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Insights Into Using *TOEIC®* Test Scores to Inform Human Resource Management Decisions

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RESEARCH REPORT

Insights Into Using *TOEIC®* Test Scores to Inform Human Resource Management Decisions

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This report explores the ways in which human resource (HR) managers use $TOEIC^{\textcircled{@}}$ scores to inform hiring, promotion, and training decisions in an international workplace. Two data sources were used (a) previously collected test users' testimonials that described managers' use of TOEIC scores to inform HR decisions and (b) test-use examples collected from HR managers and TOEIC representatives specifically for this project. Our analysis of test-use examples provided insight into how companies use TOEIC scores to inform HR decisions related to hiring, promotion, and training of employees in international businesses. To conclude, we provide suggestions for future research such as providing services to test users (e.g., assessment literacy, the development of assessments measuring additional components of workplace English, or algorithms to help analyze the various variables relevant to informing HR decisions) to continue to support meaningful and relevant score-based HR decisions and score interpretations.

Keywords Test score uses; human resource decisions; hiring; promotion; training

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As has been noted (e.g., Harzing, Köster, & Magner, 2011), the use of English in the international workplace continues to rise, with corporate literature being increasingly published exclusively in English. Kim (2013) remarked that international businesses often indicate that knowledge of English is perceived as a requirement for employability, and without a working knowledge of English, otherwise fully qualified individuals may be disqualified from the applicant pool (Peltokorpi, 2010). Consistent with these assertions are the results of an Educational Testing Service (ETS) survey of large, multinational companies in 13 countries. Responses from 749 human resource (HR) managers across professional, scientific, and technical sectors revealed that English proficiency is considered central to workplace success (Educational Testing Service [ETS], 2014c).

The ability to communicate in English can have a positive effect on employability, but the lack of it can have negative consequences in the workplace. Piekkari (2006) provided examples of such consequences, which include (a) difficulty in communicating with external clients or vendors; (b) possible restrictions in the range of customers, suppliers, and other business partners; (c) a reduced ability to transfer knowledge across organizational units; and (d) difficulties collaborating in team projects and expanding international networks. Additionally, employees may feel disconnected with the employing company, leading to increased employee turnover (Ojanperä, 2014; Park, 2013; Peltokorpi, 2010).

To identify English-proficient candidates, international businesses have often used tests of English as a way to inform HR decision making related to hiring, promotion, and employee training (Newton, 2010). Moritoshi (2001) cautioned, however, that although assessments can be an objective and standardized tool to help inform HR decisions fairly and equitably, they need to be employed judiciously. To this end, this report explores the ways in which HR managers use scores from an English proficiency test (the *TOEIC*® test) that is designed to inform HR decisions in an international workplace. The TOEIC is a widely administered test that is used by more than 9,000 organizations worldwide across diverse industries, such as aviation, automobile, engineering, tourism, and banking (ETS, 2015, 2016).

To facilitate the appropriate use of TOEIC scores, the TOEIC program provides a guide (ETS, 2013) to help test score users use scores appropriately. For instance, the guide suggests that a score should not be the only source of evidence to inform decisions; rather, multiple sources (e.g., graduate or undergraduate grade point averages, years of experience in the targeted position, and letters of recommendations from past supervisors and colleagues) should be used to balance the limitations of any single measure of language proficiency. The use of multiple sources of data to inform decisions,

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rather than reliance on a single test score, is considered best practice (*Standards for Educational and Psychological Testing*; American Educational Research Association, American Psychological Association, & National Council on Measurement in Education, 2014). That said, best practice is not always strictly observed. Hence, our goal here is to document how international organizations currently report using TOEIC (Listening and Reading) test scores. We anticipated that our search might uncover both exemplary uses and also, possibly, unfortunate misuses.

Gathering and Analyzing Test Users' Responses on Test Score Use

To explore the use of TOEIC scores, we utilized two data sources: (a) previously collected users' testimonials that described their use of TOEIC scores to inform HR decisions and (b) test-use examples collected from HR managers and TOEIC representatives specifically for this project. These sources provided descriptive information about how HR managers use TOEIC scores.

