

# TOEIC® Newsletter

## TOEIC® Scores for New Recruits in FY2011

— Digest Version —

[Special Feature]

### As Demand for English Skills Rises, 954 Companies Use the TOEIC® Test, Average Score Reaches Record High of 494

The FY2011 statistics on TOEIC scores for new recruits hired straight out of university have been released. In recent years, amid a difficult economic situation, companies have been striving to recruit forward-thinking employees. In particular, cultivating a globally minded workforce has been a major theme, and many companies have strived to raise the level of English ability among employees. Given this trend, a record high of 954 companies adopted the TOEIC test for new recruits. The average score rose nine points compared to the previous year, reaching a record high of 494. In addition, the number of examinees climbed to 38,473. This issue of our newsletter looks at data concerning new recruits hired in FY2011 to get a better idea of this fiscal year's trends and scores.

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The TOEIC® Newsletter is published quarterly by the Institute for International Business Communication (IIBC) in Japanese. It features how the TOEIC program is used effectively within companies, universities and other institutions. We offer the latest case studies of TOEIC program usage to our clients, so they can take full advantage of the TOEIC program within their organization. In this journal, we also introduce a trend of global human resources development and the globalization movement in Japan.

This issue is a summary of the TOEIC Newsletter—TOEIC Scores for New Recruits in FY2011—(issued: August 2011) translated into English by IIBC for its readers around the world.

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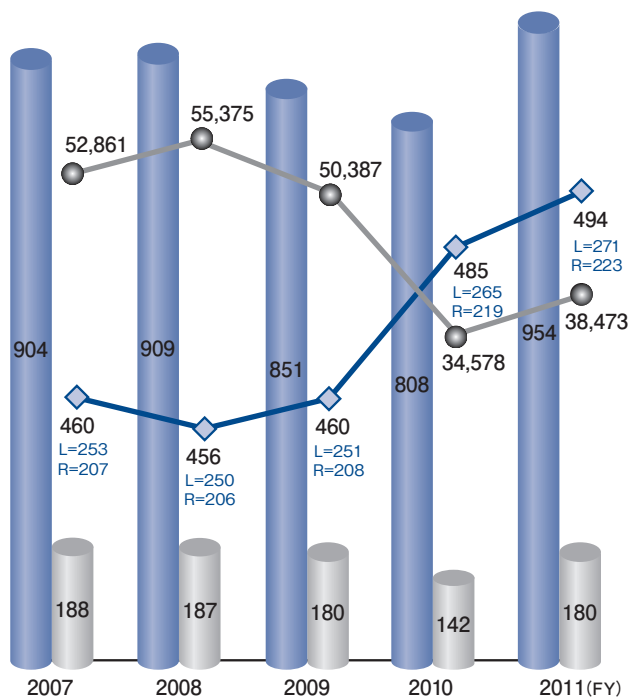
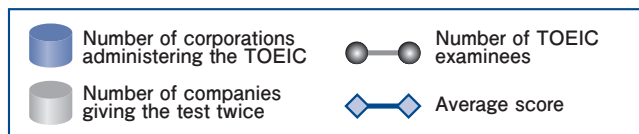
## How to interpret the data

The data on newly hired university graduates in FY 2011, included in the appendices on pages 2 and 3, are a tabulation of the TOEIC results at companies that administered the TOEIC test between October 1 and December 31, 2010 (for students promised employment) and between April 1 and June 30, 2011 (for newly-hired employees). These results were used because it is reasonable to assume that many of the test-takers for those time periods are newly hired workers.

In Figure 1, the heading “Companies giving the test twice” indicates those companies that administered the TOEIC test to newly hired employees during both of the abovementioned time periods in the same fiscal year.

The codes in Figures 1-3 are as follows: L = Listening, R = Reading, T = Total. Average scores are listed for each category. The code “C” indicates Level C or higher (i.e., the number of examinees with TOEIC score of 470 or higher according to the Proficiency Scale established by the TOEIC Steering Committee). Level C indicates that an individual “has sufficient knowledge for daily activities and conducting business, within certain limits.” The symbol % indicates the ratio of examinees at Level C or higher to the overall number of test-takers.

