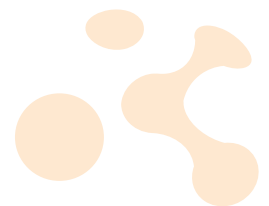


The Business English Index 2012 Report

Analyzing the Trends of
Global Readiness for Effective
21st-Century Communication





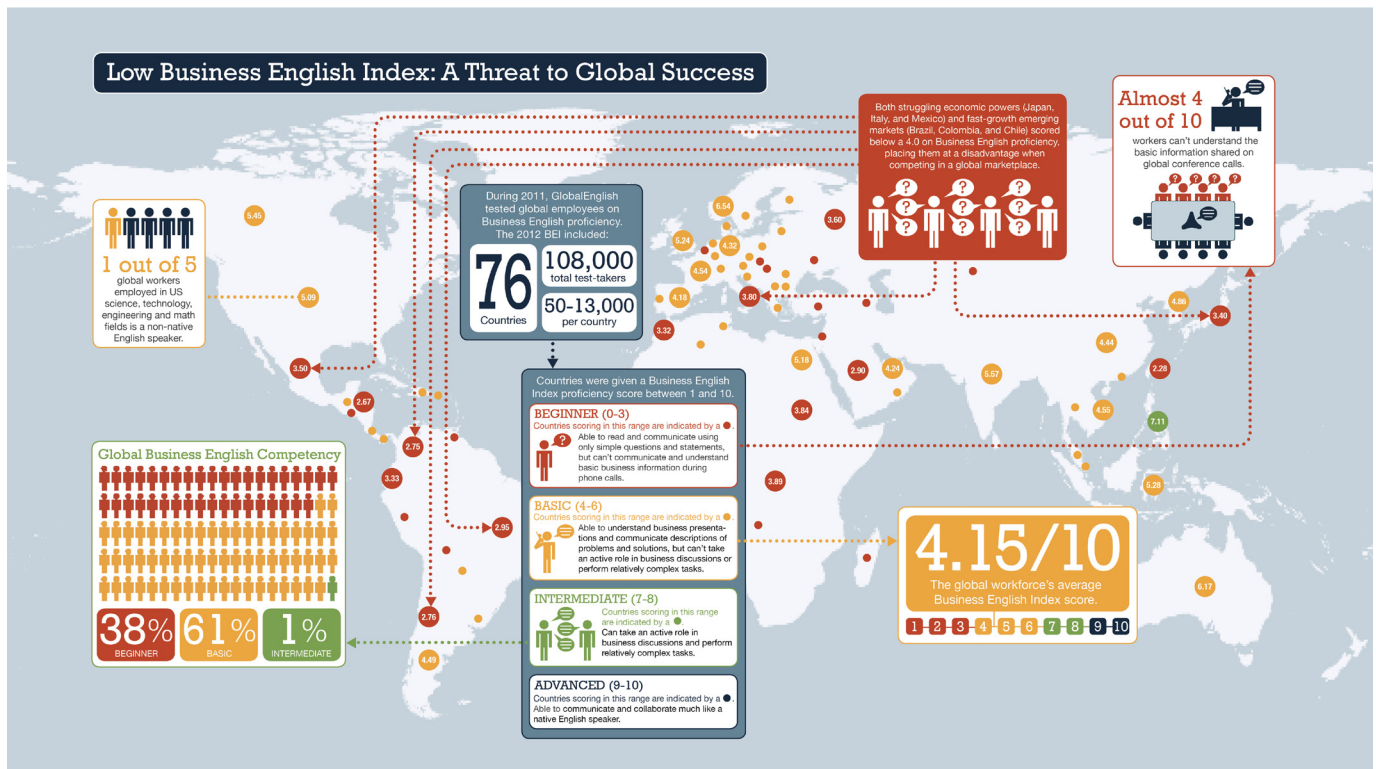
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Executive Summary

GlobalEnglish, the leading provider of on-demand Business English communication software to advance the Enterprise Fluency™ of the world's top companies, launched the **Business English Index (BEI)** last year to track competency across companies, industries and geographies in business communications using English. The latest results from the 2012 BEI (based on a survey of 108,000 global employees) illustrate that a lack of Business English proficiency is continuing to threaten global productivity and output. **The average 2012 BEI score across all companies and industries was just 4.15**, a 7% decrease from the 2011 index of 4.46. This relatively low score confirms that current Business English skills at global companies are not sufficient to meet the performance demands of today's global economy. Other highlights from the report include:

- All but two industries scored below 5.0, while the range among industries widened. The highest-scoring industries of 2011 scored higher in 2012, while the lowest-scoring industries of 2011 mostly scored lower in 2012.
- The three industry sectors that led the 2012 BEI included Aerospace/Defense (5.29), the Professional Services sector (5.19) and Financial Services (4.68). All three saw modest improvements to their previous BEI scores.
- Industry sectors at the bottom of the 2012 BEI include the Government/Education/Nonprofit sector (3.11), the Real Estate/Construction sector (3.15) and Manufacturing/Distribution (3.4).
- Geographically, some countries consistently stayed at the top or bottom of the BEI list. The Philippines (7.11) and Norway (6.54) remained at the top of the list, while countries like Honduras (2.67) and Chile (2.76) stayed in the bottom



1 Enterprise Fluency™ is a term coined by GlobalEnglish Corporation and is defined as the communication and collaboration proficiency required by global companies for operational efficiency in today's global economy.

five. Country averages ranged from 0.73 (Armenia) to 7.11 (Philippines).

- The average global worker from 38% of the countries represented scored poorly in Business English proficiency—under 4.0, on average.
- While parts of Europe and Asia made gains, companies in Latin America, the Middle East, Africa and Japan continued to struggle.

The Global Trends

The interdependency and interconnection within the global economy is a reality for most companies—technological advances and worker mobility have truly fulfilled the promise of globalization. However, this promise brings perils and new challenges. The BEI was launched as a way for corporate leaders to reevaluate how they compete and win in a business world which demands that employees work across geographies and cultures. With a growing number of companies operating in ten, 15 or even 20 countries with different native tongues, the majority of the world's business conversations now take place between non-native English speakers in English. This standardization of English as the *de facto* language of business has opened up incredible opportunities, but most businesses face a huge skills gap. Ninety-two percent of non-native English-speaking global employees believe that communicating in English is critical or important for their jobs, yet only 7% think they speak it well enough to actually do so, according to a 2010 survey of 26,000 global employees in 152 countries.² This same survey also revealed that 84% of global employees report that they need to use English on the job every week, and 55% need it every day. Global employees' ability to communicate in Business English has quickly become the most critical factor in determining which companies, countries and industry sectors may fare the best during the

years ahead.

According to McKinsey & Company, only 13% of university graduates from emerging countries are considered suitable for employment in global companies, and the primary reason cited is a lack of English skills. Yet the International Monetary Fund forecasts that 70% of the world's economic growth over the next few years will come from emerging markets, with China and India accounting for 40% of that growth. By 2020, Brazil (BEI=2.95), Russia (3.60), India (5.57) and China (4.44) are expected to account for nearly 50% of all global GDP growth. It is therefore essential that companies and industries in these countries understand that it is imperative to ensure that all of their global employees can communicate effectively in English. **The current shortage of talent with the aptitude to speak, present, write, sell and service customers in English has become a high-performance dilemma for individual companies, industries and even countries.**

The Business English Index was launched to measure competency as it relates to the goal of advancing Enterprise Fluency™, which is the communication and collaboration proficiency that leads to the operational excellence global companies must have to achieve high performance. As the only index focused on measuring Business English proficiency in the workplace, the BEI is now the standard way to understand and compare the Business English skills level of companies and entire industries.

² GlobalEnglish, Globalization of English Report, 2010:

http://static.globalenglish.com/files/case_studies/

[GlobEng_ResearchSt_GlobEngRep_EN-US_FINAL.pdf](#)

