

A Review of the Impact of Employee English Proficiency Development on Enterprise Development Taking Japan's Rakuten Group As an Example

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Abstract. In the backdrop of economic globalization, the competition among enterprises has transcended national boundaries and extended to the international arena. English, as the global lingua franca, holds a pivotal position in various domains and cross - national exchanges. This paper focuses on the "Englishization" policy implemented by Rakuten, Inc., a Japanese multinational corporation based in a non - English - speaking country. By integrating data and case studies from ten academic sources, this research delves into the consequences of Rakuten's early adoption of the Englishization policy. Initially, this policy led to the departure of employees and a loss of talent. However, through strategic adjustments in methods and welfare policies, Rakuten has emerged as a prime example of how non - English - native - speaking country companies can access overseas markets. This study conducts a systematic analysis of the Englishization initiative, examining the multi-dimensional influence of employees' English language capabilities on corporate development. The findings reveal a significant positive correlation between employees' English proficiency and key aspects of business operations, including the efficiency of corporate decision-making, the effectiveness of communication, cross-cultural cooperation, and the expansion into overseas markets. Nonetheless, the early implementation of the English policy may trigger employee anxiety and talent drain. Through the implementation of scientific human resource strategies and well-designed English training programs, these negative impacts can be effectively alleviated, thereby facilitating the concurrent enhancement of employees' English skills and corporate development.

Keywords: English proficiency; company development; globalization; multinational enterprises; communication efficiency.

1. Introduction

In the context of economic globalization, English, as an international common language, has become an important bridge connecting different countries and regions, as well as people living in different cultural backgrounds. Its dominant position in the fields of education, economic trade, and business exchanges among countries has become increasingly prominent. Data shows that over 70% of multinational enterprises have designated English as their official language, and this proportion reaches as high as 85% among the Global Top 500 enterprises, directly confirming the fundamental role of English in the global operations of enterprises [1]. Rakuten, a company founded by Hiroshi Mikitani in 1997, is a company engaged in internet services. Its business scope is extensive, covering not only e-commerce but also internet finance, travel booking and hotel reservation, stock trading, credit cards, and life insurance.

Lotte Corporation is committed to becoming the world's leading internet service enterprise and intends to expand into overseas markets. However, language communication has become an obstacle in this expansion. For instance, when acquiring an American company in 2005, conducting business in Taiwan in 2008, and Thailand in 2009, the efficiency of business communication was low due to language barriers. Meanwhile, the founder, Hiroshi Mikitani, studied at Harvard University in the United States and has a profound understanding of English and American culture. He believes that English is a global language and is associated with cultural values such as equality, democracy, and

freedom. Forcing changes in Japanese language habits can change their thinking habits and benefit innovation. Therefore, he began to implement an "Englishization" policy. Based on the real case of Lotte Corporation, this paper analyzes the impact of employee English proficiency building on enterprise development.

2. The Impact of English Proficiency on Internal Operations of Enterprises

In terms of enterprise operations, the scientific and timely decision-making of enterprises largely depends on the smoothness of information transmission and the effective participation of employees. In multinational enterprises, English, as the "common language," directly determines whether employees can equally access decision-making information and participate in discussions. A follow-up survey conducted by Professor Tsedal Neeley of Harvard University on 12 multinational enterprises showed that employees proficient in English can understand strategic documents issued by headquarters more quickly, and the probability of making effective suggestions in cross-departmental meetings is 40% higher than that of those with weak English proficiency, which shortens the average decision-making cycle of key decisions by 18% [2].

On the contrary, insufficient English proficiency can significantly reduce employees' willingness to participate in decision-making. Taking Lotte as an example, when the company initially implemented an English policy, employees with weak English skills, fearing miscommunication, shifted from actively speaking up in management meetings before the policy to avoiding speaking up. Some employees even chose to avoid work tasks that required the use of English, resulting in effective information at the grassroots level being difficult to convey to the decision-making level. This indirectly increased the risk of decision-making errors and significantly reduced employee work efficiency, slowing down the company's progress.