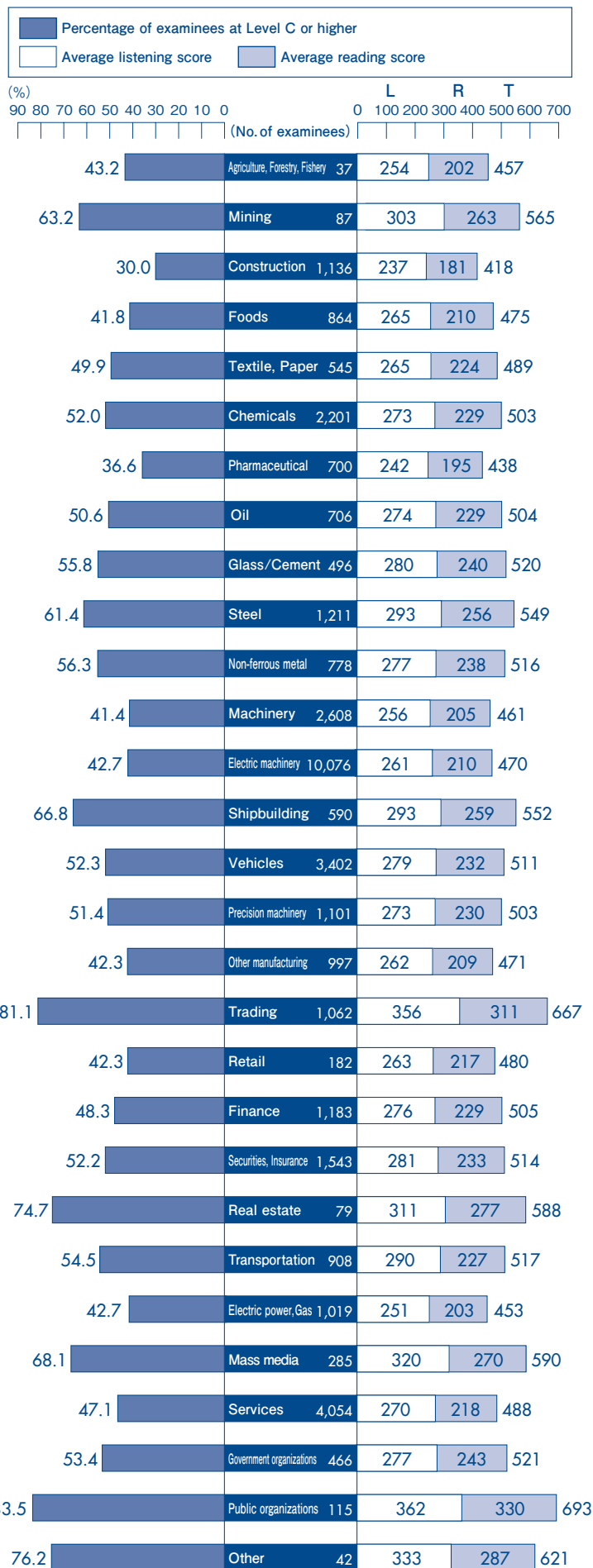
**[Figure 1]** Changes in the number of TOEIC examinees and the number of companies administering the TOEIC® test



**[Figure 2]** Score comparison between manufacturing and non-manufacturing industries

Industry	No. of examinees	L	R	T	C	%
Manufacturing	27,535	266	218	485	12,809	46.5
Non-manufacturing	10,938	283	234	517	5,784	52.9

**[Figure 3]** Average scores for each industry and proportion of examinees at Level C or higher



## Trends for this fiscal year and score fluctuation

In FY2011, year-on-year increases were posted for the number of examinees, the number of companies using the TOEIC test, and the average score. A new all-time record was set, with 954 companies using the test for new recruits. As the domestic Japanese market continues to shrink, markets overseas have become increasingly important. This has led more and more companies to seek employees capable of working in the global marketplace. Holding the TOEIC test for new employees and students promised employment is one way that companies are encouraging these new and potential employees to focus on learning English from an early stage in their careers.

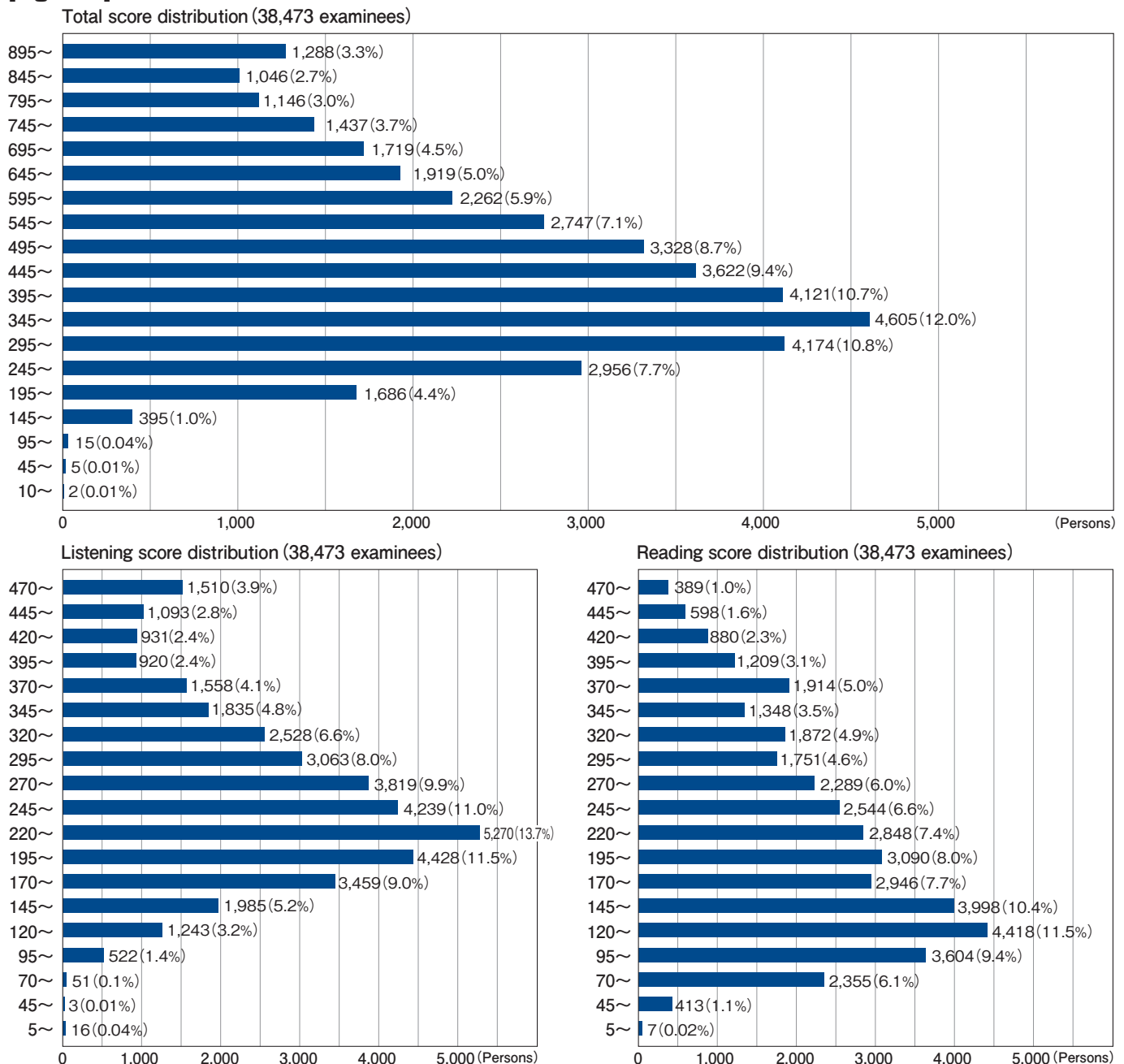
In FY2011, the average score also reached a record high of 494 (listening score: 271, reading score: 223).