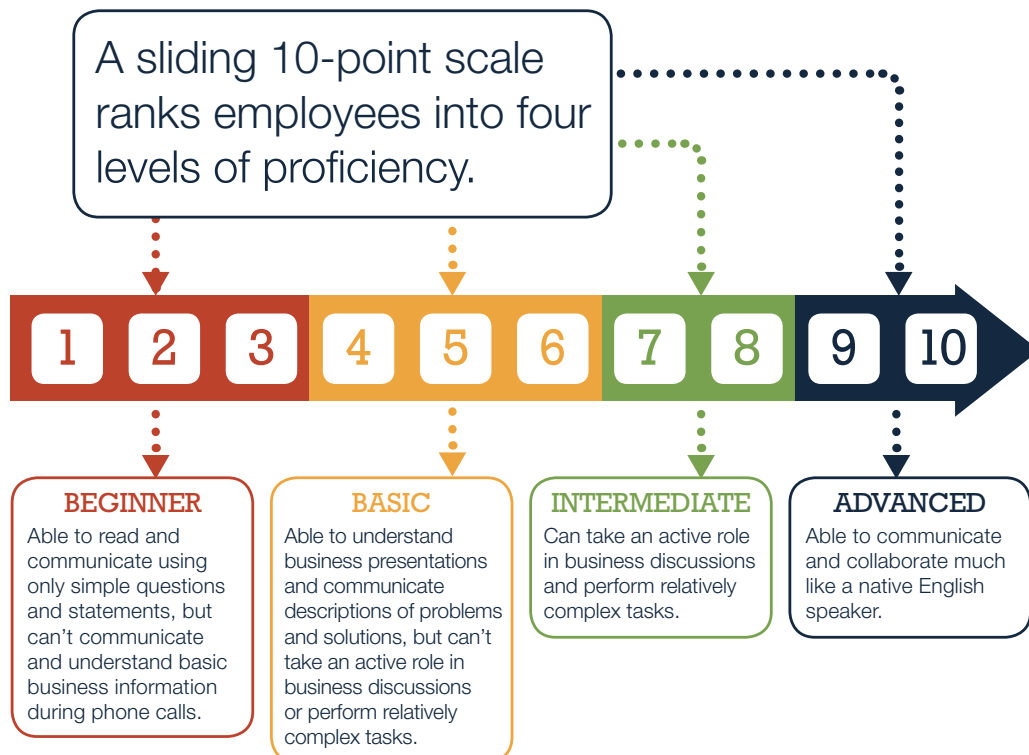
The BEI Scale

For more than 15 years, GlobalEnglish has worked with hundreds of companies and millions of global employees across all industries in more than 150 countries and in so doing has been able to understand how companies, departments and individual employees best apply skills in Business English in the context of their work. In partnership with—and tapping into the well of knowledge and experience of—leading scholars, authors and innovators in the fields of applied linguistics and organizational performance, GlobalEnglish has established proficiency levels to measure workplace Business English competencies.

The BEI demonstrates the level of competency across multiple dimensions, including:

- Knowledge of the English language itself: grammar, etc.
- The application of the language (i.e., communication) across different forms and media, including email, telephone, in-person, etc.
- Using these communication skills in different contexts, including a presentation, business discussion, conference, sales meeting, etc.
- The understanding and use of nuance and complexity in business situations and the ability to materially contribute in discussions related to business problems, analyses and solutions.

Each level of the index indicates a mastery of certain skills relevant for, and in the context of, business. The following diagram is a summary of the competencies achieved at each level:





For example, an index level of 1.0 would indicate that the individual can read and communicate using only simple questions and statements, but that he/she would find it extremely difficult to communicate beyond that. As the index score increases, it represents both a greater breadth in the ability to communicate (i.e., through multiple channels, including phone, in-person, email, etc.) as well as the increased complexity of such communication (i.e., understanding and participating in more involved and nuanced business discussions). An index above 10.0 represents mastery, which is defined as the ability to communicate much like a native English speaker.

2012 BEI Results Overview

During December 2011, GlobalEnglish recalculated the index by surveying more than 108,000 global employees in 156 countries across a broad range of industries to understand the level of competence for global workers using English in the workplace. The number of survey respondents represents an approximate 3% increase over last year's survey, with four additional countries represented. It is important to note, however, that the worker sample is not the same as the previous year's.

The 2012 BEI illustrates that a lack of Business English proficiency is threatening industries, companies and even whole economies with lower productivity and output. The average 2012 BEI score across all companies and industries was just 4.15—a 7% decrease from the 2011 index of 4.46. This relatively low score confirms that current Business English skills are not sufficient to meet the performance demands of today's global economy. As in 2011, ***this translates into a workforce that, on average, can understand basic information on the telephone or in person, but cannot understand most business presentations, take a leadership role in business discussions or perform relatively complex tasks.***

It is likely that the 2012 BEI score is lower partially because more and more companies are being thrust into the global market at the early stages of their strategic efforts to push Enterprise Fluency throughout their company. This increases both the number of companies and the number of employees surveyed, which lowers the average score. This downward trend applied to the averages for companies, industries and countries. However, the results from the top 20 companies in the index actually increased. The range of BEI scores from the top companies went from 5.25–7.54 in 2011 to 5.76–7.61 in 2012.