In employee management, employee satisfaction is a core factor affecting talent retention and team cohesion in enterprises. Differences in English proficiency may lead to "linguistic stratification" among employees, which in turn affects satisfaction. Data shows that in enterprises where English is the official language, those with weak English proficiency experience a 25% lower job satisfaction compared to those proficient in English. The main reasons are "inability to integrate into the team due to language barriers" and "insufficient recognition of work achievements" [2]. This phenomenon is more pronounced in enterprises located in non-English-speaking countries. If local employees' English proficiency does not meet the standard, their promotion speed will be slower than that of their English-proficient colleagues. This may lead to feelings of inferiority, affecting their enthusiasm and self-confidence at work. At the same time, it can also make employees feel isolated. If employees are not allowed to use their native language and their colleagues communicate in English, they will feel alienated. They may worry about making mistakes at work and not being able to accurately express their own ideas and understand instructions given, which will increase their stress and reduce their satisfaction.

However, this negative impact can be mitigated through complementary human resource strategies. Research suggests that when companies incorporate English training into employee benefits and establish a fair mechanism that links "English proficiency to career development", employee acceptance of English policies will significantly increase. A survey of 10 Japanese companies implementing English policies shows that companies that provide free English training and explicitly state that "those who meet English proficiency standards can be prioritized for promotion" have a 42% higher employee satisfaction rate and a 28% lower talent turnover rate compared to companies that do not provide such support [3].

In addition, another study has verified through data that for every level of improvement in English proficiency, the effectiveness of employees' cross-cultural communication increases by 30% [4]. It is through the enhancement of employees' English proficiency that Lotte reduced the delay rate of overseas mergers and acquisitions projects from 40% to 12%, and the proportion of overseas revenue

jumped from 15% to 42% [5]. These studies and practices indicate that employees' English proficiency has a significant impact on enterprise development.

3. The Impact of English Proficiency on the External Expansion of Enterprises

In global business operations, the effectiveness of cross-cultural communication directly impacts the quality of cooperation between enterprises and overseas customers and partners. Studies have indicated that English, as a "neutral language," can reduce cultural misunderstandings arising from different native language backgrounds and enhance the quality of communication among employees from diverse cultural backgrounds. Furthermore, employees' English proficiency directly determines the ultimate effectiveness of cross-cultural communication, thereby influencing the quality of work in overseas business operations. The higher the English proficiency of employees, the more accurately and quickly they can understand the needs of overseas customers. Conversely, if employees' English proficiency is not high, they may ultimately compromise the quality of cooperation with overseas customers due to their inability to understand customer needs.

The expansion of overseas markets for enterprises involves multiple aspects, such as market research, localized operations, and overseas mergers and acquisitions, and English proficiency is crucial to supporting the smooth progress of these aspects. When analyzing the overseas mergers and acquisitions case of Japan's Rakuten Group, it was found that insufficient English proficiency is a significant reason for merger and acquisition delays. If the English proficiency of the merger and acquisition team is weak, merely the "translation of legal documents" and "due diligence communication" stages will consume 40% more time compared to a team with proficient English skills, and the dispute rate of merger and acquisition terms due to language misunderstandings can reach as high as 28% [7].

This issue has been improved in Lotte's practice. With the enhancement of employees' English proficiency, Lotte's overseas mergers and acquisitions (M&A) team is able to communicate directly and efficiently with overseas target companies, without relying on third-party translation. As a result, the M&A delay rate has dropped from 40% to 12%, and the post-M&A enterprise integration period has been shortened from the original 18 months to 10 months [5]. Meanwhile, the improvement in English proficiency has also helped Lotte better explore overseas markets. Its overseas revenue ratio has jumped from 15% before the implementation of the English policy to 42%, and its brand recognition in Southeast Asia, Europe, and the United States has increased by 35% [8]. Furthermore, research indicates that English proficiency not only assists companies in obtaining information about overseas markets but also facilitates communication with local governments and industry associations, reduces the risk of localized operations, and provides long-term support for companies' overseas market expansion [9].

Research and data indicate that the practices of Japan's Rakuten Corporation provide ample evidence that English proficiency enhances a company's overseas business operations. Initially, due to weak English proficiency, translating legal documents and communicating with local parties took a considerable amount of time, and language misunderstandings led to delays in mergers and acquisitions. This underscores that inadequate English proficiency significantly increases the time costs and risks associated with overseas expansion. However, as employees' English proficiency improved significantly in the later stages, the overseas mergers and acquisitions team was able to communicate efficiently and directly with target companies, leading to a substantial increase in the merger and acquisition rate. Enhancing employees' English proficiency directly optimizes overseas expansion efficiency and improves business outcomes, serving as a crucial support for companies to break through overseas markets. Additionally, it facilitates smoother access to information in overseas markets and engagement with local governments and associations, reducing risks for localized operations and providing guarantees for long-term development.

