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The need to master foreign languages and foreign language competence

Polling companies on the quality of education and demand for further training

The present study was carried out by the ibw (Institute for Research on Education and Economy) as part of the 'go international' initiative of the Federal Ministry for Economic Affairs and Labour (BMWA) and the Austrian Economic Chamber (WKÖ). It shows up the results of an intersectoral survey that was carried out in the whole of Austria. The survey assessed the economy's need of foreign languages, and it gained feedback on the quality of education and the demand for further training in the field of foreign languages.

The results of this study that included more than 2,000 companies, display strong international links as well as a significant need of foreign language skills (which is going to increase further) – first and foremost English. More than 80 percent of the enterprises claim that at least part of their staff have to master the English language. Foreign languages are not restricted to leading positions any more; one third of the companies polled say that production staff too have to speak foreign languages. Hereby, speaking the foreign language is generally more important than its written form. Thus, the companies see a lot of potential for improvement in education and further training when it comes to teaching oral skills.

The study, which was to a high degree representative, is based on an online survey of 2,017 Austrian companies which were randomly chosen¹.

The question concerning the most frequently used language in the company marked the beginning of the survey. For more than 12% of all companies, German is not the most commonly used official language of the company – with a majority of these having English as their main language (10%). This has to be seen in connection with the fact that one third of the companies surveyed have holding companies or affiliated companies in other countries.

If there is any need for staff that speak foreign languages, and of what kind it may be, largely depends on business relations to **non German speaking countries**.

¹ In doing this, middle sized and larger enterprises were overrated, whereas single person companies were underrated. This happened mainly for two reasons: First, enough large companies should be part of the sample so as to be able to draw representative conclusions also for this group. Second, large firms employ a lot more staff, which makes the need for foreign language competence significantly greater than in single person enterprises.

Only one third of all companies (22%) said they did not have business relations with such countries. Therefore, **78%** of all companies have such relations. The most important trade partner among these is Italy: 49 percent of the companies polled have business links to our southern neighbour, followed by Great Britain (35%) and Hungary (34%). Approximately one third of all firms make business with the Czech Republic (33%) and France (31%). Business relations outside the EU exist with the states of former Yugoslavia (28%). Outside Europe, it is mainly the USA (28%) and Russia (19%). There exist relations with Asia too: here, it is mainly Chinese companies (16%).

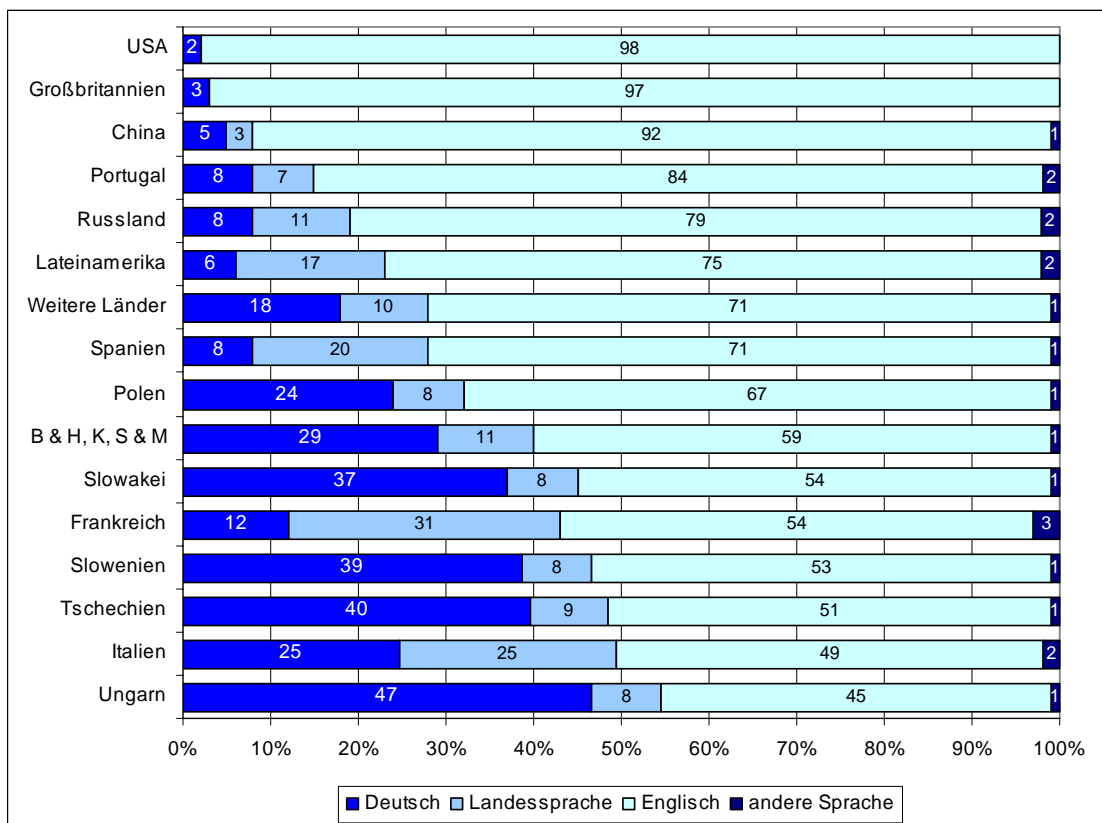
Interestingly enough, being situated close to the border does not seem to have much of an influence on the intensity of business relations. 85% of those companies that lie close to our non German speaking neighbours, have business relations with such states. For those enterprises that are not situated close to the border, the corresponding figure is 77%.