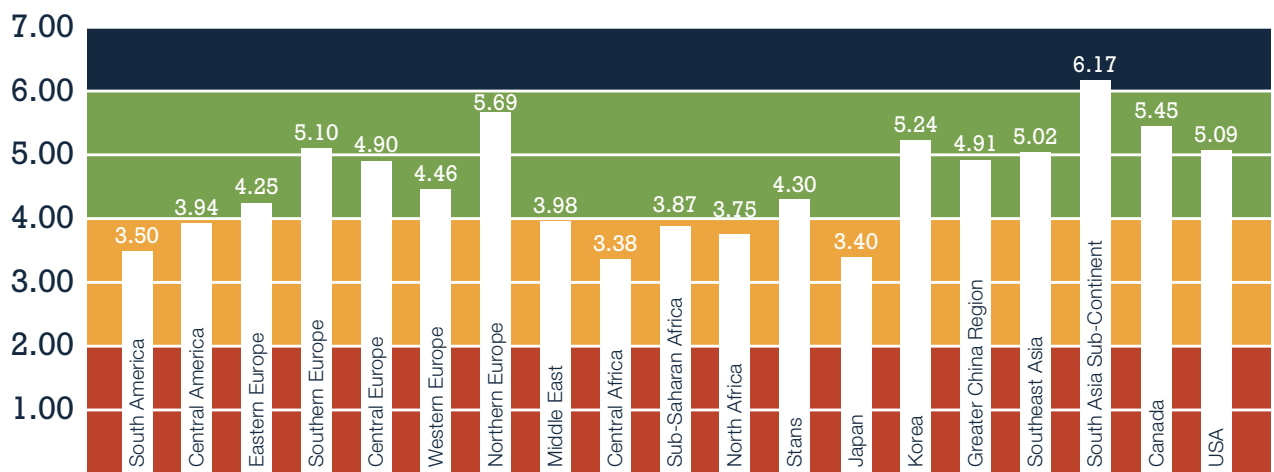
All but two industries scored below 5.0, while the range among industries widened. The highest-scoring industries of 2011 scored higher in 2012, while the lowest-scoring industries of 2011 mostly scored lower in 2012.

Geographically, there were some countries that consistently maintained their position at the top or bottom of the list. The Philippines (7.11) and Norway (6.54) remained at the top of the BEI list, while countries like Honduras (2.67) and Chile (2.76) stayed in the bottom five.

Index Distribution across Countries and Regions

The distribution among countries was quite wide, with country averages ranging from 0.73 (Armenia) to 7.11 (the Philippines). Only the Philippines attained a score above 7.0, a BEI level within range of high proficiency that indicates an ability to take an active role in business discussions and perform relatively complex tasks. This is particularly interesting when the Philippines, a country with one-tenth of the population of India, recently overtook India as a hub for call centers.³ Joining the Philippines in the top five were Norway (6.54), Estonia (6.45), Serbia (6.38) and Slovenia (6.19). Only the Philippines attained a score