Universities, for their part, are aiming to foster a globally

capable workforce by bolstering the English curriculum in response to corporate needs and striving to raise awareness among students of the need to engage in career preparation by improving their skills. These efforts, combined with highly selective hiring practices of employers, have contributed to the trend of rising average test scores. This is reflected in the fact that in FY2011 48.3 percent of examinees achieved Level C or higher (as compared to 46.0 percent in FY2010)—marking another record high.

The trend toward highly selective hiring practices is expected to continue even though some expect the next fiscal year will see a business recovery and an expansion of operations. This means that companies will continue to seek to bolster the global competitiveness by seeking outstanding new employees with good English skills.

[Figure 4] Score distribution



\*The figures listed as "total scores" are actual values, not a simple addition of the listening and reading scores.

\*The percentages listed (pp.2-4,7-9) are rounded to the first decimal place.

[Interview]

# As Globalization Advances, the Benchmark for Hiring New Graduates from FY2013 Will Be a TOEIC® Score of 730

Takeda Pharmaceutical Company Limited

Takeda Pharmaceutical Company Limited boasts the highest sales of any company in Japan's pharmaceutical industry. It is truly a global company, well known outside of Japan, with over 50 percent of its overall pharmaceutical sales coming from overseas markets and the overseas ratio will increase more with the acquisition of Nycomed which Takeda announced on May 2011. Starting in FY2013, the company will set a benchmark TOEIC score of 730 for new recruits hired straight out of university (excluding employees involved in domestic sales and factory workers). To find out more about the benchmark score and how the company is cultivating globally-minded employees and encouraging them to learn English, we spoke to Jun Takahashi, Senior Director of the HR Development, Human Resources Department, and Miho Yoshida, a member of the HR Development, Human Resources Department.

## Expansion of Global Operations Heightens Need for English Skills

——— Please start by telling us about the impact of globalization on Takeda's current situation.

**Takahashi:** Our business is based on the mission to "strive towards better health for patients worldwide through leading innovation in medicine." In conducting our business operations, we do our utmost every day to develop new medicines and deliver them to people around the world.

After the acquisition of Nycomed, we currently operate in about 70 countries and regions. Overseas sales have exceeded domestic sales and its ratio will increase more. Also, the number of our

workforce based overseas will be increased to 70% of overall in compared with 50% before the acquisition.

——— Meanwhile, Takeda has set 730 as the benchmark TOEIC score for new recruits, starting in FY2013. What was the reasoning behind that decision?

**Takahashi:** In FY2008, the company began to hire foreign researchers and exchange students in a bid to solidify our core of globally competitive employees. Yet, when it came to other new hires, we did not set any requirements for English ability at all, reflecting the policy at the time of improving employees' English skills after they joined the company.

It became increasingly clear, however, that our future growth depends on the ability to expand our presence in overseas markets. This means that acquiring globally competitive workers has become a vital task for us.

With this in mind, we have decided that starting in FY2013 a TOEIC score of at least 730 will be required for new recruits hired straight out of university (with the exception of those involved in domestic sales and factory workers). We have no English ability criteria in place for employee promotions, so this marks the first time for us to implement any sort of English-related requirement.

