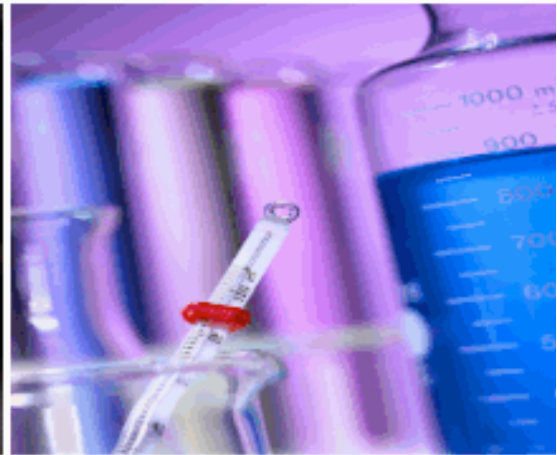
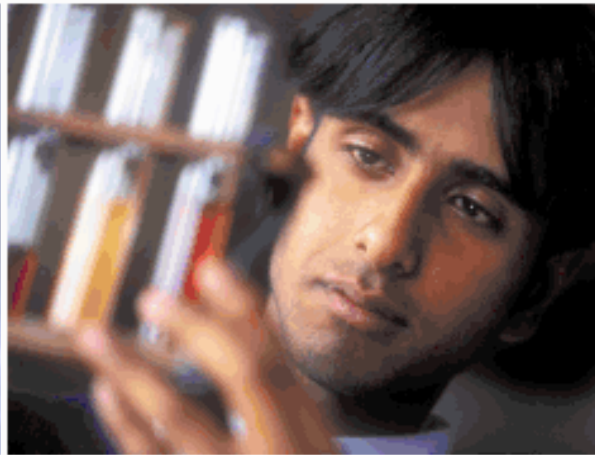
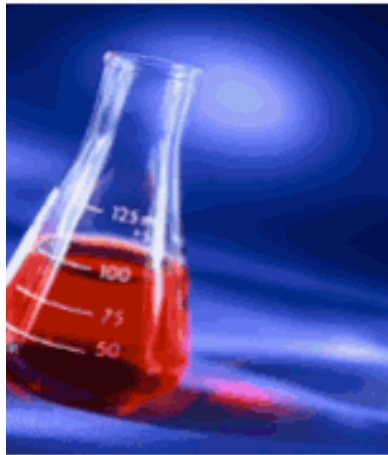


# Language Skills and Cultural Development Needs of the Chemical Sector in the North West



## Executive Summary

## FOREWORD

The importance of languages for international competitiveness in business is unprecedented and it has been recognized in the Regional Economic Strategy (2006) and the Internationalisation Strategy (2007). Language skills and cultural development need to be addressed by the region's key sectors if the level of international competitiveness of businesses in the North West is to increase.

The Northwest Regional Development Agency is particularly interested in boosting the international competitiveness of the region through investing heavily in key sectors to develop higher value activity, increase business formation, improve productivity and identify future growth opportunities.

The Chemical Sector has been identified as one of these key sectors. It generates £10 billion in sales, supports over 160,000 jobs and is the region's largest exporter.

In light of the sector's international dimension, the Regional Language Network North West conducted a study, commissioned by the North West Regional Development Agency, in order to identify specific language and culture related needs across the sector.

Chemicals Northwest offered strategic support throughout the process and endorse this report, which represents the basis on which to build future development to help businesses in this key sector to address language skills and cultural development needs in order to enhance their international competitiveness.



Jenny Clucas  
Chief Executive  
Chemicals Northwest

# Executive Summary

## 1. Introduction

Various language related needs have arisen across the North West as a direct result of key issues affecting the sector such as the skills gap, the ageing workforce, the effect of overseas ownership, competition with Third World suppliers in the global market and new European legislation. In response to this, RLN NW was commissioned by the NWDA to produce a study that would assess these needs and identify any additional language related issues faced by companies across the region. The brief included the presentation of recommendations and the submission of an Action Plan that would detail the recommended solutions and the most appropriate implementation. The study and Action Plan aim to assess the language related needs of companies in the sector and to offer a set of solutions that will address these needs in a consistent and sustainable way.

## 2. Methodology

Through the methodology adopted this study aims to achieve a general view of the language needs of companies across the region's sector and then to examine more closely the needs of specific businesses. For this purpose, data was collated in two stages. In the first stage data was collated via an online survey in order to achieve a representative sample of the sector and to help identify companies for interview. In the second stage, data was collated through interviews with companies in order to obtain further information of language related issues faced.

## 3. Main Findings – Exporting

### *Increased Levels of Exporting*

Interviews conducted with chemical companies in the North West have confirmed that the Chemical Sector is expanding and that companies are increasingly trading on a more international level. This means that companies are far more affected by language related issues than they were in the past. The effect of corporate takeovers has been very beneficial as these bring high levels of growth for companies based in the North West. However, internal communication within corporate groups causes new language related needs for chemical companies in the region. New markets, particularly in Eastern Europe and Asia, are opening and companies may find it more difficult to break into these markets without the relevant language skills.