BEI BY REGION

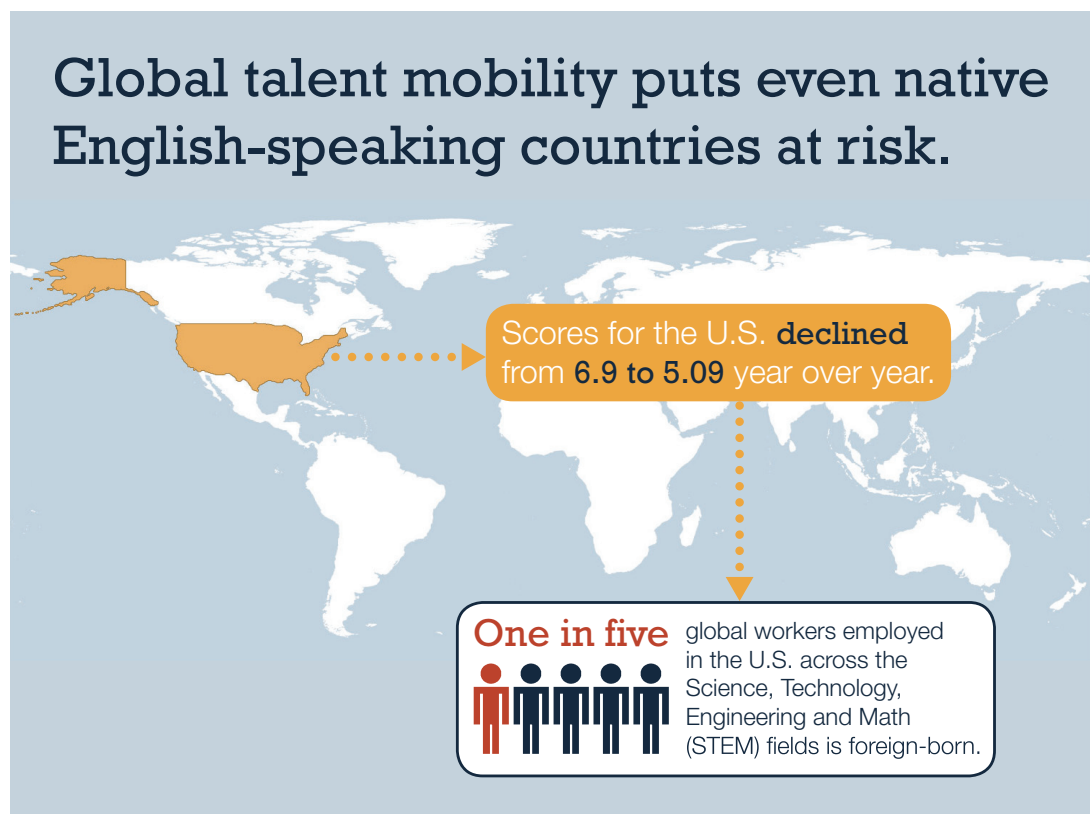



³"A New Capital of Call Centers," *The New York Times*, November 25, 2011, http://www.nytimes.com/2011/11/26/business/philippines-overtakes-india-as-hub-of-call-centers.html?_r=2

above 7.0, a BEI level within range of high proficiency that indicates an ability to take an active role in business discussions and perform relatively complex tasks. It is not surprising that both the Philippines and Norway—the only two countries in the top five in both 2011 and 2012—are improving their economies, based on the latest GDP data from the World Bank.

The average global worker from 38% of the represented countries ranked low in Business English proficiency, under 4.0 on average, meaning they can't understand or communicate basic business information during phone calls. Only about 30% of countries ranked above 5.0, with the remaining third falling between 4.0 and 5.0.

While parts of Europe and Asia made gains, companies in Latin America, the Middle East, Africa and Japan continued to struggle.





Although, on average, the countries of South America and Central America improved their scores slightly versus 2011, employees in some fast-growth emerging markets—including Brazil, Colombia, Honduras and Chile—scored quite low (under 3.0), indicating an inability to understand and correspond on familiar topics, which could limit their companies' revenue growth and profit potential if not addressed (Honduras and Chile landed in the bottom five countries in both 2011 and 2012). Bolivia, Ecuador, Mexico and Peru each scored below 4.0.

In Africa, the results were mixed compared to the previous year. All African nations with the exception of Egypt (5.18) scored below 5.0, and 71% of these countries scored below 4.0. These results are not unexpected, as many of these countries have just recently entered the global marketplace.

Most countries in Asia lowered their scores from 2011 to 2012. Japan continues to struggle, with the lowest average BEI score for Asia at 3.4, consistent with that country's recent shortage of English-speaking talent, as reported by Reuters in fall 2011. India, which is challenged by a scarcity of talent, particularly as businesses push into smaller cities, earned a BEI score of 5.57, ahead of back office provider upstart Costa Rica (4.43) but significantly behind the Philippines (7.11).