We collected test-use examples in three steps. First, we developed an initial set of literature-based examples that served as a frame of reference for developing our own examples, which we administered to HR managers to elicit test-use responses from them. The literature-based examples were informed by our review of the workplace literature, which focused on articles that illustrated positive and negative consequences possibly arising in international businesses owing to employees' low English proficiency (e.g., see Marra, 2012; Ojanperä, 2014). Next, we organized the collected examples by type of HR decision. Third, we compiled the list of examples, which are provided in the appendix.

We then e-mailed the examples given in the appendix to ETS TOEIC representatives from the following 14 countries: Brazil, Mexico, Chile, Colombia, Taiwan, Vietnam, Spain, France, Poland, Germany, Italy, Japan, Korea, and Thailand. Five countries responded: Korea, Japan, Taiwan, Spain, and Brazil. Responses from Brazil and Taiwan were from the TOEIC representatives themselves and were informed by general conversations with HR managers with whom they worked. Responses from Japan, Korea, and Spain were completed by HR managers from a total of 16 companies: in Japan, five companies, including IHI Corporation, Casio Computer, Fuji Xerox, Honda Motor, Motorcycle Operations Department, and Nihon Spansion Limited; in Spain, four companies, including Bank of Spain, CNMV, Deloitte, and Acciona; and in Korea, six companies, which elected to remain anonymous. Respondents were asked to provide three to five examples of their use of TOEIC scores to inform HR decisions related to hiring and selection, training and professional development, on-the-job performance, and promotion. HR managers and TOEIC representatives were selected as our source of information because of their firsthand experience in how English is implemented in company operations. We then reviewed and organized the test-use examples along HR decisions such as hiring, promotion, and training.

Note that our analysis extends only to TOEIC score uses for the workplace. We note that TOEIC scores are also sometimes used by colleges, universities, and language training institutes, for example, to measure progress in English-language programs, to certify language competency skills, and to make decisions on eligibility of scholarships. Although such uses are important, we will not discuss them in this report, given our workplace focus.

Insights Into Using TOEIC Scores to Inform Human Resources Decisions

Using Scores to Inform Hiring Decisions

According to the Institute for International Business Communication (2011), many international businesses require a minimum TOEIC score to be hired, often between 500 and 850 points, with the minimum required score varying by job type (Peltokorpi & Vaara, 2014). For instance, electronic companies (e.g., Packard Bell and Kenwood Electronics Technologies) use different minimum scores to hire employees for particular positions: Technicians require scores over 640, whereas buyers require scores greater than 850 (ETS, 2007d).

The specific ways in which TOEIC scores are used to inform hiring also vary. One often reported use is to help in screening. To illustrate, the testimonial from Minera Los Pelambres, a Chilean copper-mining company, exemplifies the use of TOEIC scores as a cost-saving approach to help narrow down a field of prospective employees from 50 to 2–4 candidates who advance to the interview stage (ETS, 2007a). In so doing, the TOEIC acts as a filter to assist in reducing a large applicant pool to a more manageable, smaller pool of applicants. The testimonials from the 2007 Qingdao International Regatta also revealed the use of TOEIC as a filter for HR managers to identify applicants who could communicate well with staff in hotels, airports, security, guest reception, clinics, hospitals, and the media (ETS, 2008). Moreover, at the

Shanghai Expo, recruiters used TOEIC scores to identify qualified volunteers who were talented professionals possessing global perspectives and cross-cultural communication skills (ETS, 2010).

In the airline industry, Air France and International Thai Airways use TOEIC scores to screen staff (e.g., flight attendants and ground staff) on nontechnical English skills to help facilitate communication between staff and passengers and to supplement the technical skills required by the International Civil Aviation Organization (ETS, 2007c, 2011a).