The significance of foreign languages for contact with firms in other countries can be seen from the following chart. Being asked for the language of communication in business affairs with non German speaking countries,

most companies stated it was mostly English, with the exception of Hungary (see figure 1). The official language of the respective country played a minor role, except for France, Italy, and Spain (and, correspondingly, Latin America). Between 17 and 31 percent of the companies that make business with these countries, use their official language to do so. German as a business language is of major importance mainly regarding the countries that joined the EU in 2004.

Nearly half the companies (47%) that have business relations with Hungary use German as their major means of communication. This percentage is also high for those companies that have business partners in the Czech Republic (40%), Slovenia (39%), Slovakia (37%), and Poland (24%). Nearly one third (29%) use German also in their business relations with the countries of former Yugoslavia.

FIGURE 1: Which is the main language of communication with non German speaking countries you have business relations with? (in %)



Note: We only included companies that have business relations with the respective countries. 28% of the enterprises polled said they had business relations with the USA. Of these, 2% do business in German, and 98% in English (i.e., the official language). B & H, S & M = Bosnia-Herzegovina, Serbia and Montenegro. Great Britain and the USA: English as their official language. Source: ibw-survey among companies (n=2,017 companies polled)

The use of languages in business relations on the one hand reflects their importance, but on the other hand one also may draw conclusions from it as regards the knowledge of these languages. English is not only used as a means of communication in global business; it is also the language which is most widely and best known. Thus, its leading position as the international language seems to be undisputed. German is (very) often used in business affairs with Eastern European countries, as large parts of their population master German due to their school curricula. Putting it the other way round, this means that Eastern European languages are all but widespread in Austrian companies. The fact that these languages are hardly ever taught in Austrian schools (both in compulsory schooling and on upper secondary level) in comparison with the four major languages (English, French, Italian, Spanish), also supports this view. However, as the importance of German in the

schools of the Eastern European countries is decreasing in favour of English (see EURYDICE 2005, p. 53), there will be a generation entering the labour market in a few years that will either know merely little German or no German at all. Thus, learning Eastern European languages could prove a decisive advantage in future business relations.

The vast majority of companies (86%) have identified a need for foreign language competence already. Merely 14% do not see such a need. In 45% of all companies, English is needed by “the majority of staff”; “some member of staff” need it in another 36% of the companies polled. Italian is merely used by “most of the staff” in 4% of all firms, but in 26% of the cases “some employees” need it. French comes third; Eastern European languages are nearly always used by merely “some members of staff”, due to the majority of business relations being in German or in English. It could well be that the

