



## Employer Demand for Languages Graduates in Scotland: a Case Study in the Financial Services Sector

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**Abstract:** In the context of recent surveys of business and employer attitudes to the economy's need for language skills, this study aims to contribute to the debate by investigating the attitudes to foreign language skills in the Scottish Financial Sector. Interviews were conducted with representatives of recruitment agencies and with four managers in investment management companies headquartered in Scotland. The results show, paradoxically, that although language skills are considered essential in this sector, companies tend not to acknowledge this explicitly and do not recruit on this basis. The latent need for skilled linguists is largely met by recruiting foreign nationals who offer both language skills and a global mind-set. It is suggested that these practices will have longer term consequences for the competitiveness of British graduates in the global economy

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**Keywords:** language skills, financial sector, year abroad, language policies

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### Introduction

In recent years there have been a large number of surveys in both Scotland and the UK as a whole focussing on the need for learning languages. The findings are somewhat contradictory. They are summarised in the latest such report, *Talking the Talk so that Scotland can Walk the Walk* (Glover, 2012), a survey of business attitudes and an overview of reports by interested parties over the last ten years, which was commissioned by the Scottish Government as part of its 1+2 Policy for Language Learning in Scotland. Many of the findings reported here suggest that the lack of language skills is having a direct and negative impact on Scotland's ability to compete in the global market. James Foreman-Peck (2007, cited in Glover: 3) puts the financial loss to the Scottish economy at a minimum of £0.5 bn. The Scottish Funding Council reports that 'two thirds of businesses cite foreign languages as a barrier and eight out of ten feel challenged by differences in culture and etiquette' (Scottish Funding Council, 2008, cited in Glover: 3). Similarly the Confederation of British Industries (CBI) surveys consistently report a lack of language skills as a matter for concern: '76% of employers are not satisfied with young people's language skills' (CBI, 2011, cited in Glover: 2).

These findings contrast with other views and statistics considered in the report: Glover (2012: 1) reports that: 'there [...] remains complacency amongst businesses and the population at large that 'English is enough' because of its perceived strength as the international language of business.' A 2011 survey for the Federation of Small Businesses (FSB) reports that only 3% of members thought that a lack of language skills affected their business (FSB, 2011, cited in Glover: 3). A Scottish Funding Council (SFC)

report on the employment of language graduates established that fewer than 10% of them used languages frequently in their jobs. It also established that the employment rate of language graduates was lower than the average for all graduates and that there was no wage premium for language skills (SFC, 2008, cited in Glover: 5). Uncertainty about the usefulness of foreign languages also has an impact on uptake of languages in secondary schools. The most recent survey by SCILT (2012) suggests that the number of school pupils learning a foreign language is either static or declining. It seems therefore, that on the one hand businesses acknowledge the fact that language skills are useful, while on the other hand failing to exploit or reward those who have these skills.

Most of the current academic and business surveys conducted in the UK to date focus on exporters, since this is perceived to be the sector where the greatest scope for economic benefits are to be found. However the financial sector is a major employer in the Scottish economy which is already a global player. This article aims to shed further light on the paradox which emerges from the evidence cited in the Talking the Talk report by presenting the results of a small scale case study in this sector. The main aim of this pilot survey, conducted in 2011-12, was to establish firstly how financial companies headquartered in Scotland dealt with the requirement to conduct business in a foreign language, and secondly to find out to what extent language skills, international orientation and the attributes of language graduates, for example the year of study or work abroad, were seen as valuable qualifications by these employers.

## Findings

A preliminary scoping survey was carried out of recruitment agencies which recruited for the financial sector. Of the twenty contacted, one, the only one which dealt exclusively with language skills, had gone out of business, and fourteen declined to respond, indicating the topic was not relevant to their business. The results from the five which did respond were uniformly negative. Key themes which emerged were that employers only ask for language skills where they are directly relevant to the position, for example in call centres. The agencies reported little demand for language graduates in Scotland. One company reported that languages were more in demand in London:

*It'd be different in London, but Edinburgh is just sadly behind with the languages.*

Two companies reported that where there is demand it is for Far Eastern languages and pointed to a lack of skills in these languages. Another company identified as a further factor a perceived lack of fluency of British language graduates, and said that foreign nationals were more desirable for bilingual roles:

*The split is usually 75% roles to native speakers and 25% to non-native.*

There were more positive comments on the role of the year abroad as a factor in evaluating candidates. One company reported:

*In general a year abroad does improve chances of gaining a relevant role, as it shows the candidate can adapt to change and they have the drive to do something different.*

Another was equally positive, but with a proviso:

*I quite like seeing the year abroad. I think it shows a wider perspective [...] in that individual, but it's not asked for by the employer, [...] it doesn't come as a prerequisite for any job description.*

The clear findings from the agencies, therefore, were that languages were barely relevant to the financial services sector. However, a large part of financial services' work involves managing clients, investments, joint venture partners and funds in markets where English is not the first language. In this context, the main part of the study aimed to look at investment management companies to understand how they managed the interface between English and local languages.

Investment management companies were chosen because part of their remit is to manage investment portfolios globally, including in the Far East and in the emerging markets, where English is not the first language. A preliminary review of the company websites revealed an emphasis on their global perspective counterpointed by detailed local research around the world. Their graduate recruitment websites emphasised the need for individuals with an open, inquisitive, global mind-set and three out of the four claimed to recruit from all disciplines. Semi structured interviews were conducted with four managers in four different investment management companies. The first, respondent A, was a fund manager who spoke some conversational French. Respondent B was a languages graduate with an MBA who spoke a total of eight languages. Respondent C was a marketing manager who spoke fluent Japanese, whilst respondent D was a native Hungarian working in the UK who was fluent in four languages. The respondents were asked to what extent languages were required in their work and in which circumstances and whether or not their company had any views on the recruitment of language graduates.

In response to the first question: the extent to which they were required to use their foreign language skills, all respondents made the point that English is the language of international finance, and that therefore most business is conducted in English. They pointed to the dominance of the New York and London stock markets and the fact that international regulatory bodies operate in English. Respondent C added that most countries now have regulatory rules about disclosure: for example documentation in Japan is required to be in English and Japanese. This means there is 'no information edge in terms of information flow or timing.'

However, with further probing it quickly became evident that foreign languages were in fact key to the effective performance of their jobs. Respondent A, whose company had the least international exposure of the four, nonetheless used his conversational French

'for preliminary chit-chat,' as a means of establishing rapport and relationships and then the bulk of the meeting would be held in English. Other respondents confirmed the importance of language skills in relationship building. Respondent B, for example, reported that:

*I conduct all meetings in Portugal in Portuguese. I can hand over a given sector, say banks, to a colleague, make the introductions and the relationships are his. He doesn't speak Portuguese, but the relationships had already been made. That's typical.*

This respondent also highlighted the fact that speaking a foreign language was viewed positively by many of his business counterparts in other countries:

*You get a disproportionately positive reception by speaking relatively little Russian and Mandarin. This enhances the relationship, because people are a lot less guarded when they're able to speak.*

Respondent D was also clear that language skills were essential for relationship building:

*Especially in France, you absolutely have to speak French to have good contacts with clients. That doesn't mean that in conferences and with clients you don't have English as a common language, but in day to day relationships you would want someone who speaks French.*

This respondent also pointed out that language skills were extremely helpful in researching the markets he dealt with:

*[...] one of my languages is Russian, and I cover the East European market, including Poland and Russia. I could do it with English only, but you can have better insights if you use the local language. You're able to extract more information than using a third, common language.*

Respondent C also used his Japanese skills to manage a joint venture in Japan, acting as an intermediary between Japanese colleagues and non-Japanese-speaking employees in the United Kingdom.

Further to the requirements of liaising and building relationships with business partners, there were also occasions where foreign language skills were not just desirable, but essential for successful communication. Both A and B reported that while head office of a given company might speak English, due diligence often required them to investigate in more detail, and that the further down the company they went, and the further 'off the beaten track', the less likely it was that English would be spoken. According to respondent A, this was particularly the case in Japan and China, but he also reported the need for French and German speakers to deal with smaller companies in Europe.