4. Strategies and Balancing Mechanisms for Enterprises to Enhance Employees' English Proficiency

Based on the practices of companies like Lotte, it is evident that solely implementing English policies is insufficient to achieve the desired outcomes. It is imperative to integrate scientific English training with human resource strategies. Research suggests that enterprises should develop tailored training programs based on the job requirements of their employees. For instance, employees in sales roles should receive focused training on "business negotiation English," while those in technical positions should be trained on "technical terminology English." Furthermore, linking English training to performance evaluations and career development can stimulate employees' motivation to learn [3].

While emphasizing employees' English proficiency, enterprises need to avoid an imbalance in local management caused by excessive "Englishization". Research emphasizes that English should be used as a "communication tool" rather than a "cultural substitute". Enterprises need to respect the cultural habits of local employees and allow a flexible mode of "English as the main language, with native language assistance" in internal communication, to avoid cultural conflicts caused by language policies [10].

If a uniform English policy is implemented without adequate supporting measures, it may struggle to achieve the desired communication and operational goals. Failing to tailor training content based on the varying positions of employees can lead to a disconnect between English skills and actual job requirements, resulting in ineffective training. Furthermore, if English training is not tied to individual work, employees may lack motivation to learn. Overemphasizing "Englishization" can even spark cultural resistance among local employees. The case of Japan's Rakuten Corporation keenly recognized these points and issued relevant policies based on actual situations and experiences.

In addition, research indicates that enterprises can establish a "bilingual management team" - equipped with both English-proficient global talents and local talents familiar with the local market, achieving synergy between globalization strategy and localized operation through the complementarity of language and culture [8]. This balanced mechanism not only fully leverages the advantages of English proficiency but also prevents enterprises from deviating from the local market due to an excessive pursuit of "Englishization", providing guarantees for the long-term development of the enterprise. At the same time, it provides enterprises with talents who are proficient in English and have cross-domain learning and working experience, as well as local talents who have a deep understanding of the local market, are familiar with local consumption habits, and are well-versed in financial policies.

Leveraging the English proficiency of global talents ensures the efficiency of cross-regional communication, while relying on the market insight of local talents ensures that operations align with local needs, avoiding disconnection from the local market caused by English-centric approaches. By complementing cultural backgrounds and market cognition differences, we reduce decision-making issues caused by language barriers or cultural differences, providing high-quality management methods for enterprises to balance global expansion and local market stability, and facilitating long-term sustainable development.

5. Conclusion

Through the analysis of multiple literature data and corporate cases, this article confirms that valuing employees' English proficiency has a significant positive impact on enterprise development: within the enterprise, improving English proficiency can enhance decision-making efficiency and employee engagement, and through supporting strategies, it can also improve employee satisfaction and reduce talent turnover; however, attention should be paid to the anxiety and cultural resistance of initial employees and their detachment from local culture, and flexible policies rather than mandatory measures can be used to address these risks; in external business, English proficiency can enhance the effectiveness of cross-cultural communication, improve the efficiency of overseas market

expansion and mergers and acquisitions, but different industry business attributes determine the demand for English and the corresponding scenarios. For example, the English proficiency of employees in foreign trade and cross-border e-commerce companies directly affects the efficiency and success rate of business and transactions, while employees in production areas have a weaker demand for English proficiency. It is also necessary to consider whether English management is needed based on the size of the enterprise itself. Large enterprises, due to their extensive global layout, need to establish an English communication system covering the entire company; while small and medium-sized enterprises require English proficiency in special business processes and when dealing with overseas orders.

Future research can further explore the differentiated needs of enterprises in different industries and of varying sizes regarding employees' English proficiency, helping companies avoid blindly following trends and formulate policies that are suitable for their own development stages. In addition, finding a better balance between "English proficiency" and "multilingual inclusiveness" to assist enterprises in achieving sustainable development under the dual demands of globalization and localization remains a direction worthy of in-depth exploration.

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