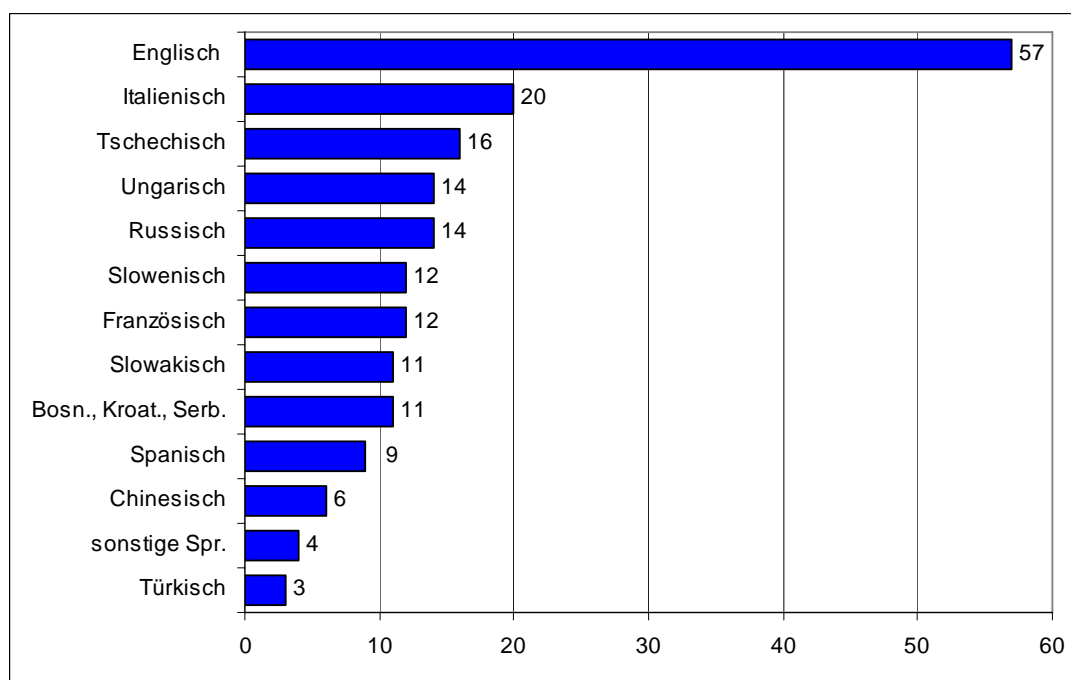
acquisition of these languages, or improving them, may increase their degree of usage significantly.

Continuing internationalisation will **increase the importance of foreign languages further**. Almost two thirds of the enterprises surveyed (64%) think their demand for foreign languages will go up “slightly” or “significantly”. For another third (35%), it will stay level. A marginal number of companies (1%) estimate that it will go down “slightly”, and not a single one thinks it will drop “sharply”.

On top of the presently big importance of the English language, 57% of all firms polled think its **importance will increase even further** (see figure 2). Due to intensive business relations with Italy, one fifth of the compa-

nies expect Italian to become more important than it presently is. Czech, the first Eastern European language, comes third; 16% think its significance will increase. Hungarian and Russian come next with 14%, and 12% of the companies named Slovenian. This ranking mirrors the potential future increase in the need for foreign languages in companies, which will be in demand when it comes to accessing new markets. According to the companies surveyed, not French and Spanish (which are commonly taught in Austria) will increase their importance in the future; much more, it will be the languages of Austria’s eastern neighbours. Therefore, people with sound knowledge of these languages will experience advantages on the labour market.

FIGURE 2: Which languages will probably gain importance for your company in the future? (in %)



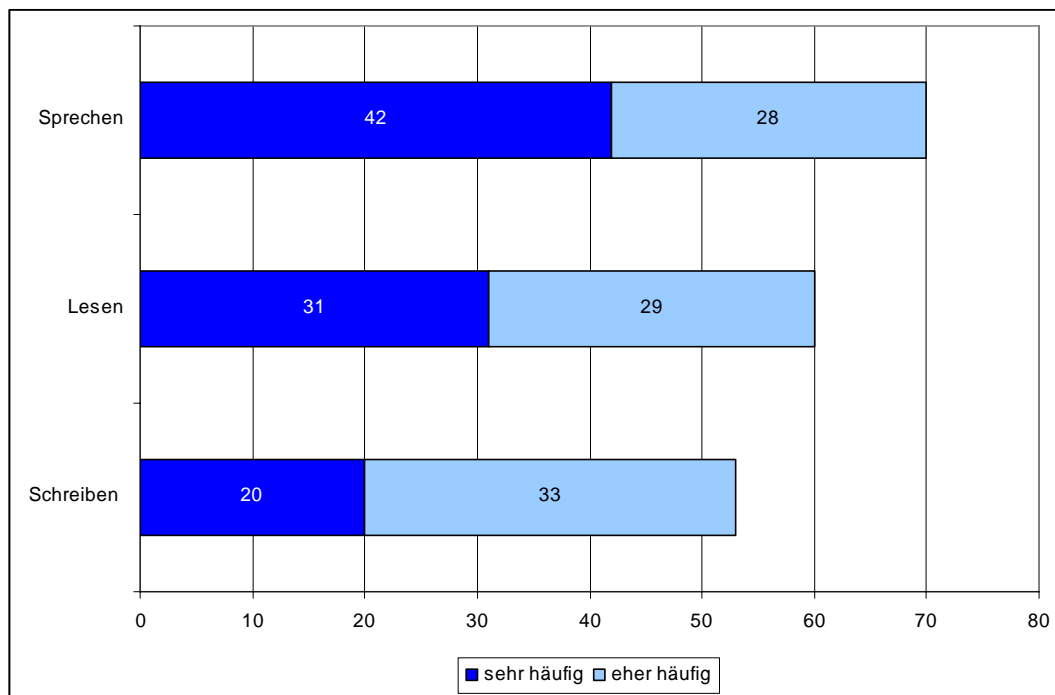
Note: Bosn., Kroat., Serb. = Bosnian, Croatian, Serbian; sonstige Spr.= other languages. Source: ibw-survey among companies (n=2,017 companies polled)