Our analysis of test-use examples collected for this project provided additional insight into the use of TOEIC scores for hiring. For instance, two HR managers from Korea suggested scores, along with grade point average, provide them with a "yardstick to measure job applicants' readiness." The TOEIC representative from Brazil suggested that because of TOEIC's international recognition, its inclusion in hiring attracts talent, as it helps enhance the companies' credibility with international trading partners and employment offers. Moreover, responses from two HR managers from Spain (CNMV and Deloitte) suggested that TOEIC scores help increase confidence that prospective employees will be fluent in English and possess the needed language skills to work collaboratively; network productively; profit from opportunities available in the company's international markets; and be ready to express their knowledge, expertise, and ideas on professional matters clearly and accurately. Furthermore, responses from Taiwan revealed that TOEIC scores are helpful in identifying the staff possessing the needed English skills to attend international conferences and bring firsthand international information into the company to share with colleagues.

Using Scores to Inform Decisions Related to Promotions and Employee Training

Anthony (2003) reported that international businesses use a range of TOEIC scores to inform promotion decisions. For example, IBM Japan and Toyota Automobile use a TOEIC score of 600 points as part of the criteria for promotion to department head. Matsushita Electric uses TOEIC scores of 650 points for promotion into overseas work, and SMK uses a TOEIC score of 730 points for awarding bonuses of 10,000 yen per month. Moreover, consistent with its hire-from-within policy, Procter & Gamble uses the TOEIC Listening and Reading tests to assess whether internal employees have the requisite English skills to be eligible for promotion or whether a professional development plan needs to be implemented to help promote employees to more advanced positions (ETS, 2014b; Stahl et al., 2007).

TOEIC scores are also used to inform training decisions, such as establishing a baseline for the type and level of English training employees need. For instance, NEC employees who receive scores lower than 470 points are assigned to basic English courses focusing on building a solid set of fundamental skills in listening, grammar, and vocabulary. Employees who receive scores between 470 and 725 points are asked to strengthen their basic skills and improve their communication skills in writing and conversation. Employees who score above 730 points focus on acquiring skills that include making presentations, with the ultimate goal of increasing their English-language ability to a level suitable for conducting business smoothly in English (ETS, 2007b). Moreover, the Japanese childcare manufacturer Pigeon Corporation assigns employees whose scores are less than 500 points to an elementary training class and assigns employees who score between 500 and 699 points to an intermediate training class (ETS, 2014a). Furthermore, Bristol-Myers Squibb assigns employees with less than 700 points to an in-house English development training program to enable employees to have seamless communication with colleagues globally (ETS, 2007f).

Companies also use the TOEIC test to monitor progress in English learning. For instance, the Latin America food company Empresas Carozzi uses the TOEIC to monitor employee progress in acquiring knowledge of English and asks employees to retake the test at regular intervals (ETS, 2007e). Moreover, the Banyan Tree Samui hotel chain uses the TOEIC test to help identify areas in need of improvement for employees relative to their job titles (ETS, 2011b).

Our analysis from the responses to the test-use examples also provided insight into the perceived relationship between TOEIC scores and on-the-job performance. Responses from managers from Brazil suggested that TOEIC scores help them gauge employees' readiness to take on more challenging work, including assignments to international posts. For instance, the respondents from Taiwan noted that possessing strong English skills can help companies forgo hiring interpreters to conduct meetings to talk about diverse global issues and can speed up the business decision-making process. They also remarked that the TOEIC is helpful in identifying employees who will have an easier time adapting to the company's corporate environment, thus potentially reducing employee turnover; that is, the TOEIC strengthened the managers' confidence that employees would be less prone to making mistakes, would present information accurately both in internal and external communications, or would be better equipped to understand messages conveyed in meetings. For instance,

respondents from Spain (CNMV) suggested that understanding of English facilitates achieving cross-border transactions, such as contract negotiations, mergers and acquisitions, and foreign investments.

Discussion

Our analysis of test-use examples provided insight into how companies use TOEIC scores to inform HR decisions related to hiring, promotion, training, and on-the-job performance. We note the limitations of our sample, as the respondents represent only a subset of all TOEIC users. As such, the sampled respondents may have had a positive bias toward the TOEIC. As a result, we may have failed to obtain a fully accurate picture of the diverse uses of the test, particularly negative ones. Nonetheless, our results represent the voices of an important segment of TOEIC users and as such have led to useful insights into test score uses.

