



White Paper:

Fixing the Language Skills Gap

What it is, how to fix it, and why addressing it is urgent for businesses worldwide.






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Introduction

In today's globalized economy, businesses operate in an increasingly multilingual environment. This means that they need employees who can speak and understand multiple languages.

However, many companies face a language skills gap, with 1 in 3 American employers reporting that they know they have a language skills gap in their organization but don't know how to fix it.

What's a Language Skills Gap?

A language skills gap occurs when there is a mismatch (or gap) between the language skills that businesses need and their employees' existing language skills. According to a finding from the American Council on the Teaching of Foreign Languages (ACTFL) survey "[Making Languages Our Business: Addressing Foreign Language Demand Among U.S. Employers](#)," one in three employers reports having a language skills gap in their organization.

There are several reasons why businesses are facing a language skills gap. One reason is that fewer and fewer students are learning foreign languages in school, and the languages they are learning have no real-world relevance to the jobs they're getting post-graduation. Another reason is that the workforce demographics are changing, with more and more employees applying to and working from non-English-speaking countries.

It's estimated that around 1.5 billion people speak English, making it the second most spoken language in the world behind Mandarin. However, it's worth noting that most people speak English as a second language, so offering language training to English speakers is also valuable. Only around 400 million people speak English as their native language, with most of those speakers located in countries like the United States, the United Kingdom, Canada, Australia, and New Zealand.

A language skills gap can have some negative consequences for businesses. It can make it challenging to communicate with customers and suppliers, lead to misunderstandings and errors, and make it challenging to attract and retain top talent.

Immigrant Labor & The Future of Work

Despite sensationalized headlines about the struggles of hiring and employment in the United States, the data doesn't lie: the labor market is strong, and unemployment remains historically low. There isn't an industry or sector in the US that isn't reliant on immigrant workers to be successful. According to The Wall Street Journal, foreign-born workers "account for nearly one-quarter of all workers in the STEM fields." Companies like Amazon, Salesforce, Google, and IBM hire immigrants on H-1B visas in record numbers, confirming that they rely on non-American non-English speaking workers to be profitable.

States like Massachusetts, Florida, New York, and California are sounding the alarm about lacking US-born labor to meet their workforce needs. Impacting healthcare, IT, farming, and agriculture, amongst others, hiring immigrants without speaking their language leads to inefficiency and loss of revenue. If there's no one to do the work, then no money will be made, and if there aren't leaders who can effectively communicate with an immigrant workforce, it will lead to employee disengagement and loss of revenue.

Immigrant Labor & The Future of Work

According to the Center for Immigration Studies, there has been a decades-long decline in the labor force participation rate of the U.S.-born of working age (16 to 64), from 77.3 percent in 2000 to 73.5 percent in the fourth quarter of 2022.

Immigrants play a significant role in United States commerce, and treating them like the valuable contribution they are – through language and cultural training – reiterates that they're valuable and necessary.

25% of all STEM employees in the US are not American-born

The Cost of Language Miscommunication

Language miscommunication can have high costs for global corporations. Reducing labor churn and increasing employee engagement aren't just HR buzzwords; they significantly impact revenue. In 2022 alone, 70% of all US employee turnover was voluntary, the highest level ever recorded.

In a survey by Amazon and Workplace Intelligence, 88 percent of respondents said an abundance of career advancement opportunities offered by a potential employer was necessary when looking for a new job. This is particularly relevant for young professionals, including Gen Z and Millennial employees, who are eager to grow and successfully launch their careers. The future of work is in the hands of training and development, including language and culture inclusivity.

U.S. training expenditures passed the \$100 billion mark for the first time in 2021-2022. Rising 10 percent to \$101.6 billion, the jump was fueled, in part, by a significant increase in large companies' budgets, inflation, and organizations continuing to invest in virtual training technologies like virtual language lessons.

Gallup's research on employee engagement suggests that disengaged employees cost American businesses between \$483 billion and \$605 billion annually. Disengaged employees are less productive, have lower job satisfaction, and are likelier to leave the organization. If your managers and leaders can't communicate with their employees and frontline workers, disengagement and quitting should be expected.


The Cost of Language Miscommunication

Here are even more ways that the language skills gap can negatively impact organizations.