Finally, in response to a question about whether they had noted any sign that the dominance of English was not as complete as English speakers might like to assume, both B and D offered interesting insights. D reported that:

*In the Central Bank of the Ukraine or Russia we might meet people who can't or are unwilling to speak English [author's emphasis].*

While reaffirming the current dominance of English, respondent B was nonetheless even more explicit about some incipient unwillingness to speak English:

*I have over the last seventeen years detected increasing national pride, even bordering on chauvinism, in some countries, especially China and Russia. In China, for example, some of the big state controlled companies are now saying we're going to have our conference calls in Chinese. And we'll have an English one later. We will publish our quarterly reports in Chinese only, and if you really want to know what's going on you'll have to find a way to read them.*

In view of the role that all the respondents saw for foreign language skills in a range of contexts in their business, it might be expected that language skills were valued and formed an explicit part of the recruitment process, but this was not reflected in the responses to questions on graduate recruitment. The companies' approach to this varied widely. None explicitly regarded language skills as part of the skill set they looked for in recruits. Only one company (C) said that language skills were 'a component that was valued highly'. This company recruits 'good people from any area' who have to be 'curious and intellectually inquisitive.' Respondent D was not aware of the recruitment policy of his company, but did not think language had been a factor in securing his own job. His company website highlights 'good analytical minds' and 'good communication skills' but also requires graduate recruits to have good numeracy skills, something not necessarily traditionally associated with language graduates. This respondent also stated, somewhat contradicting his earlier statements about the usefulness of his languages, that:

*You can make the assumption that for everyone who speaks English quite well, there is no need to learn another language, because you can make yourself understood anywhere.*

Company C explicitly excluded language graduates from its recruitment:

*Putting it crudely, most language graduates would not have the numerical skills to do the day job.*

Graduates in this company are screened on the basis of first class degrees in a maths, economics or related subjects. There is 'no room for taking someone who's not exactly in line.' It is somewhat ironic that the two most gifted linguists of the four, who spoke

most eloquently of the need to communicate in the local language, were also the most dismissive of these skills in the recruitment process. This apparent paradox will be discussed in more detail below.

Given that the need for language skills is not explicitly addressed in the recruitment process, the question arises of how the companies ensure they have the appropriate range of skills. The company websites highlight the possibility of professional development, and the respondents were asked whether language training formed any part of that. Company B was open to supporting individuals who wanted to go to language classes, provided that they showed sufficient commitment. It was up to individuals to find classes and was viewed as part of their personal and professional development. It would not be provided in-house. Whether or not the extra qualifications merited extra payment varied from company to company:

*Because the company takes the view that, actually, you can do your job as it is, and what you're doing is trying to improve yourself, it is maybe laudable, maybe we'll give you a little bonus for it, if you pass your exams, or whatever, but it doesn't necessarily. It's not one size fits all.*

The respondent in company C had given Japanese classes to colleagues in his lunch hour, and reported that other colleagues were learning other languages, but that again, it was not formally organised by the company. None of the companies appeared to know of any structured attempts to improve the language skills of its employees and it was apparent that this is not a route generally used in the sector to increase its language capabilities.

This being the case, the question remains as to how companies ensure they have the correct mix of skills for their business. Part of the answer became apparent in company A's response to the question of recruitment. In this company, he reported:

*Graduate recruitment is quite international, so even on a random basis, if we take five a year the chances are three would speak another language.*

A typical recent recruit was an Estonian who had lived and been educated in both the UK and in Estonia. Other recent recruits came from Poland and Scandinavia. These recruits supply both the global mind-set the company is looking for and, incidentally, the language skills they need:

*It's quite an interesting group of people who have language skills. It would be wrong to say we recruit them because of that [...] but they tend to be very interesting and rounded and [...] they've seen quite a lot. These sorts of people interview well, they're quite tough to beat.*

This trend to employing foreign nationals is reflected in the staffing profile of all the companies. Employees in company A include a French and German speaking Dutch national and a Japanese national who deals with Japanese partners. Company B

employs native speakers of local languages in the Indian sub-continent and of Chinese. Company C hosts Japanese nationals in their UK office to deal with Japanese customers, but, tellingly, there is no tradition of sending British employees to Japan. Respondent D is himself a Hungarian national working in the UK. He reported a mix of native speakers and British nationals with language skills in his team of twelve. This reflects the findings from the recruitment agencies, which put the ratio of foreign nationals to British national at 3 to 1 in posts where language skills were required.