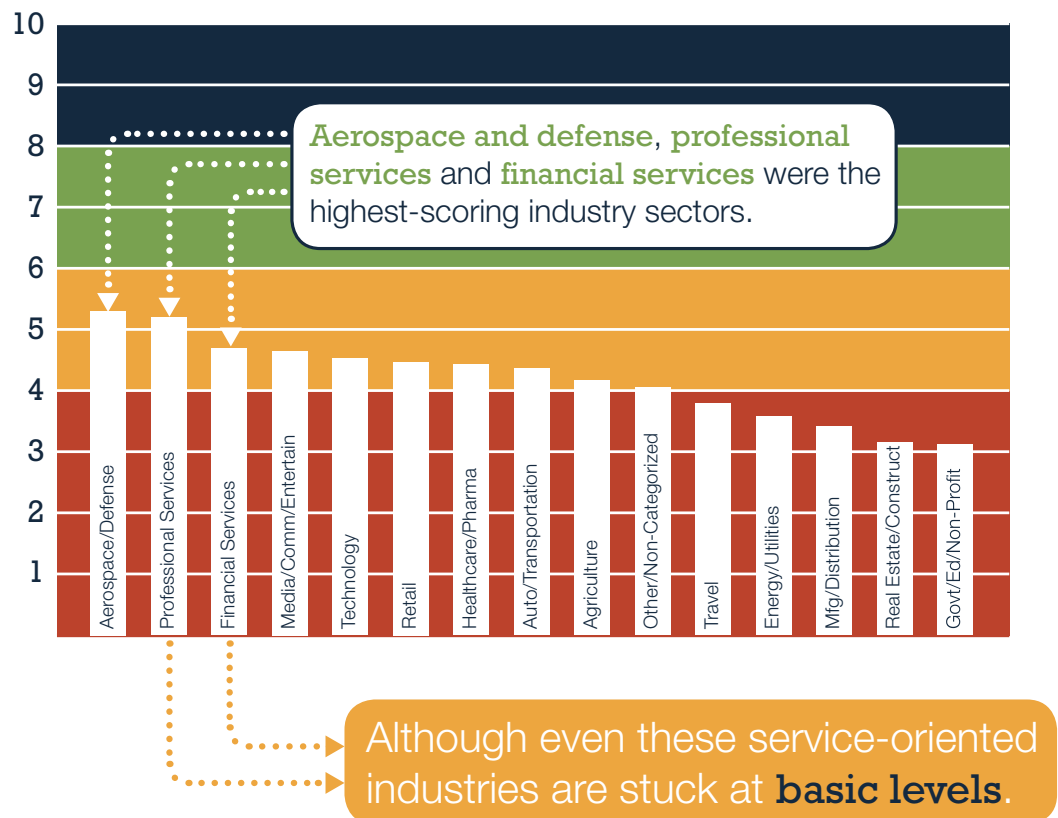
In Europe, trends were very much correlated across the maturity of economic development. Countries in Western and Northern Europe lost ground, while countries in Central, Eastern and Southern Europe mostly saw gains. This could be due to the focus on Business English within these emerging economies. Although Northern Europe continues to exhibit the greatest proficiency in Business English overall, its leader, Norway, declined from 6.83 in 2011 to 6.54 in 2012. Among Central, Eastern and Southern European countries, there remains a wide division between those who have focused on Business English (Serbia, Slovenia, Croatia, Bosnia and Lithuania have an average BEI of 5.98) and those who continue to struggle (Turkey, Slovakia, Russia, Ukraine, Hungary and Italy have an average BEI of 3.57).


Not surprisingly, there is also a demonstration of high Business English proficiency among those countries which feature English as one of the official languages or which otherwise have a strong history of early English education. However, it is notable that the BEI score for global workers in the U.S. declined from 6.90 to 5.09 since the original 2011 BEI benchmark, but there was also a fourfold increase in the sample size just in this one year, a majority of whom were foreign-born engineers and scientists. One in five global workers employed in the U.S. across the Science, Technology, Engineering and Math (STEM) fields are foreign-born, according to a U.S. Department of Commerce Report published in 2012, and clearly more and more companies are seeing an expanding need to help these foreign-born STEM workers.

Highlights by Industry Sector

The 2012 BEI was calculated across 14 distinct industry sectors. The three industry sectors that led the 2012 BEI included Aerospace/Defense (5.29), the Professional Services sector (5.19) and Financial Services (4.68), all of which had modest improvements to their BEI scores. Of the top three industries last year, only Professional Services remained steady, while Technology dropped from 5.2 to 4.5 and Pharmaceuticals dropped from 5.1 to 4.4. As in 2011, the range among industries is relatively narrow (3.11–5.29), while the range within any single industry among individual companies is quite wide.

The continued presence of Professional Services at the top of the BEI rankings is not surprising, as these businesses by their very nature deal with external communications and personal interactions more often than other industries and therefore require strong communication skills. For example, a Professional Services company that topped the BEI for a second year in a row at 7.61 is a leading international provider of outsourced customer care. The company's reputation and quality are outstanding because it enables its representatives to





provide improved service through a higher level of Business English proficiency. In addition, both the Aerospace and Financial Services sectors have a high percentage of knowledge workers who must provide global service and support to an increasing number of geographic locations.

