The Use of TOEIC by Companies in Japan

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TOEIC has distinguished itself from other tests of English to capture a major section of the English testing market. It is used by many companies as a tool for recruitment, promotion, selection of staff for overseas postings, and assessing the effectiveness of English-language training programs. The widespread adoption of TOEIC by the business world, extensively reported in the Japanese press, should be seen in the context of the interrelating factors of globalization, economic change, and company reform.

Introduction

Since its inception in 1979, the number of people taking TOEIC (The Test of English for International Communication) in Japan has increased from 3000 to over 1.28 million in 2001 (The Daily Yomiuri, 2003: 13). Although the number of examinees has also risen continuously in about 60 other countries, more Japanese still take the test than any other nationality. In contrast to TOEIC’s ascendance, in the past decade, candidates for the Eigokentei (Eiken) test have declined while numbers taking TOEFL (Test of English as a Foreign Language) have remained stable (Kasagi, 2000: 10). Although TOEIC is not specifically a test of business English, it is used extensively in companies in Japan. This paper will describe the test’s development and examine some of the reasons for its success. It will then survey the role the test plays in companies, and finally assess the value of TOEIC for today’s businessperson in Japan.

The Development of TOEIC

The late Kitaoka Yasuo (1928–1997) could be considered as the father of TOEIC. While serving as representative director of a company called International Communications, Kitaoka realized there was a need for an English test that measured international communication in common contexts. He had previously worked for over twenty years as Far East manager for Time Life, during which time he became strongly aware of Japan’s incompetence on the international stage (Ihara and Tsuroka, 2001: 35). He regarded the lack of ability for international communication as the fundamental impediment or “bottleneck” to Japan’s internationalization. In order to design this new test of the English language, Kitaoka sought the services of Educational Testing Service (ETS), an American testing organization.

Initially, the main use of TOEIC in companies was as a test to determine the effectiveness
of *eigo kenkyu* (English training) in companies. TOEIC emerged at a time when an increasing number of companies were expanding abroad; by the early 1980’s, the test had started to be used for selecting personnel to spearhead this expansion. Manufacturing companies were the first to adopt the test, but soon it expanded its client base to finance, insurance and other sectors. Its use by companies established it as a test valued by the business world, and this in turn led to a growing recognition by the general public, and its adoption by universities and various governmental and other organizations.

**Reasons for the Success of TOEIC**

The continuing growth of English as an international language is the obvious factor behind the popularity of TOEIC, but there are a number of other reasons, explained below, that have contributed to the success of this particular test of English:

1. TOEIC filled a niche in the market for a common English test aimed at companies. Other tests such as *Eiken* and TOEFL already existed before TOEIC was developed. However, because *Eiken* was biased towards reading comprehension and translation questions and TOEFL emphasized academic English, they were not considered suitable as a test for businesspeople requiring communicative English. In addition, Ihara and Tsuroka (2001: 35) consider that limiting its early marketing to companies and establishing itself initially as “the Company English Test”, helped later to promote TOEIC’s adoption by non-company market sectors, particularly universities.

2. That TOEIC is designed by ETS is stated on most publicity released by the Institute for International Business Communication (IIBC), the body that administers TOEIC in Japan. Based in Princeton, ETS is the largest private organization in the world developing educational testing programs (it is also the maker of other globally recognized tests like TOEFL, GMAT, and SAT). Unlike *Eiken*, a test that is made in Japan for Japanese examinees, TOEIC has been imbued with a “Made in the USA” brand-image. In addition, being designed to ensure fair evaluation regardless of nationality or race, TOEIC is used globally; thus it has additionally acquired an international image. It has also been suggested that its naming may have helped TOEIC; giving it an acronym which was similar to the already well established TOEFL, made the new test seem familiar from its inception (Ihara and Tsuroka, 2001: 37).

