronger. This applies at every level of fluency, from basic knowledge to near-native fluency.

Language skills improve productivity. Key points in the processes of manufacturing or selling a product require language skills. Having in-house language skills allows direct access to foreign language documentation, minimises the need for procurement and for outsourcing certain tasks (e.g. translation and interpreting), and opens up markets and access to customers, avoiding the need for intermediaries, as the Case Study from Abcam demonstrates.

Language skills facilitating the provision of research tools for life scientists

Abcam is a global life sciences company that identifies, develops, and distributes high-quality biological reagents and tools. It has over 1,400 employees, across twelve sites globally, including in Cambridge, UK. The tools it produces enable life scientists to analyse components of living cells at the cellular and molecular levels, which is essential in a wide range of fields including research, drug discovery and diagnostics.

Given that the life sciences industry is global, it would not have been possible for Abcam to expand and trade internationally without foreign language skills from various sources. The main languages Abcam works with, in addition to English, are Mandarin and Japanese. Furthermore, especially in Abcam Cambridge, there are many staff with additional European first and second languages who can use those languages in the workplace, both orally and in writing, when necessary.

Language skills are employed in a number of areas. For instance, whilst much of the written documentation is in English, staff who speak Mandarin or Japanese are able to provide access to articles and key information published in those languages. Additional languages can help facilitate and expedite collaborations and key projects that might be international in scope, for example within drug discovery and/or diagnostics. Staff also use their bi- or tri-lingual skills to build relationships with external key stakeholders. Marketing material can be created by multilingual members of staff or by working with a specialist translation agency. Members of staff are also able to help with adding subtitles or voice-overs in customers' local languages to provide audio-based or enhanced promotional material. In short, at Abcam foreign languages are vital for communicating with collaborators, stakeholders and customers.

Language skills enhance financial performance. Having linguistic expertise within a company’s workforce guarantees higher quality and more targeted products for specific international markets. The Case Study below shows the significance of languages: building products that consider language and cultural differences has a measurable impact on the financial performance of a global company like Outplay Entertainment.

Languages in the games industry

Thomas Hulvershorn (Head of Analytics)

Founded in 2010 and based in Dundee, **Outplay Entertainment** is the UK’s largest independent mobile developer. The studio’s games have received over 100 million downloads and a BAFTA nomination, and have been featured multiple times as Apple’s Editors’ Choice. Around 30% of the staff are not from the UK.

When developing digital products, there is the advantage of distributing games and services to a global audience at the push of a button. While this offers fantastic opportunities for growth, it also requires additional quality checks and careful consideration of possible cultural differences.

With any entertainment product you are selling an emotional experience and you have to ensure your audience understands how to interact with it. When translating content into different languages, several challenges have to be addressed. A simple example: does the translated text fit into the allocated space? The screenshot below is an actual example of the English word “Challenges” that translates as “Herausforderungen” in German.



The longer German word spills out of the text box so that you cannot see all of it.

While these kinds of errors are easy to spot, other issues may be less obvious. For example, imagine a game that contains Candies and Cookies – or Sweets and Biscuits! – as part of the artwork. How do you translate a Gobstopper (or Jawbreaker) for a country that doesn’t have these sweets? To get this right, you need people who understand and speak the language sufficiently well.

Ignoring the challenges can have a detrimental commercial impact. As part of a recent focus campaign at Outplay, a native German speaker reviewed and tested an existing translation for one of our games. To our surprise - despite having employed an external translation company - we found over 25 issues in just 23 minutes of Gameplay. After fixing these and releasing a new corrected version, we found better retention of our German players and their payment behaviour improved significantly.

Artificial Intelligence and machine translation will not eliminate the need for human linguists. The linguistic and cultural nuance that highly-skilled linguists bring is essential for employers, as the following Case Study from GCHQ demonstrates.

Artificial Intelligence and the future of language skills

A GCHQ view

To make good decisions about investing in language skills on a personal, organisational, or national level, it is important to understand the current and future impact of Artificial Intelligence.

Language technologies are here to stay. They will continue to get ever sharper, and should be a force for good that will change all our lives. They lower the bar to accessing foreign language material, and can provide powerful support and resources for language learning. Professional linguists of all kinds make great use of technology, including AI and machine translation. This will increase rapidly in the coming years. But the emphasis for us in GCHQ is on ownership of those AI technologies by linguists, not the other way around. In the same way, we still employ many highly skilled mathematicians, despite our super computers.

Without any language technology, we rely on our own power to move between languages and cultures. Using basic language technology, such as translation memory, allows us to speed up that journey, like the shift from walking to driving a car. Today, language technologies give us the equivalent of a car with sat nav, adaptive cruise control, and collision detection. In future, they might drive us all the way to our destination autonomously. But even under those circumstances, expert drivers and engineers work constantly to improve the car, and it is only the driver who can decide where to go, understand the significance of the journey, and greet the people they have gone to visit.