——— How do your employees feel about this change?

**Takahashi:** I believe that setting a standard for English ability among new recruits has sparked an increased awareness among our existing employees that the company is committed to continuing on the path of globalization.

Thirty percent of our executive



**Jun Takahashi**  
Senior Director  
HR Development  
Human Resources  
Department  
Takeda Pharmaceutical  
Company Limited



**Miho Yoshida**  
HR Development  
Human Resources  
Department  
Takeda Pharmaceutical  
Company Limited

managements is non-Japanese, and many of our non-Japanese employees occupy top positions in various departments throughout the company, engaged in such fields as research and development. We are continuing to actively hire foreign nationals and whenever an employee who doesn't speak Japanese is present at a meeting it will be conducted in English, using handouts in that language, and email and other tasks are done in English. Given this approach, if employees lack the ability to communicate in English, at least to some extent, it can potentially be a hindrance to getting work done.

This means that most of our employees see the need for English. There may have been some surprise at first that a TOEIC score of 730 was set as the requirement but employees seem to understand that this is a natural step for Takeda to take.

**Two-week training program teaches new employees about foreign cultures**

——— **What kind of training do your new employees undergo?**

**Yoshida:** All new hires attend a two-week training program together, after which the various departments carry out their own specialized training.

During the two weeks, employees learn about what sort of mindset is required to make the transition from being a student to being a company employee; and they are also taught what it means to work at Takeda.

In addition, we also have them participate in group work. They form small groups and are given a

topic. The topic this year was for them to express, what Takeda's core value on "Integrity" means in their own words. After the new employees have thoroughly discussed this topic in their groups, they are asked to make a presentation.

New graduates span a wide range of ages, from high school graduates to the alumni of graduate schools. Approximately ten percent of new employees are Japanese who were born or raised overseas and later returned to Japan, or foreigners. I believe that having this experience of working together with colleagues from a variety of backgrounds to solve a common problem gives our new recruits a first-hand experience, at the outset of their careers, of what it means to work in a global environment.

——— **How does Takeda foster English skills during new-employee training?**

**Yoshida:** When explaining our future direction as a company, we try to make employees aware of the need for English skills.

Our hope is that all employees will take the initiative to brush up their own English skills. That is why we have incorporated an English-learning seminar in the new-recruit training.

Moreover, the TOEIC test we hold for new recruits who wish to take gives them a better idea of their current level of English ability and the areas where they need to make improvements. Around 98 percent of our new recruits took the test.

**Takeda offers training on English skills and cross-cultural understanding, and holds the TOEIC test twice a year**

—— What kind of support do you offer employees for English learning?

**Yoshida:** For employees that need to quickly upgrade their skills, we offer basic training and courses to help improve English ability in areas such as speaking and business correspondence. In addition, employees learn tips about negotiating and making presentations in English as part of the training on business skills we offer them.

Takeda also provides tuition assistance for e-learning and correspondence courses, along with other support such as recommending English conversation schools.

Twice a year, at five locations in Japan, we offer the TOEIC test to any employees who want to take it as a way of enabling them to gauge their current levels of English ability and understand what to work on in the future. Employees who do not live close to one of the testing sites have the option of taking the Secure Program instead, and the company offers to cover the full examination fee once a year. This proactive approach has led to an increase in applications for the TOEIC test.

**Takahashi:** Employees have the option of having their TOEIC scores listed in their personnel files. These scores can then be used to evaluate the employees' English ability as a criterion for a job posting as well as opportunities with regard to English training and overseas programs.

—— What other training is the company offering to cope with the advance of globalization?

**Yoshida:** We hold training courses on specific topics, such as cross-cultural understanding, and our new-recruit training and leadership training program now incorporates a component that focuses on communication among people from different cultural backgrounds.

Our training on cross-cultural understanding, which includes explanations regarding manners in overseas countries, is not only relevant to employees who will be posted outside of Japan. Indeed, the ability to communicate with people from different cultures is increasingly important inside Japan, so we want to do our best for our employees to get those sense in this regard.

—— What initiatives is Takeda taking to cultivate global leaders?

**Takahashi:** Our belief is that it is vital to have leaders who are capable of managing a diverse workforce, in terms of gender and nationality, so that employees' skills can be leveraged to the maximum degree possible. That is the aim behind our global leadership training.

Since FY2004, the company has selected employees in Japan to take part in an eight-month global leadership training program. During the training, the participants learn the fundamentals of management and receive in-depth training on global leadership, centered on the concept the company calls "Takeda-ism."

Starting in FY2007, the company began to select staff from Takeda Group companies overseas to participate in training, in addition to employees from within Japan, and founded the global leadership program called Takeda Leadership Institute (TLI) through a tie-up with French business school INSEAD. The eight-month program primarily focuses on the study of business administration. In addition, groups comprised of four to six people of various nationalities and business affiliations are assigned problems to discuss as part of the coursework, and are required to give a presentation on their findings to executive managements. Around 30 trainees participate each year, with Japanese employees making up only around a third of that number.

—— Finally, what else besides English do you expect from students who hope to work at your company in the future?