***Methods of Communicating with Overseas Customers***

While it is advantageous that companies have found a way to conduct business with overseas customers through overseas agents and overseas offices, the fact that less than half of the companies interviewed deal with their overseas customers directly from their North West sites indicates that companies do not have the level of independence when trading with their export customers that they enjoy in conducting business with customers in the UK.

The UK is losing out to countries such as the Netherlands, Belgium and Germany, where employees have much better language skills than workers in the UK because corporate groups are unwilling to establish their Head Quarters in a country where staff do not have language skills. This means that North West sites are being passed up for the larger proportion of foreign investment because of a lack of language skills.

***Communication Difficulties***

Companies have experienced various communication difficulties with overseas customers relating to misunderstandings or lack of language skills. These lead to decreased levels of customer satisfaction, which has a direct effect on business success.

***Targeting New Export Markets***

Companies view research into new markets prior to approaching these markets as good practice, but some are not using the most effective methods to identify potential markets. It is apparent that companies that research the culture and political situation of a country, as well as the market, are better equipped to deal with customers based in these countries once they establish business relations.

***Materials for Establishing Business with Overseas Customers***

Many companies have recognised the importance of producing marketing materials and product literature in the native languages of their overseas customers. The fact that companies are part of multinational corporate groups is beneficial, because materials in the native languages of their overseas customers are readily available. In this modern age websites are the main resource for attracting business overseas and supporting existing overseas customers, but companies appear not to have recognised this fact.

It is important for Health and Safety that product labels are printed in all relevant languages and companies exhibit best practice by setting up systems that produce labels in all relevant languages. The forthcoming REACH and GHS legislations mean the legal requirement to

produce labels and Safety Data Sheets in foreign languages will be expanded to a wider range of information.

### ***Language Skills for Exporting and Uses of Language Skills for Exporting***

Companies view language skills as secondary to other competences and therefore do not recruit staff specifically for their language skills. Companies tend to prefer to employ native speakers rather than graduate linguists, because native speakers have stronger foreign language skills and have first-hand knowledge of the culture of countries in which overseas customers are based. They do not recognise that graduate linguists also have first-hand knowledge of these countries through periods of time spent living, and often working, abroad as part of their studies.

### ***Language Training***

Companies that have undertaken work related language training for their staff confirmed that the development of language skills improved their level of international competitiveness. Companies had difficulty in quantifying the impact of language training, but established a link between the development of language skills and increased levels of customer satisfaction.

### ***Cultural Differences***

Cultural training has improved the way in which companies deal with overseas customers, as it has shown them how to adapt to cultural differences. The benefit of having staff with language skills is not just language specific; it also means that staff are aware of the cultures of countries in which overseas customers are based.

### ***Effect of Language Skills on Business Success***

A number of companies are aware that there is a link between language skills and an improved level of customer satisfaction, and that this contributes to business success. The importance of strong business relationships to increase export sales has been realised by some companies. However, other companies still fail to see how this can increase export sales.

## **4. Main Findings – Outsourcing**

### ***Types of Outsourcing***

A trend has developed for companies within the Chemical Sector in the North West to rely on the importing of raw materials from overseas, toll manufacture and for the outsourcing of specialist equipment. More companies outsource materials than services.

***Reasons for Outsourcing***

Outsourcing materials and services from abroad enables companies to offer more competitively priced products as they acquire materials and services at reduced costs. There is a concern that outsourcing will lead to a reduction in the level of product quality.

***Language Skills for Outsourcing***

The larger proportion of companies interviewed have not identified a link between increased levels of outsourcing and the need to employ purchasing staff with language skills or to develop the language skills of existing purchasing staff. Companies are reliant on the levels of English of their overseas suppliers in the same way that they are reliant on the levels of English of overseas offices, agents and customers.

***Communication Difficulties***

The interviews conducted with North West chemical companies have revealed how communication difficulties can lead to supply chain issues. Difficulties such as receiving the wrong goods, receiving goods with incorrect paperwork and not being able to explain issues with received goods make outsourcing activities far less efficient.

***Procedures for Solving Communication Difficulties***

The majority of companies interviewed acknowledge the importance of setting up procedures to resolve communication difficulties with overseas suppliers. The procedures used have varying degrees of formality. Levels of productivity are reduced for companies that simply refuse to accept goods when communication difficulties have been experienced. It has been identified that providing overseas suppliers with a point of reference for UK specifications in their native languages is good practice. A very effective way of communicating with overseas suppliers through an EU company with knowledge of both EU law and the local languages of overseas suppliers has also been identified.

***Targeting New Overseas Suppliers***

Less than 50% of the companies interviewed are eager to find more cost effective alternatives in their supply chains. New outsourcing markets are opening for North West companies. A way to establish links with new overseas suppliers is through joint ventures. Some companies prefer to establish short-term contracts with suppliers in the hope that they will be offered cheaper prices.