As we see it, the language skill set is a fundamentally human one. It is about appreciating the worldviews and mindsets of other cultures so that you can get the best out of an interaction with people who don't share your linguistic background. This cannot be achieved by technology alone. It can only be realised by investing in the skills necessary for people to operate in another language.

Language skills and intercultural understanding are both vital. The cultural agility that comes with high-level language skills is essential for an in-depth understanding of international markets. Cultural awareness and understanding local business etiquette are essential for relationship building, particularly where the international dimension involves exporting and in-country work.

Fluency in a home or community language is a major asset to business. Employers are not always aware of the language skills of their employees; fluency in a home language is often a huge asset for an organisation, both for domestic and international markets, with speakers offering a skill-set that is distinctive from those acquired through formal education, as well as a broader range of languages.

Different levels of fluency are required for different purposes. For example, while one organisation might need very basic language skills in one or more languages (e.g. the ability to answer the phone and forward calls in one or two languages), other organisations such as CBBC in the next Case Study will need high levels of fluency and cultural understanding for in-country work over sustained periods or for particular jobs such as negotiating complex deals, building multilingual websites, etc.

Linguistic and cultural skills promoting trade and investment

Mark Hedley (CBBC Regional Director, Greater London; UK Sector Lead, Technology)

The **China-Britain Business Council (CBBC)** is the UK's national business network promoting trade and investment with China, one of the UK's fastest growing export markets. It supports British companies to export to or invest in China, as well as working with Chinese investors establishing operations in the UK. CBBC works closely with the Department for International Trade (DIT).

With 13 offices in mainland China and 11 UK offices, CBBC largely employs staff with first-hand experience of living and working in mainland China and advanced English and Mandarin skills. Many of our member companies also rely on being able to recruit staff with Mandarin skills, for China-facing roles in the UK or for on-the-ground operations in China. This typically includes a wide range of different roles, such as marketing, sales, market research, technical, and finance/accountancy.

Experience shows that tacit cultural knowledge of China is at least as important as Mandarin language skills alone. A key challenge for many British companies, particularly for SMEs, is their lack of familiarity with Chinese local culture and the different ways in which business is conducted. Being able to employ UK staff with a deep understanding of Chinese culture can help businesses to navigate these challenges more effectively and do business more productively. Staff with these skills can provide the cultural bridge that makes the difference between failure and success for business.

For some businesses, knowledge of community and/or regional languages “in-country” is needed, including knowledge of country-specific or regional varieties of languages (e.g. specific varieties of Arabic in France, different varieties of Chinese in different parts of China). This may be particularly difficult for SMEs to source.

At graduate level, language and intercultural skills usually need to be complemented by other employability skills. Many employers require other employability skills alongside languages, such as specialist skills in finance, marketing, law etc., depending on the sector. There are several pathways to acquiring other employability skills, e.g. a degree in languages followed by graduate training or qualification; or combining a language with another subject at degree level. Employers value particularly the international experience acquired by languages graduates.

CHALLENGES

There are government strategies involving international trade where languages are absent, e.g. The Industrial Strategy. Language skills are an important part of the skill set needed to build “Global Britain”, but they are often undervalued or neglected in government policies.

Languages are not currently valued in wider society. A widespread monolingual ideology is working against building a broad valuing of language in society, with negative consequences for individuals and for businesses.

Brexit may mean a “cliff edge” in terms of access to language skills, with the end of Free Movement and implementation of a points-based immigration system. Many UK businesses will have difficulty accessing workers with language and intercultural skills. For the tourism and hospitality sector, for example, these skills are crucial and, as UKinbound-commissioned research evidences, a ‘lack of home-grown talent with foreign language skills’ is cited as a key driving factor for employing EU workers.¹¹ The Case Study below echoes the challenges such organisations face.

Languages in the tourism and hospitality sectors

James Aitken (Owner and Director, Cashel Travel)

Cashel Travel is a destination management company with offices in Scotland, London and Manchester, which has specialised in the inbound tourism market to the UK and Ireland for 12 years. Cashel Travel is a small business, with 27 employees split over its three offices plus a small satellite office in Sofia, Bulgaria, that employs three to four people.

Approximately 80% of the company’s employees are currently from the EU: one of the two company directors is Polish, and EU employees from Eastern Europe, France, Norway, Italy and Spain are to be found at all levels of the organisation. Many businesses currently rely heavily on non-British staff to conduct contract negotiations in their native language and liaise with customers to avoid any cultural misunderstandings or confusion.

The reason the number of EU employees is so high at Cashel is because it is very hard to find any British staff with knowledge of languages which is vital when dealing and contracting with international clients and customers. The company tried about three years ago to increase the number of British staff by decreasing the number of languages needed for the job and we didn’t get many applicants. So as a business we have tried but ultimately, our young people cannot compete with those from Lithuania who speak five languages!

¹¹ <https://www.ukinbound.org/resources/a-perfect-storm-how-ending-free-movement-will-impact-uk-tourism-full-report/>

Knowledge of community languages in-country and of regional languages and varieties is not always easy for employers to access. The market for a particular product may be strongest amongst certain communities whose language or languages may not be easy for employers to access.