- **Missed Business Opportunities.** Language miscommunication can lead to missed business opportunities, such as failed negotiations, lost contracts, or misunderstood customer needs. These missed opportunities can result in financial losses and hinder company growth.
- **Increased Misunderstanding.** When employees in different regions or countries cannot effectively communicate due to language barriers, it can slow down work processes and create inefficiencies. Misunderstandings can occur in project management, collaboration, and decision-making, leading to delays, rework, and increased costs. That miscommunication will trickle down to client communication, making getting new business and keeping existing clients nearly impossible.
- **Productivity Loss.** Language miscommunication can decrease productivity as employees spend more time clarifying instructions or resolving misunderstandings. This can affect daily operations, project timelines, and overall efficiency, reducing output and increasing labor costs.

The Cost of Language Miscommunication

- **Customer Dissatisfaction.** In global corporations, customer interactions are crucial for maintaining relationships and securing business. Miscommunication can lead to dissatisfied customers who may switch to competitors, damage the company's reputation through negative reviews or word-of-mouth, and result in a loss of revenue.
- **Legal and Regulatory Risks.** Misunderstanding legal and regulatory requirements due to language barriers can expose global corporations to compliance risks. Failure to comply with local laws or misinterpreting contractual obligations can lead to fines, lawsuits, and reputational damage.
- **Training and Language Support Costs.** Corporations may need to invest in language training programs, translation services, and hiring bilingual/multilingual employees to mitigate language miscommunication. Constant turnover requires businesses to spend additional resources on recruitment, onboarding, and training new employees. The cost of training a new employee can vary, but estimates suggest it can range from 6 to 9 months of the employee's salary. Instead of spending thousands of dollars trying to find new employees, it's simply cheaper to train existing employees well so they stay in their current roles.
- **Cultural Misalignment.** Language and culture often go hand in hand. Miscommunication resulting from cultural differences can lead to frustration, offense, or inappropriate behavior, harming working relationships, team dynamics, and the company's image.



The cost of language miscommunication for global corporations can substantially impact revenue, efficiency, customer satisfaction, legal compliance, and employee morale. Establishing effective communication strategies, investing in language training, and leveraging translation and interpretation services can help mitigate these costs and improve overall business performance.

Closing the Language Skills Gap

There are a few ways that forward-thinking employers can solve the language skills gap. One way? Offer language tutoring to employees. Language tutoring can help employees improve their language skills in a short amount of time and can also be customized to meet the specific needs of the business. It also introduces cultural awareness, so the employee learning a new language can learn about the culture and people that natively speak their target language.

Another way to address the language skills gap is to hire bilingual employees. Bilingual employees can help businesses to communicate with customers and suppliers in their native languages. They can also help companies to attract and retain top talent from non-English-speaking countries.

Finally, businesses can also invest in translation services. Translation services can help businesses to translate documents and marketing materials into multiple languages. This can help businesses to reach a wider audience and to communicate more effectively with their customers and suppliers. It also signals to current employees that cultural inclusivity is a priority. The Common Sense Advisory, a market research firm specializing in language services, estimated in 2014 that companies spend around \$26 billion annually on translation and interpretation services to bridge language gaps.

Benefits of Offering Language Tutoring to Your Workforce

Benefits of offering language tutoring to your workforce include:

- **Increased employee satisfaction.** Employees who learn a new language often feel more confident and motivated at work. This can lead to increased productivity and job satisfaction. Global LT offers business training so employees feel confident and equipped to give presentations, engage with prospective clients, and even craft emails in their non-native language.
- **Improved customer service.** Employees who speak their customers' language can better understand their needs and provide excellent customer service. This can lead to increased customer loyalty and repeat business. It's no longer okay to assume that your clientele only speaks English.
- **Enhanced global business opportunities.** Businesses with a multilingual workforce are better positioned to take advantage of international business opportunities. This can lead to increased sales and profits.

Summary & Conclusion

Offering language benefits to your organization results in increased employee retention and engagement, better business relationships with clients and prospects, and decreased miscommunication and frustration in the workforce. Closing the language skills gap at work is not a hypothetical problem that can be made a future problem. It is real and has a significant financial impact on organizations that don't address it.

Global LT offers virtual, 1-1, or group language tutoring of over 100 languages, anywhere in the world. Our teachers are trained to focus on language learning that results in real-world success both personally and professionally.

Through a personalized mix of learning solutions, we ensure that every student learning a language has a clear path to success by relying on behavioral science, custom learning curriculums, and e-learning tools to equip your workforce with the knowledge they need to thrive.

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