The need for foreign languages does not only have a different impact on the respective branches of trade. It also differs according to **departments and fields of work** within one and the same enterprise. As one can expect, demand is especially high in areas where there exists contact with customers, suppliers, and other business partners. Especially executives and members of the management are commonly asked to have foreign language skills. With these people, 87% of the companies identify demand; according to 85% of the companies, also middle management staff (such as department managers and divisional directors) have to know foreign languages; for administration staff, secretaries, and members of staff that work in sales and distribution or marketing, the figure is 82%. Compared to this, the need for skilled workers in production with foreign language competence, is lower (33%). Yet, seen alone, this figure is surprisingly high. At least one third of the firms state that these employees need foreign languages. This does not only reflect the change this area has undergone in

the course of internationalisation; it also points out that the image of the “typical production worker” has changed over the last years.

Reading and Oral skills are most frequently asked from employees in enterprises that see a demand in foreign languages (see figure 3). Nearly three quarters of all companies (70%) said their members of staff had to communicate “sometimes” or even “very often” in a foreign language. The receptive skill of text reading (manuals, correspondence) is seen as needed “very often” by almost one third of the companies. What is less asked for is writing different kinds of texts such as letters or emails. Thus, reading and understanding written information, as well as spoken communication in a foreign language can be seen as being the skills that are needed most in everyday business. These will have to be increasingly part of future education and training.

FIGURE 3: Which foreign language skills are mainly asked from your employees? (in%)



Source: ibw-survey among companies (n=2,017 companies polled)

For more than one fifth (22%) of the companies, foreign language competence “nearly always” plays a role in **staff acquisition**. A further 28% list foreign language skills as a “frequent” criterion of selection. This means that at least half the companies (and, even more large enterprises than small-sized firms) see foreign languages as an important element in picking their staff; thus, they influence the chances of applicants significantly. One third of the companies “sometimes” request foreign language skills, and a mere fifth said these were “never of any importance”.

The vast majority of staff needing foreign languages acquired these “in the course of their education (school/university)”. The members of staff in 85% of the firms polled acquired their linguistic know-how “mostly” or “to a significant degree” in formal education. Far behind, further education and training comes second, being the case in 11% (“rather often”). In 9% of the total, foreign languages were “rather often” learned on “stays and trips abroad”. One’s private surroundings play an important role too. 8% of the companies stated their employees had “very often” or “rather often” acquired their skills at home, or put differently, “as a mother tongue”. This figure is surprisingly small: the potential that is already there within recognized minorities and immigrants is still not used enough.

It would be a big advantage if citizens from the new EU member states that live in Austria were employed; their precious knowledge of the respective languages and their intercultural knowledge could be made good use of.

The largest **potential for improvement** in foreign language tuition in formal education lies in verbal communication- this is how the companies see it. And it is the very skill that is asked for most frequently (see figure 3) which could be improved a lot, according to almost three quarters (72%) of the companies surveyed. Contrastingly, writing skills should only be reinforced according to 39% of the enterprises. Thus, foreign language tuition as it presently is, focussing on its written form and flawless grammar mastering, does not live up to the needs of economical practice in this area.

As regards further training offers, the companies would like to see more native speakers at work.

From the results of the present study, a number of conclusions and recommendations may be drawn for the Austrian education and training system. We would therefore like to draw your attention to the study that is given below.

The study in its full version (119 pages) can be obtained from the ibw as *ibw-research* report No. 131 (ISBN 3-902358-29-7).

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Editor