Careers where languages are a major asset are not always visible to pupils and graduates. The routes through to careers in a wide range of sectors for young people with languages qualifications is not always clear. There is a lack of high-quality careers information at all levels, whether for graduates or for pupils making subject choices at the end of Key Stages 3 and 4 or leaving school. Conversely, businesses are often not aware of the ways in which employees with language skills could be valuable to their business. Our next Case Study highlights the need to ensure that pupils understand why language and culture are valuable for employers in terms of relations with local communities.

Languages in the construction industry

Javier Buron (Community Engagement Manager, Dragados)

Dragados is a Spanish construction company with vast experience in international projects. It is principal contractor for the Aberdeen Harbour Expansion Project, which is located in the Torry, one of the most deprived areas in Scotland

I had lived in Aberdeen for two years prior to assuming my role and I was fully immersed in local life and culture. My Spanish cultural background and my local knowledge alongside education in both Spain and the UK allowed me to provide value to both my company and the local community as a nexus between these two contexts. In my view, it is essential for any major business to establish lasting relations and excellent communication with the local community, organisations, authorities, and all stakeholders. To date, relationships between the local community and Dragados are exceptional and are based on mutual respect.

Many school pupils I have worked with lack motivation and interest, as they could not see how they might use their Spanish. I believe it is extremely complicated to learn a second language if there is no knowledge or interest in its culture and no sense of where it might lead. In my experience, interest and willingness to understand and respect another culture is vital in building cooperation and trust. Language and culture - whether music, gastronomy, literature, films or cultural celebrations - must be linked to each other.



As a major construction firm, with some of the largest contracts in in the UK, such as the HS2 Euston Station and the Bank Station Capacity Upgrade (both in London), Dragados UK offers opportunities in a wide range of disciplines, especially Civil Engineering, Quantity Surveying, QA, Accounting and Supply Chain. Languages are an asset in all of these fields.

In education, there are well-known challenges regarding provision and equality of access to language learning across the UK. Qualifications, both language-specific and more vocational ones, do not always meet the needs of business.

Learning some languages requires major time investment, especially those involving a different writing system, e.g. Mandarin, Cantonese, Arabic and many others. There is a challenge for both the business and education sectors in developing a sustainable model for some languages of strategic importance.

Opportunities for in-country experience and language immersion for undergraduates may be jeopardised by our withdrawal from the EU. The single most important contributor to cultural knowledge from a business perspective is the everyday experience of living and working in a country or region, and the cultural and linguistic fluency this brings. The content of other elements of languages degrees is of much less importance.

We all have to ensure that there is a proper value ascribed to language learning as having applicability in the world of work.

Eric Balish, Head of Corporate Trade Sales - UK & Ireland, Bank ABC

RECOMMENDATIONS

Short- and Medium-term Recommendations

Language skills need to be incorporated into key government strategies relating to business. For example, the “Global Britain” strategy currently makes no reference to languages. We recommend that the government commissions research to establish the right position for language skills in the Industrial Strategy.

Language skills need to be included in the government’s immigration points system. Given the need for language skills for future economic growth in the UK, it is vital that this is reflected in the criteria relating to immigration.

Companies and organisations would benefit from an audit of their workforce’s language skills, whether in languages they speak at home or languages they have learnt. This would facilitate a baseline dataset of language skills already present in the workforce which may be more extensive than expected. More widely, the government should ensure that the language data collected in the census adequately reflects the multilingualism of the UK.

Careers information resources need to be created for schools and made available digitally. This needs to be tailored to the different points at which pupils make decisions. Universities need to work with students so that they can better articulate the skills they acquire in undertaking a degree in languages.

Consideration should be given to including a language component in certain vocational qualifications, e.g. T levels, the Pearson BTEC in Travel and Tourism, the CCEA A Level in Professional Business Services.

A mixed economy needs to be protected in universities, whereby degrees in a language (or languages) are accessible alongside combinations of a language and another subject. Business requires both graduates who have combined languages with another subject such as economics or business and specialist linguists who have very high levels of linguistic and intercultural skills.

Opportunities for in-country experience and language immersion must be protected and extended. These include provision for Erasmus+, bi-lateral arrangements for language assistantships, undergraduate placements and graduate internships.

Long-term Recommendations

A ten-year strategy is needed in order to plan for future needs in terms of ensuring that we have a workforce with the appropriate language skills. For example, we know from recent reports by PwC and the OECD that China’s share of global GDP by 2050-2060 is likely to be at least 20% and that there is a shortage of language skills in relation to China.¹² In addition to the US, other major economic blocs are expected to include India, the Euro Zone, Indonesia, Japan, Brazil, Mexico and Turkey.

A joined-up strategy is needed across business, education and government. Structures are required to facilitate a productive dialogue between these three sectors so that a strategy can be developed to ensure that the UK’s workforce has the language and intercultural skills needed for the future.

¹² <https://www.pwc.com/gx/en/issues/economy/the-world-in-2050.html>; <https://data.oecd.org/gdp/gdp-long-term-forecast.htm>