3. Candidates taking *Eiken* sit for a certain level of exam that they either pass or fail, whereas a single TOEIC test is sat by all levels, and the results are in the form of a converted score from 10 to 990. With TOEIC, companies and other organizations are able to employ one test to efficiently and economically determine the level of a large number of examinees. The TOEIC method of scoring makes the test ideal for the continuous assessment of employees. For example, participants in company English classes can be tested both at the beginning and the end of the course to determine the effectiveness of a class. TOEIC also encourages repeaters; whereas people who achieve a certain level of *Eiken* are unlikely to take the same test again, TOEIC has bred “lifers” who are on an almost endless quest to surpass their previous score.

4. As well as holding Secure Program (SP) tests that are open to the public, TOEIC offers an Institutional Program (IP) test, allowing companies and organizations the flexibility to hold tests when they wish and at a venue of their choice. A number of companies such as
Matsushita and Hitachi have abandoned their own in-house English tests in favour of the IP tests, which are more economical and practical to administer on a large scale. Because many company employees and university students take the SP tests in advance as a way to improve their score on the IP test, the existence of the two tests has had a synergistic effect.

5. Extensive coverage in the media has served to raise the profile of TOEIC and probably encouraged (or alarmed) many readers to take the test. Many of the stories appearing in Japanese newspapers and magazines have reported on the increasing importance of the TOEIC test for business people. To give the reader an idea of the tone of such stories, a small selection of headlines translated from Japanese magazines is printed below:

- Hitachi’s decided on TOEIC 600 for managers! Fujitsu hasn’t gone that far. 
  Economist (June 5, 2001)

- Promotion decided by English ability! 
  Shukan Asahi (March 3, 2000)

- Should you invest in order to attain TOEIC 600? 600 is the “start line” for businesspeople: to reach it, investment is vital. 
  President (April 2, 2001)

- English is a battle for sarariiman. The TOEIC whirlwind hits businesspeople. 
  Economist (May 12, 1998)

- TOEIC: root of happiness and suffering. 
  Asahi Shimbun Weekly AERA (July 20, 2002)

The Changing Business Environment and the Use of TOEIC in Companies

A survey by the Institute for International Business Communication (IIBC), carried out in July 2001, sought to determine TOEIC’s role in Japanese companies. Of the 763 companies responding to the survey, 53% said they take TOEIC scores into account when selecting job applicants and a further 25.2% indicated that although at present they did not consider TOEIC results when recruiting, they intended to do so in the future. Hayashi (2000: 125) points out that the test is also employed by some companies after the job interview as a way to raise the English level of successful candidates before they actually start work. Victor Japan, for example, requires all those who have received a naitei (job offer) to complete a TOEIC correspondence course in preparation for the TOEIC test they are obliged to take soon after entering the company. All new employees are expected to achieve over 600 in this test.

The IIBC survey also asked companies whether TOEIC scores influenced the promotion of employees. Of the 763 companies that responded to the survey, 13.6% said they had introduced TOEIC as a requirement for promotion and another 40.1% indicated that they intended to do so in the future. Slightly over 42% of the companies said that TOEIC was not an important factor for promotion and they had no intention of making it so in the future. The results of this survey show that over half the companies used, or planned to use, TOEIC as a condition for promotion (The Daily Yomiuri, 2003: 13). It should, however, be noted that the IIBC survey was conducted among companies already recommending the TOEIC test and not a random sample.
Another survey by Asahi Shimbun Weekly sought to ascertain more specific details of how TOEIC is used in companies (Ikeno, 2000). A questionnaire was sent to 213 companies, and telephone interviews were conducted with personnel department representatives of the companies that responded. The results showed that 43 out of the 175 respondents required a certain TOEIC score as a condition for promotion. A further 111 companies replied that although a certain TOEIC score was not an absolute condition for promotion, it was one of the factors taken into account when considering staff promotions. Only 21 companies had absolutely no requirements related to English. The majority of companies contacted refused to disclose more detailed information, stressing they did not want there to be a misunderstanding that they “only judged staff on their English ability” (47). However, 25 companies did provide detailed information about their company’s use of TOEIC. A summary of this information can be found in Appendix 1.