**Yoshida:** I encourage students to regularly evaluate the ideas they hold dear and continually consider what kind of person they are. My hope is that by thinking such things over, they will become better aware of their strengths and also find ways to contribute to a company.

**Takahashi:** I believe that for employees to work together and maximize performance—whatever their gender or nationality may be—they need to respect the opinions of their colleagues and learn from them. But, at the same time, it is also important to firmly express one's own point of view. As the pace of globalization accelerates, our company will continue to seek talented people who forge ahead unwaveringly and are ready to exert the maximum effort.

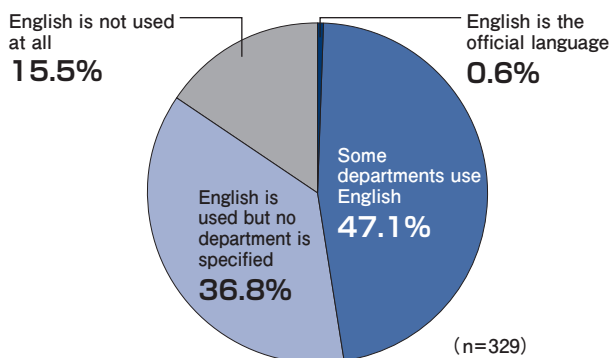
# Survey on English Use at Listed Companies, TOEIC® University Career Services Department Survey, 2011

In this section, we review some of the findings from the “Survey on English Use at Listed Companies, 2011” and the “TOEIC University Career Services Department Survey, 2011.”

## 【Survey of Listed Companies】

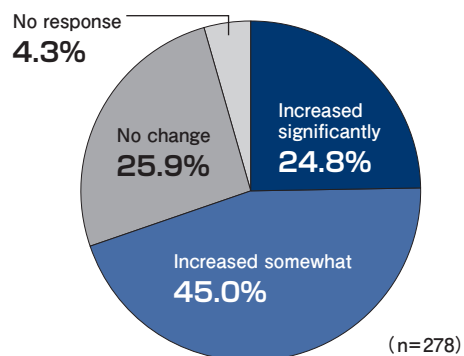
### Use of English at Listed Companies

#### Use of English for work duties



Among the companies that responded “Some departments use English,” there is a divergence between the manufacturing industry, where the figure was 56.9 percent, and non-manufacturing industries, where the figure was 36.1 percent.

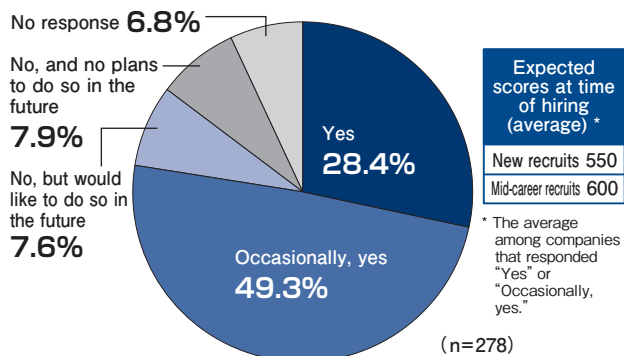
#### Need for English communication ability compared to three years ago



Of the companies that use English, 69.8 percent responded that the need for English communication ability among employees had risen compared to three years ago.

### Hiring practices and English communication ability

#### Are TOEIC scores taken into consideration as a requirement for hiring?



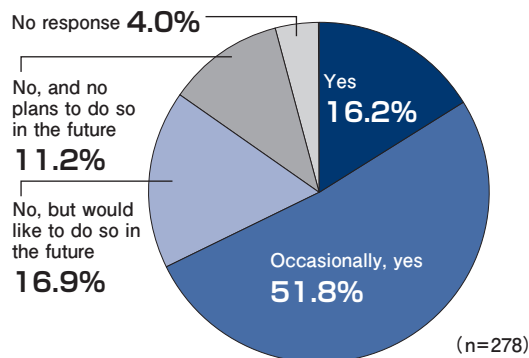
When job applicants listed their TOEIC score as a qualification/skill, 77.7 percent of the companies surveyed took it into account. The average TOEIC score that companies expected from their new recruits was 550 points. It is clear that companies are seeking scores that are higher than the actual average score of new recruits straight out of university, which was 494 points in FY2011.

68.0 percent of the companies take TOEIC scores into consideration for employee assignment or reassignment, and 16.9 percent do so for employee promotions.

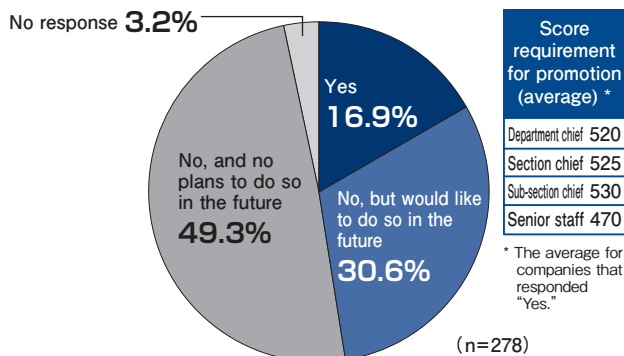
In addition, 25.5 percent of the companies surveyed utilize TOEIC scores when selecting employees for overseas business trips, as do 30.6 percent when selecting staff for overseas positions.