On being asked whether British graduate were at a disadvantage in the employment market when competing against these 'global' individuals, respondent A was adamant that they were:

*Yes. [...] I think they absolutely are. [...] I think the UK graduates we interview are very, very good and there are some very smart people, some very rounded people. [But] to have spent more than just your summer holidays abroad, not in your comfort zone, not in a language perhaps that is not your own language and having to fend for yourself for a bit, it makes quite a difference to an interview.*

By contrast, British students' experiences on their gap year or on a year abroad were not seen as being as valuable:

*It tends to be mucking round the world with your mates speaking English and [...] it's not quite the same as some of the individuals we've brought here.*

He makes the point that for foreign nationals the motivation to learn a language well is greater than in the UK:

*From a language perspective these graduates we've brought in always have perfect English, but maybe that's just the reality, that if you're sitting in Estonia or Vienna or Berlin you know your English has got to be perfect.*

He contrasts this mind-set with that of British graduates as a whole:

*I suppose our graduates know that they can operate globally without doing that and they might be lazy.*

He did concede that there were some graduates with language skills working in his company, but said that on the whole, apparently unlike the foreign nationals, they did not have the opportunity to use these skills:

*My experience again is that they never have the chance; they don't use it enough, so their skills tend to deteriorate.*

This appears to be yet another example of British ambivalence to language skills. Speaking English language well is an essential attribute in a foreign national and the life experience gained in acquiring these skills to the required level also evidenced drive and the ability to live and thrive in any setting. The same skills in an English speaker seem to be perceived as less highly developed and are less highly valued by the employer. This also reflects the findings from the agencies, whose perceptions were that the language levels of UK graduates were not high enough.

An ambivalence towards language skills as a useful part of a UK professional's attributes was marked throughout the interviews. As noted above, respondent D, although he was fluent in four languages and consistently gave examples of how these were essential in his work, also claimed that knowledge of English was sufficient and English speakers had no need to learn another language. Respondent B spoke eight languages, most of them learned in response to the demands of his work, but insisted that language graduates could not do his job. He relativized the importance of language skills by stating that technical skills were an equally valid currency of communication:

*It is possible to impress by the level of due diligence shown, and asking informed, sensible questions, so the lack of language skills is not necessarily a disadvantage.*

Respondent C conceded that his knowledge of Japanese had been part of the reason for being recruited to his current post, but went on to add that his technical skills had been the main factor. A sense emerged that language skills were not something that serious professionals needed to aspire to, unless they were foreign, and the language in question was English. They were seen as soft skills, not relevant in themselves to the world of international finance.

## **Concluding Remarks**

In summary, this short project both confirms and calls into question some of the findings of the surveys and reports discussed above. In contrast to the consensus from the CBI and others, that the lack of language skills is holding back UK business, these companies from the financial sector do not attribute any particular importance to language skills. This is in spite of the fact that during the interviews the respondents consistently said, and gave examples to the effect, that these skills are fundamental to their business. They are able to maintain this position because of the international nature of recruitment to the financial services industry, which allows them to hand-pick recruits from around the globe, knowing that they will speak English and can act as intermediaries as required in their home markets. British graduates by comparison are seen as less globally-oriented, and the impression was given that neither they nor their employers valued their language skills. This impression was heightened by the fact that even those managers among the respondents who did speak foreign languages tended to minimise the importance of this skill. It did not appear to be central to their sense of themselves as professionals. In addition, there appears to be a lack of confidence, both

among the employers and recruiters and the graduates themselves, about British graduates' language skills and their application.

These findings raise important issues for those teaching and promoting languages within the UK. It confirms that foreign language skills are essential in this sector, but suggests that this requirement is not explicitly acknowledged and is being filled by foreign nationals. The benefits of the year abroad undertaken by language students do not appear to be widely recognised or acknowledged. Finally, many of the professionals appeared to be uncomfortable being identified as linguists, preferring to foreground their other qualifications. In order for language skills to be accepted as an intrinsic part of a professional's profile in the business world, as well as the world of teaching and letters, there may be an argument that languages need to be taught as a matter of course across the curriculum. If the engineers, computer scientists, investment managers and business leaders of the future are going to be able to compete on an equal basis with their peers from around the world, even within their own country, and not be crowded out by articulate, mobile and skilled non-native speakers, they will need to acquire, in addition to their professional skills, the language skills which enable them to work around the globe.

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