In commenting on the results of the survey, Ikeno (2000) points out that a TOEIC score of 600 appears to be an important cut-off line for many companies. President, a magazine for business executives, also stresses the significance of this score. It offers the following advice to its readers:

A TOEIC score of 600 is the “start line” for any businessman who wants a career…. It is worth financial investment to reach this level. With the business environment changing so rapidly, no one knows when English will become necessary in your career. TOEIC 600 is the bare minimum needed to help cushion any “career shocks” which may befall you. (Shunsuke, 2001: 58)

The survey by Asahi Shimbun Weekly (Ikeno, 2002) found that several companies, including Toyota, Cannon, and Sumitomo Corporation, have set TOEIC targets for employees being sent to work in offices and factories abroad (see Appendix 1). Even when a specific score is not stipulated, companies may require candidates for oversea postings to participate in certain classes. Because attendance at such classes is conditional on achieving a certain TOEIC score, the chance to be considered for a position abroad is in effect also conditional on TOEIC. Kasugi (2000: 46) reports that at Fujitsu, a score of 600 is needed to enter the company’s international communication Classes, participation in which is a prerequisite for those seeking to work abroad.

Newspaper and magazine articles on TOEIC’s use in companies often quote the testimonies of people who have suffered as a result of their company’s TOEIC policy. Ikeno (2002: 50), for example, describes the experiences of a 40 year-old man with the pseudonym Suzuki. Despite the recession, Suzuki had managed to increase his sales at the company where he had worked since graduating. Although he was aware that the personnel department had recently introduced TOEIC targets for promotion, he was too busy with work to study for the test and consequently did not achieve the required score. When first admonished by the section head for his lack of English skills, he was bemused: “I thought I had left school over twenty years ago”, Suzuki commented. He mistakenly thought that if he continued to produce good sales figures, he would not be penalized for a poor performance in TOEIC. However, his score in a second test of 480 was 20 points short of that required for promotion, and as a result his promotion was shelved. When questioned about Suzuki’s case, the head of the personnel department commented: “If I had to choose between someone with overall business aptitude but poor English ability, or someone with poor overall ability but good English skills,
I would choose the former. However, the TOEIC targets are part of reforms to clarify our criteria for staff evaluation” (51). This comment should be placed in the context of a general move by companies away from lifetime employment and the seniority system, to one based on ability and results.

TOEIC is considered to provide a clear, objective and convenient tool for personnel evaluation, but Ikeno (2002: 51) also suggests that the test is sometimes used in companies seeking to achieve personnel cuts as part of company restructuring. The article describes the experiences of a certain Mr. Hayashi, who was forced to leave the company he had worked at for over two decades after he failed to reach the TOEIC score of 650 required for employees in his position. Despite protestations that he did not need English for his work, he was demoted, along with fourteen other low scorers. Hayashi and nine others had no option but to leave the company after they were relieved of their office duties. He considers that English was a convenient pretext the company used for achieving desired staff reductions.

Mr. Hayashi may not have required English for his job, but increasingly businesspeople in Japan do have a pressing need to acquire English. A wave of commercial tie-ups with overseas partners means a growing number of Japanese are working in the same office as foreigners. When car maker Nissan joined forces with Renault in 1999, Carlos Ghosn, Nissan’s Brazilian president and CEO, made English the firm’s working language for its largely Japanese and French workforce. There are also several cases of wholly Japanese companies making English the *koyougo* or “official language*. A spokesman for Electronic component maker SMK Corp., commented that declaring English as the companies official language means employees “won’t be able to say ‘no’ if someone tells them to talk in English, or write a document in English” (Yamada, 2000: 7).

TOEIC has appealed to companies as a way to encourage employees to improve their English skills and raise the English level of the company as a whole. Companies have also adopted TOEIC to highlight their commitment to *zensha kokusaika* (“internationalization of the company as a whole”). It has also been introduced to accompany company reform. For example, in May 1999, shortly after it recorded a huge financial loss, Hitachi declared that *buchou* (“section chiefs”) would be required to achieve a TOEIC score of 800. The TOEIC requirements were part of an overhaul in Hitachi’s management training program, shortcomings in which were blamed for the company’s poor performance (Watanabe, 2001: 64).