### Use of TOEIC scores

#### Are TOEIC scores taken into consideration for employee assignment and reassignment?

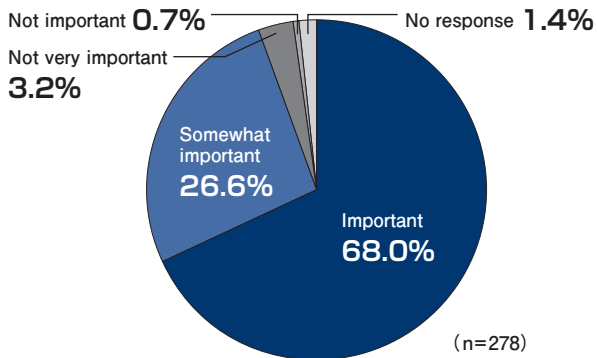


#### Are TOEIC scores used as a requirement for employee promotions?



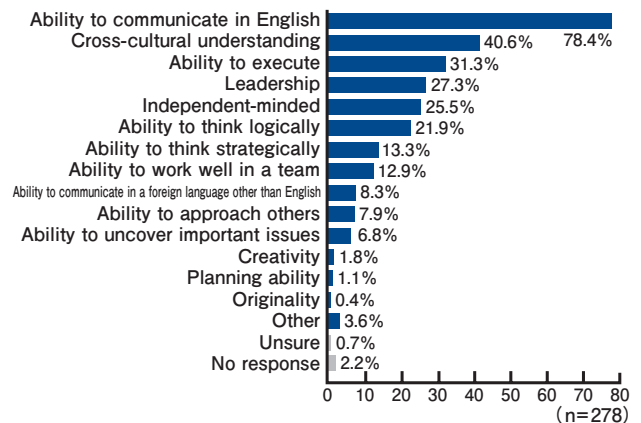
## Development of a globally minded workforce

### Importance of developing a globally minded workforce



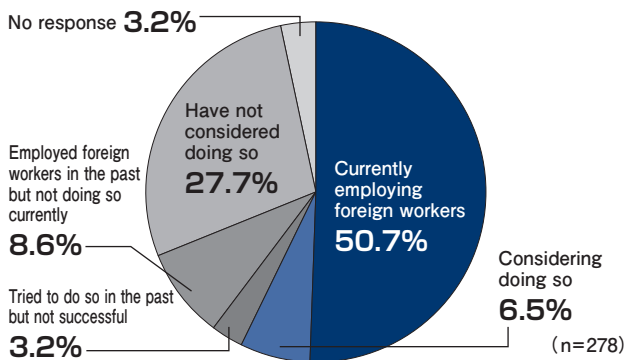
Industries where a high ratio of companies responded that cultivating globally minded workforce was "Important" included the transport-equipment/related-equipment industry (81.8 percent) and the electrical machinery/precision machinery industry (81.6 percent).

### Essential skills for a globally minded workforce (select three)



78.4 percent of the companies listed "Ability to communicate in English" as one of the essential qualities they look for in globally minded workforce.

### Employment of highly-qualified foreign workers and reason for doing so (multiple responses)



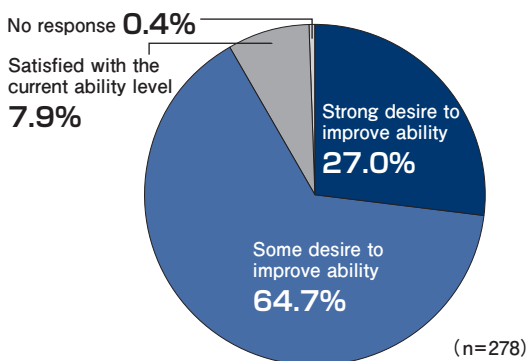
50.7 percent of the companies said that they are employing highly-qualified foreign workers\* based in Japan. Moreover, in FY2011, highly-qualified foreign staff comprised 4.2 percent of new recruits.



\* Specifically, this refers to non-Japanese nationals who have an undergraduate university degree or higher, or those who hold the visa status of "Researcher," "Engineer," or "Specialist in Humanities/International Services."

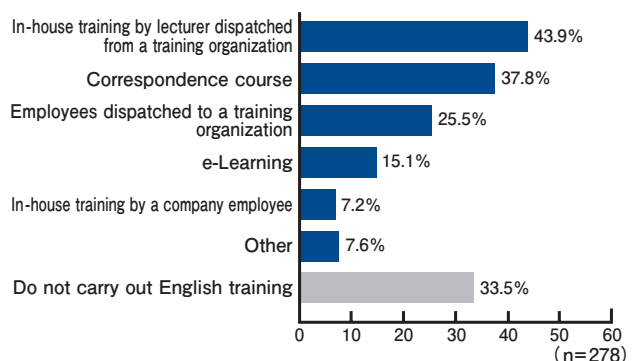
## English training

### Desire to improve employees' English communication ability



91.7 percent of the companies want to improve the English communication ability of their employees. Industries that stood out by having a high percentage of companies respond "Strong desire to improve ability" include the oil/coal/rubber industry (50.0 percent) and the chemical/pharmaceutical industry (45.8 percent).