Industry sectors at the bottom of the 2012 BEI included the Government/Education/Nonprofit sector (3.11), the Real Estate/Construction sector (3.15) and Manufacturing/Distribution (3.4). The indices for the Real Estate and Manufacturing industries significantly decreased in 2012, dropping 0.75 and 0.98, respectively. These scores indicate only the ability to understand correspondence on familiar topics. As many of these organizations have been historically more local, it is conceivable that they have not focused on developing the Business English communication skills of their workforce as much as companies in Professional Services, Technology, Aerospace or Financial Services.

Companies that have a strategic focus on providing their employees with the tools to develop the Business English communication skills needed for success on the job are consistently scoring at the top of the BEI rankings. As many Professional Services organizations are leading the way, GlobalEnglish sees an inevitable trend for more global companies to follow suit. In a borderless business environment, the focus on service and interaction will be key for a company selling financial products or agriculture products or even in the nonprofit sector. The ability to stay “local” is becoming more and more difficult as technology, including the rise in social media, brings the furthest areas of the globe together and effectively commoditizes many products. This requires companies to differentiate themselves in areas such as services and customization, all while investing in the development of their workers. This, in a sense, requires every organization to act like today’s Professional Services businesses.

Need for a New Approach?

The Business English Index was launched as a way for companies and industries to evaluate their capabilities on what is arguably the most important business attribute of the 21st century. 2012’s BEI of 4.15 demonstrates a significant gap between needed crucial skills and current capabilities, and it expresses an increasing urgency to address the obstacles that global leaders face. Companies that understand the direct correlation between effective global communications and overall company success have made it a strategic priority to train their global workforce in Business English—and they are seeing results. However, most companies employ some workers who have foundational Business English communication skills, but who cannot, on average, use these skills across all forms and media in the correct context and understand nuance and complexity.

There is no shortage of evidence that skilled Business English communicators save time accomplishing their daily tasks and are more effective in getting their overall job done. According to Towers Watson, companies that are highly effective communicators had a 47% higher total return to shareholders over the last five years, while increasing earnings per share by 28% and operating income by 19%.⁴ A 2012 report from Bersin & Associates highlights very dramatically the value of communication—organizations that have a high level of Enterprise Fluency™ and have a strategic approach to enabling effective, global communications are 16 times more likely to be a high performer at controlling costs, 28 times more likely to be better at customer satisfaction and 86 times more likely to reach the market faster than the competition!⁵

⁴Towers Watson, 2009/10 Communication ROI Study

⁵Bersin & Associates, Why Moving Communications Issues from Tactical to Strategic Is Imperative in Today’s Borderless Business Environment, 2012

Yet, despite this clear benefit, there is an amazing skills gap. Great progress has been made within certain industries and regions, but even within those there is an extremely wide gap between the highest- and lowest-performing companies.

Unfortunately, traditional training has been proven to be unable to address these gaps, as it lacks both scale and context—the ability to be deployed easily across an entire organization and the ability for employees to learn while they work. By investing in new ways to make employees more effective and save time on daily tasks through improved Business English proficiency, leaders can reap significant rewards and profits from advancing Enterprise Fluency. Today, leading-edge organizations are providing employees with on-demand tools to increase performance immediately for all employees and improve overall Business English proficiency over time. Our society's ability to access almost anything with the click of a button and the trend toward working more collaboratively through on-demand social platforms are changing the way global businesses are run, the way we consume and share content, and, ultimately, how employees can improve their performance at work. Therefore, using an old approach to solve a new problem is likely to fail.

Furthermore, by integrating learning into work, learning becomes customized for each employee and translates into job performance support. While some employees require a comprehensive curriculum, others just need instant access for help in English on certain tasks. Leveraging a robust technology platform to provide instant performance support as well as a wide range of learning services and content is crucial for advancing Enterprise Fluency across

a large and dispersed organization. On-demand software creates significant productivity gains, as individuals can relate to the tasks they need to complete and apply their skills immediately. Using this new approach, companies and workers benefit from performance improvements while increasing their Business English competence levels over time.



In an environment where business is increasingly global and work teams, customers and suppliers are dispersed around the world, there is no more important strategic business investment than that which enables successful communications on a global scale. The BEI should serve as a call to action for companies to make this investment and build a productive and innovative workforce striving to achieve the benefits of Enterprise Fluency, which include taking advantage of new market opportunities, expanding global business faster and more successfully, and delivering higher profits and shareholder returns.