The spread of the Internet is another factor making English a necessity for a greater proportion of employees in Japanese companies. Whereas in the past, anything related to English was often the responsibility of a company’s resident *eigoya* (“English specialist”), often a returnee from abroad, the daily use of E-mail necessitates that more employees use English. (The makers of TOEIC have kept the test relevant by responding to changes in the business environment. For example, questions based on fax and E-mail messages are frequently included in the test).

As previously explained, at its inception, the primary use of TOEIC was as a test to measure the efficacy of company language programs. In the 1980’s, particularly during the period of the bubble economy, such programs were typically fully subsidized by the company. With the burst of the bubble, many companies were forced for economic reasons to rethink the system of language training for their employees (Chida,1995: 174). After 1995, there was a move to training programs that emphasized *jikogakushu* (“autonomous learning” and
(jikokeihatsu) (“personal development”). Komatsu, a manufacturer of construction and mining equipment, is one company where onus for language learning is laid more on the shoulders of the employees. Participation in company language classes is optional, but those who get over 745 in TOEIC receive a “qualification allowance”. Komatsu considers the TOEIC test an important part of the company’s autonomous learning development program (Rousei jippo, 2000: 7).

In an increasingly competitive business environment, an employee’s TOEIC score has come to be regarded as more than an indicator of English ability; it is also viewed as a signal of their overall motivation. Takeda (2003: 64) describes the experiences of a man attending the Eigo nanmin kyuusai sentaa (“Rescue Center for English Language Refugees”), a language school in Tokyo which runs intensive English language courses for business people having difficulty improving their TOEIC score. After several attempts in his company’s IP test, the man failed to reach the score of 470 necessary for promotion to a managerial position. As a result of his poor performance in TOEIC, he was judged as being taiman (“lazy”) by his supervisor, and had his bonus reduced substantially. Nikkei Business (April 2, 2001: 134) points out that TOEIC, with its clear and objective targets, is widely used as one way to install kikiishiki (“a sense of crisis”) into the workforce, especially those in middle management. Not responding adequately to the challenge of TOEIC is considered to be a sign of complacency at a time when companies are fighting for their very survival.

Kinomoto (2000: 28) asserts that the TOEIC test signals the arrival of a new era in which the phrase eigo wa nigate (“I’m not good at English”) is no longer a viable excuse. This also applies to people who previously had minimal contact with English. For example, all employees working in Matsushita customer services department, which provides support exclusively for customers in Japan, are required to attain a TOEIC score of over 450. A spokesman for Matsushita commented that with production being moved overseas, it might become necessary for even blue-collar workers to take up places in foreign production sites (Kinamoto, 2000: 29). By requiring all employees to regularly take the TOEIC test, companies like Matsushita hope to secure and maintain a yobigun (“reserve army”) of employees who are able to communicate in English if the situation arises.

**Assessing the Importance of TOEIC**

Funagi (2000: 42) points out that people’s awareness of TOEIC increased dramatically after the Nihon Keizai Shinbun printed a small article on January 21, 1996 about Fujitsu’s decision to require all their employees to take TOEIC. Fujitsu did stress that this decision was made only to encourage workers to improve their English so as to enable them to fully utilize the Internet and communicate efficiently with overseas branches. However, much of the media reporting that followed the article, suggested that Fujitsu’s decision marked “the beginning of the end for business people whose English was not up to scratch” (42). To what extent has such reporting accurately gauged the influence of the test in companies?

A survey by Kenji (2002: 92) concluded that there were few cases of companies making language ability an absolute requirement, while Funagi (2000), in interviews with personnel managers from several companies using TOEIC, found that test scores were just one factor considered when making personnel decisions. A spokesman for a large pharmaceutical
company commented: “Although English ability is important, business skills and personality factors are still the basic criteria of evaluation” (Funagi, 2000: 44). An informal, small-scale E-mail survey of companies in Aichi Prefecture also found that TOEIC scores were regarded as *handan zairyō* or *sanko deeta* (“information to be considered or referred to when making personnel decisions”), but not critical. Several of the respondents to this survey wrote that business skills were valued more than language skills.