### Content of English training (multiple responses)

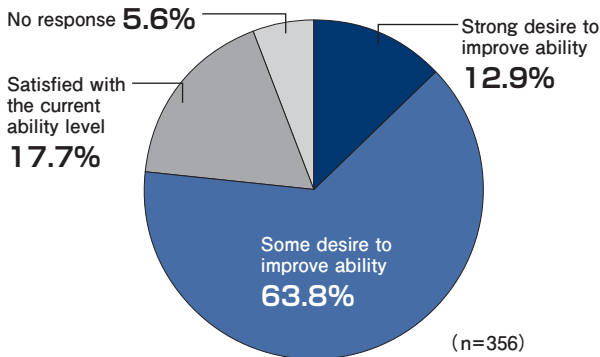


66.5 percent of the companies carried out some kind of English training, of which 38.4 percent reported that the total number of trainees has "increased" year-on-year.

# 【University Career Services Department Survey】

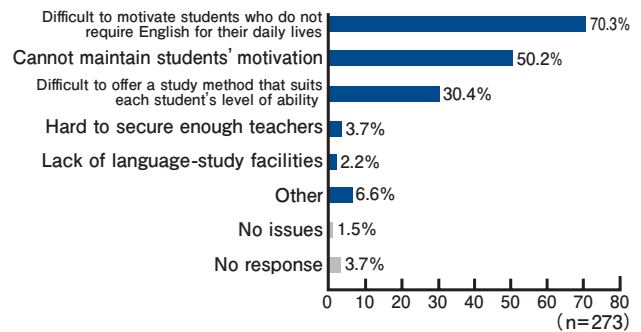
## Need for English for career-related purposes

### Desire to improve students' English communication ability



With regard to the need for English related to career purposes, 76.7 percent of the universities surveyed responded that they would like to raise the English communication abilities of their students.

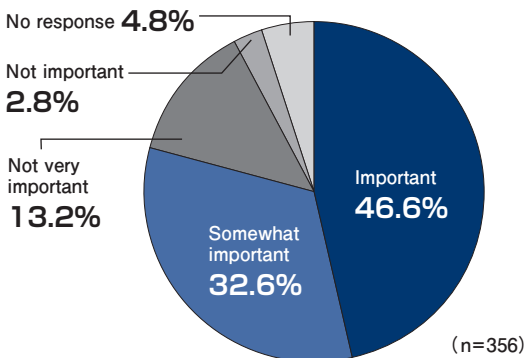
### Issues related to improving the English communication ability of students (select two)



Reasons such as "Difficult to motivate students who do not require English for their daily lives" and "Cannot maintain students' motivation" were the main issues related to elevating the English communication ability of students, according to the survey.

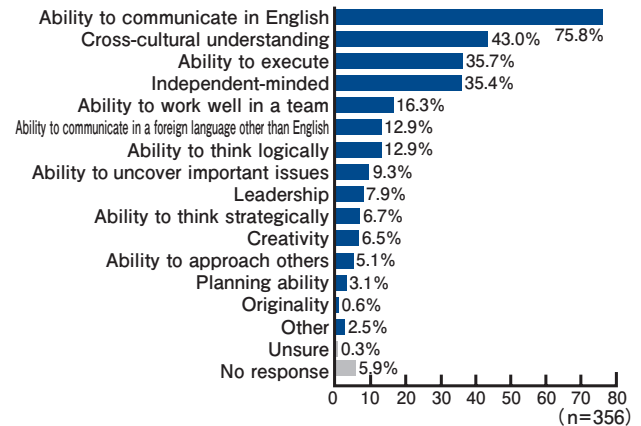
## Development of a globally minded workforce

### Importance of developing a globally minded workforce



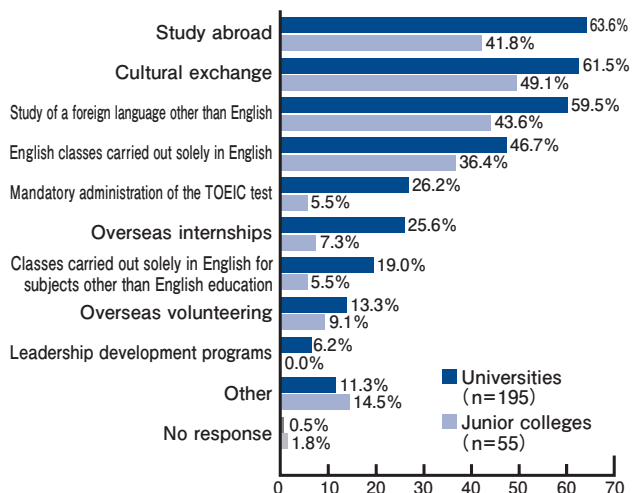
79.2 percent of the universities responded that it is important to foster the global outlook of students so they can perform on the world stage as employees. It is clear from the survey that universities, like companies, find that it is necessary to develop globally minded individuals.