## 5. Main Findings – Workforce

### ***Increased Levels of Employment of Foreign Nationals***

Companies are experiencing increased levels of employment of foreign nationals. Most companies have always employed foreign nationals and received goods from foreign lorry drivers, but have never addressed communication issues.

### ***Skills Levels of Foreign National Employees***

Most chemical companies in the North West employ skilled foreign nationals, because very high levels of skill are required in the sector. Companies may have to employ unskilled foreign nationals in the future as well to fill certain positions with lower skills requirements.

### ***Sources of Recruitment of Foreign Nationals***

Companies are actively recruiting foreign national employees. This means that they have established a need to employ foreign nationals. Companies need staff with specific technical skills, so prefer to use recruitment agencies that can target potential employees with these skills. Some companies rely on the relocation of staff from overseas offices.

### ***Employment of Foreign Nationals to Address Skills Gap***

For the majority of companies interviewed, the employment of foreign nationals has addressed their skills gap. Foreign nationals have technical knowledge and experience of the sector that is superior to that of recent graduates. Chemical companies in the North West sorely need staff with this technical knowledge and experience to replace existing staff when they retire. More people are studying Chemistry and Chemical Engineering in other countries than they are in the UK. In certain cases, foreign national employees have proved to be the best candidates for positions within North West chemical companies, even though their first language is not English.

### ***Integration of Foreign National Employees***

Companies have identified barriers to the integration of foreign national employees. It is good practice to recognise that employees from different countries have different mentalities and different approaches in order to be able to integrate them into the workforce. Companies may see the employment of foreign nationals as a temporary solution to the skills gap, but if foreign nationals are well integrated, they will permanently fill the gaps left by staff members who are retiring. If foreign nationals are unable to communicate effectively with colleagues in the UK, they are unable to integrate.

***Health and Safety Issues with Foreign Nationals***

Health and Safety is a key issue for the chemical sector due to the danger involved in using volatile chemicals. However, chemical procedures in other countries differ from those in the UK, so foreign national lorry drivers may be unaware of how to comply with chemical procedures in the UK. The misunderstandings experienced by North West chemical companies with foreign national lorry drivers are caused by both communication and cultural differences.

***Cultural Training***

Cultural training has improved working relations between foreign national employees and the local workforce for all companies that have undertaken this training. This has enabled staff in these companies to be more aware of how their behaviour could offend their colleagues from overseas. Companies realised the importance of cultural training to establish better relations with their overseas partners and overseas offices.

***English Language Training for Foreign National Employees***

Companies have acknowledged that foreign national employees find it difficult to integrate with the local workforce if their English skills are limited. Companies have also identified that effective communication is important to avoid Health and Safety issues. Companies may be overlooking foreign nationals with stronger chemically related skills because their English skills are not as strong as other potential foreign national recruits.

***Support for Foreign National Employees***

Some companies have found very effective methods for supporting foreign national employees. Companies have made sure that foreign nationals have points of contact if they require support. Still, some companies prefer to wait for difficulties to occur before they establish support procedures rather than setting these up in the first place to avoid any difficulties.

Some companies have realised the need to provide foreign national employees with cultural information on the local area as part of their inductions. Some companies have identified that good practice for inducting foreign national employees is to make induction information available to them in their native languages, in both written and verbal form. Some companies exploit the fact that induction material is available in languages used by their overseas sites.

## 6. The Way Forward

The study confirms that companies in the Chemical Sector across the region are heavily involved in international activity, namely exporting, outsourcing and dealing with an international workforce. Companies face these current communication challenges on a daily basis and at various levels.

While a number of examples of best practice have been identified to help overcome communication barriers that arise during international activity, the sector lacks a coherent and comprehensive approach that would ensure effective communication with overseas customers, overseas suppliers, partners, foreign national employees, and foreign national lorry drivers. The latter are regular visitors to chemical sites and generate challenging situations for this industry, particularly relating to Health and Safety, as they have a very different attitude.

The study also revealed a widespread lack of awareness of how language skills and/or cultural development benefit the sector through improved communication. It is generally accepted that effective communication is paramount to business success and good management, but this study shows a large proportion of businesses still failing to realise that this is doubly important when conducting business and managing people on an international level. Many businesses still fail to realise that poor international communication places additional strain on resources, in particular time and money.

On the basis of this report, a Language Action Plan has been devised for the Chemical Sector, which summarises the issues highlighted in the conclusions for each of the sections in the report: exporting, outsourcing and workforce. It also lists recommendations on how to address these issues and suggests a series of actions that have been prioritised. Key priority actions are in development by RLN NW with the support of the Northwest Regional Development Agency and the endorsement of Chemicals Northwest.



**RLN NW Ltd**

6th Floor, 8 Exchange Quay, Salford M5 3EJ

Tel.: 0161 932 1035 Fax: 0161 932 1100

[www.rln-northwest.com](http://www.rln-northwest.com) email: [info@rln-northwest.com](mailto:info@rln-northwest.com)

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