It is difficult to know the true extent to which TOEIC is used in companies because many are not willing to disclose detailed information regarding personnel evaluation. When recruiting, most companies will probably first consider the candidate’s skills and potential in non-language related areas. The manager of the Human Resources Department at the advertising company Dentsu described his company’s position: “We do not put much weight on English proficiency as a requirement when recruiting. It is true that many students put their TOEIC test scores on their resumes, but we look for the various experiences one has had during school and the underlying potential we can expect from such experiences” (TOEIC Newsletter, 2002).

There have been criticisms that too much weight is placed on a test score which has no direct relation to an employee’s business ability. In an interview with Nikkei Business (2001), a section head at Hitachi commented that taken to extremes, decisions about promotion based on TOEIC scores could result in “someone who leaves the office promptly at five for a class at NOVA getting promoted before an employee who diligently stays to work overtime in the office” (134). In addition, TOEIC results alone do not show acquisition of English required for a special field, or the ability to negotiate or make presentations in English. Companies that require *sokusenryoku* (“people who are already equipped with the necessary skills and do not need training”) will probably place more value on the candidates previous work experience and performance in English and Japanese interviews than on TOEIC scores. In such companies, for a TOEIC score to count in favor of a job candidate or an employee, it often needs to be very high. Takeda (2002: 52) conducted interviews with 52 businesspeople who had scored over 800 in TOEIC. None of them reported that they had actually been promoted after clearing the 800 mark. Even with TOEIC 800, a score that is supposed to indicate a high-advanced level (Rogers, 2003: 5), only 21 of the respondents felt completely confident that their English ability was sufficiently high for their job. One women interviewed advised people who intended to send a job application to a *gaishikei* (“foreign-owned companies”) not to admit to a TOEIC score of under 900 on the CV because it would reveal the applicants “insufficient English ability” (Takeda, 2002: 53).

Critics have argued that TOEIC rewards cramming, but not communication skills (McCurry, 2003: 7) and that it is a norm-referenced test fallaciously regarded as a criterion-referenced one (Childs, 1995). It is, however, incontrovertible that whatever the shortcomings of TOEIC itself or the way it is used, it has become the leading test of English proficiency. The extent to which it influences personnel decisions made in companies in Japan is difficult to ascertain precisely; however, it is certain that a high TOEIC score is advantageous for graduates entering what is an extremely competitive job market. Recognizing the importance of the TOEIC test, the Faculty of Foreign Language and Asian Studies at NUCB integrates TOEIC preparation classes into the curriculum of the first and second years and holds an IP test twice a year for its students.
Acknowledgements

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Notes

1. Although Japan has more test-takers in absolute numbers, Korea actually ranks number one in the world when the number of examinees is expressed as a percentage of the total population (Tsuruoka, 2000).
2. The Eigokentei made its debut in 1963. Unlike TOEIC, this test of English is a kokka shiken (national qualification), recognized by the Ministry of Education, Sports, Science and Technology.
3. One of the main reasons for TOEIC being adopted by universities is that the appraisal by companies fed back to the universities who sought to equip their graduates with a qualification that would be advantageous in an increasingly competitive and volatile job market. Its use is not restricted to foreign language departments; for example, it is mandatory for all students at Meiji University’s school of Business Administration to take TOEIC at least three times while at the university (TOEIC Newsletter: 76). The introduction of the test was facilitated by Ministry of Education reforms in 1991 which allowed universities greater freedom to decide their own curriculum and conditions for graduation. It also permitted universities to accept Ministry recognized qualifications as university credits. Initially only National examinations (kokka shiken) were accredited, but in March 1999 the Ministry paved the way for more extensive use of TOEIC in universities when it declared that “TOEIC and other tests which had received wide recognition by society” were also acceptable (Kasagi, 2000: 11).
4. The TOEIC test does not generally contain questions which call for knowledge of academic English or complex grammar. Isshi (2002: preface) points out that most of the grammar used in TOEIC can be found in any junior high school test book, and that what is important is the ability to correctly use this grammar.
5. The author sent questionnaires by E-mail to thirty companies picked randomly from a list provided by the careers office at NUCB. Thirteen companies replied to the questionnaire that asked whether TOEIC scores are used for recruitment and promotion.
6. A well-known language school in Japan.