### Essential skills for a globally minded workforce (select three)



75.8 percent of the universities listed English communication ability as one of the essential qualities they look for in globally minded employees.

### Education programs aimed at fostering students' global outlook (multiple responses)



"Study abroad," "Cultural exchange," and "Study of a foreign language other than English" were popular selections under the heading of "Education programs aimed at fostering students' global outlook."

The "Survey on English Use at Listed Companies, 2011" and the "TOEIC University Career Services Department Survey, 2011" were conducted in January 2011 by the Institute for International Business Communication (IIBC), which solicited the views of career services departments at a total of 1,159 universities and junior colleges in Japan (761 universities, 398 junior colleges) and the human resources departments at 3,712 listed Japanese companies.

Survey method: Questionnaire forms sent by mail

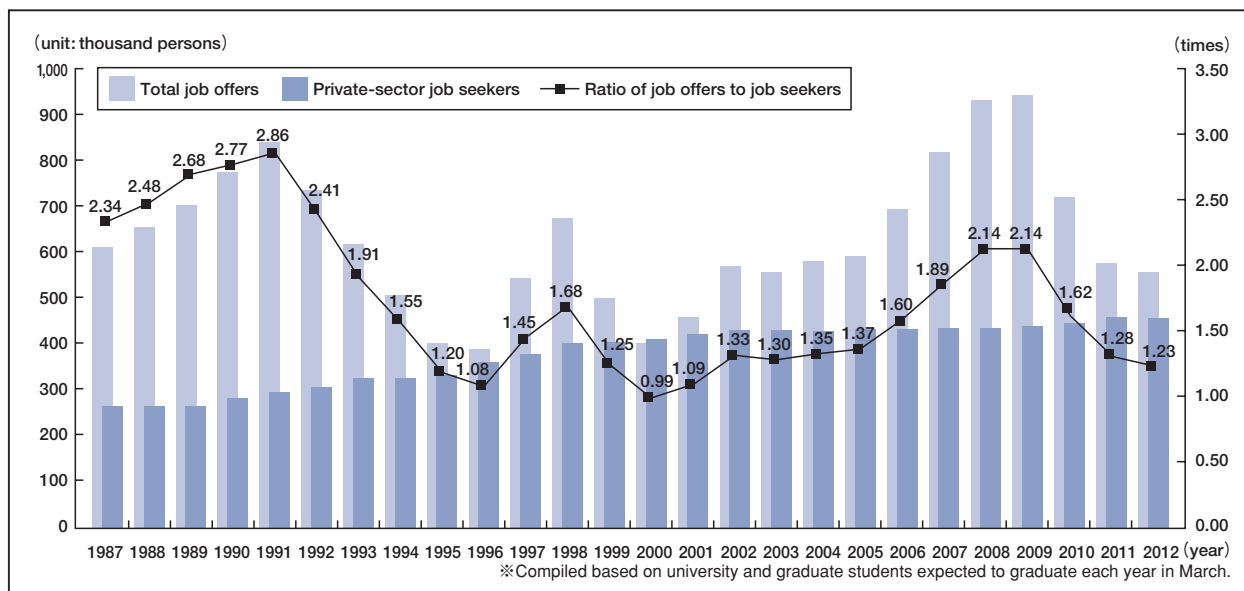
Valid responses: 356 universities, 329 listed companies (278 of which use English)

A report on the surveys is available on the official TOEIC website (<http://www.toEIC.or.jp>). \*Available only in Japanese

## The Job Market for New Graduates

### 1.23 Job Offers for Every Graduate in the Class of 2012; Job Offers at Large Companies Trending Upward

[Reference] Total job offers, private-sector job seekers, and ratio of job offers to job seekers



Source: Works Institute of Recruit Co., Ltd. (<http://www.works-i.com>)

28th Works Institute Study of University Graduate Job-Offers-to-Seekers Ratio: 2012 Graduates

According to a survey by Works Institute Recruit Co., Ltd., the ratio of job openings to applications among undergraduate and graduate students who expect to graduate in March 2012 is 1.23. That figure is slightly down from the previous year's ratio of 1.28. In addition, the total number of job offers at private-sector companies was down 3.8 percent year-on-year, to 560,000. Breaking down job offers according to the size of the workforce reveals a trend toward an increase in job offers at larger companies. Specifically, at large companies with 5,000 or more employees job offers were up 7.0 percent year-on-year (compared to the 7.3 percent year-on-year decrease for the previous year), and at firms with 1,000 to 4,999 employees the offers increased 4.1 percent year-on-year (compared

to the previous year's 9.7 percent year-on-year decrease). However, job offers are expected to decrease year-on-year yet again at small to medium-sized companies, apparently as a result of their delayed recovery compared to larger firms.

While the ratio of job offers to applicants has continued to deteriorate in recent years, the 2012 figure has not fallen to levels seen for the graduating class of March 1996 (1.08) or the class of March 2000 (0.99), when Japan faced a dire employment outlook. However, the level of education and skills expected from new recruits has risen, making it increasingly important for universities and other educational institutions to cultivate individuals who can meet the needs of businesses today.



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