We suggest that future studies examine the linguistic skills that are required by the end users of TOEIC to investigate which skills both employees and employers require in terms of linguistic and functional communicative proficiency. Such studies should be conducted cooperatively between researchers, teachers, employers, and test developers to collaboratively develop materials and tests that reflect authentic workplace contexts and to clearly lay out the limitations of such measures and the derived inferences. Additional collaboration may involve identifying and building future courses of action for test developers to provide additional support and services to test users (e.g., assessment literacy, the development of assessments measuring additional components of workplace English, or algorithms to help analyze the various variables relevant to informing HR decisions) for more meaningful and relevant score-based decisions and interpretations.

In closing, we reiterate that this study served as an initial step in analyzing consequences of using TOEIC scores on personnel decision making and English-related workplace tasks. It is meant to start a discussion on how users use test scores to inform HR decisions. There were several unanswered questions, which future studies could help address. For instance, such studies should examine the weight attributed to scores in hiring candidates (e.g., are the scores the primary source of evidence, or are they considered in light of additional sources, such as interviews, and if so, which models are used to weight the various sources of evidence used to inform HR decisions?). We suggest conducting studies using multiple methods, such as focus groups, surveys, and/or interviews with HR managers, to investigate test score use in greater depth. We also suggest conducting quantitative studies, such as utility analyses (Boudreau, 1988) with TOEIC scores as a predictor in the model, which would allow us to quantify and describe the impact (usefulness) of TOEIC scores on HR personnel selection processes.

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Appendix

List of Examples Sent to Human Resource Managers

We would like your help in expanding the list of examples associated with low and high levels of English proficiency in the workplace. To illustrate the types of statements we are seeking, we have provided examples below. These examples come from our review of published research about English in the workplace. We have organized this information along the

potential impact of English on key employment stages such as hiring and selection, training and development, on-the-job performance, promotion, and career mobility as well as international assignments.

Please send us three to five examples based on your direct observations of employees or conversations with human resource managers or others in relation to how English-language proficiency impacts employment decisions.

Impact of English Skills on

Hiring and Selection

- Hiring applicants with strong English skills reduces the amount of resources spent on language and job training delivered in English.
- Hiring employees with strong English-language skills makes it easier to promote from within if higher level positions require a stronger command of the English language.
- Having a lingua franca strengthens corporate identity; we thus focus our hiring efforts on employees with high levels of English proficiency.
- Language-sensitive recruitment helps narrow down a large pool of applicants to a more manageable number.

Training and Professional Development

- Low proficiency in English may prevent employees from participating in corporate training or professional development programs.
- Low proficiency in English may interfere with how much employees are able to benefit from corporate training or professional development programs delivered in English.
- High English proficiency helps ensure that employees are able to contribute their knowledge and expertise.
- High proficiency in English helps employees accurately and clearly capture the message intended for discussion.
- High proficiency in English helps employees convey their thoughts and ideas in relation to professional matters clearly and accurately.
- High proficiency in English makes it easier to implement new learning or new policies.
- A higher degree of English fluency opens the channels of communication across employees.

On-the-Job Performance

- Proficiency in English leads to creating strong team-building opportunities.
- Proficiency in English has helped develop English-language skills for interaction with managers, to prepare them for visits, and technical inspection from outside the company.
- Low proficiency in English contributes to broken promises and human oversight leading to disappointing service outcomes.
- English-language misunderstandings may stand in the way of major cross-border transactions (e.g., contract with a supplier, merger and acquisition, foreign direct investment), which may in turn cause significant economic losses.
- Low proficiency in English might lead employees to understand only the basic message in a meeting, not the contextual nuances, which can sometimes be critical.
- Low proficiency in English might lead to written reports and e-mails taking longer to write and having more errors.
- Employees' lack of confidence in English leads to customers not having confidence in them, which might lead to
 doing business with the competitor.
- Low proficiency in English skills might lead individuals to appear "flat," "nonverbal," or "lacking in insight" given their limited vocabulary in English.

Promotions, Career Mobility, and International Assignments

- Limited English-language skills may reduce the chances of being promoted.
- Employees fluent in English will have an easier time developing international networks.
- Employees who are highly proficient in English are more likely to be chosen for international assignments.

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