References

The Use of TOEIC by Companies in Japan

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Appendix 1: TOEIC requirements for companies in Japan

<table>
<thead>
<tr>
<th>Company name</th>
<th>TOEIC Requirements for promotion and foreign posting</th>
</tr>
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<tbody>
<tr>
<td>Anritsu Corporation (communications)</td>
<td>Score of 500 required for promotion to DC</td>
</tr>
<tr>
<td>Itouchu Trading</td>
<td>Score of over 700 is required by end of third year in company</td>
</tr>
<tr>
<td>Avon Products (cosmetics)</td>
<td>No requirements, but TOEIC score considered for in-company personnel evaluation</td>
</tr>
<tr>
<td>Cannon</td>
<td>500 required for promotion above DC</td>
</tr>
<tr>
<td>The Body Shop Japan</td>
<td>Target: 900 to work in Overseas Section</td>
</tr>
<tr>
<td>Citizen Watches</td>
<td>Staff under 580 when entering the company, are awarded ¥20,00 if they later exceed 580.</td>
</tr>
<tr>
<td>Johnson &amp; Johnson</td>
<td>Staff and managers require 600. Director requires 700.</td>
</tr>
<tr>
<td>All Nippon Airways</td>
<td>Target: over 600 for promotion to DC. Over 600 for Overseas Section.</td>
</tr>
<tr>
<td>Teijin (manufacturing)</td>
<td>Precondition: 500 for Promotion to DC</td>
</tr>
<tr>
<td>Sumitomo Corporation</td>
<td>Target: over 600 for promotion to manager. Over 730 for Overseas Section.</td>
</tr>
<tr>
<td>Tokyo Electric Power Company</td>
<td>No TOEIC standards for promotion, but award for highest scorer.</td>
</tr>
<tr>
<td>Tomen Corporation (manufacturing and services)</td>
<td>Over 650 for promotion from general staff</td>
</tr>
<tr>
<td>Toyota</td>
<td>Target: 600 for promotion to sub-section chief. Over 730 for overseas posting to English speaking country.</td>
</tr>
<tr>
<td>Triumph International (women’s underwear)</td>
<td>No requirement, but TOEIC score considered for in-company personnel evaluation. Award system for high scorers.</td>
</tr>
<tr>
<td>Nissho Iwai Futures (finance)</td>
<td>Condition: Over 600 for promotion to DC</td>
</tr>
<tr>
<td>Company name</td>
<td>TOEIC Requirements for promotion and foreign posting</td>
</tr>
<tr>
<td>------------------------</td>
<td>-------------------------------------------------------</td>
</tr>
<tr>
<td>IBM Japan</td>
<td>Condition: 600 for promotion beyond DC. Over 730 for deputy manager. 730 for long-term overseas posting.</td>
</tr>
<tr>
<td>McDonalds Japan</td>
<td>No requirements, but award system for employees over 800</td>
</tr>
<tr>
<td>Nestle Japan</td>
<td>No requirements, although considered for in-company personnel evaluation</td>
</tr>
<tr>
<td>Hitachi Central Research</td>
<td>Precondition: 650 for DC. Candidate for executive position 800.</td>
</tr>
<tr>
<td>Matsushita Electronics</td>
<td>Target: Over 450 for promotion to manager. Over 650 for overseas posting.</td>
</tr>
<tr>
<td>Sharp</td>
<td>Target: TOEIC score of over 500 for promotion to DC. Over 700 for Overseas Section.</td>
</tr>
<tr>
<td>Marubeni (Trading)</td>
<td>Precondition: Over 600 at end of fourth year in company</td>
</tr>
</tbody>
</table>

Adapted from *Asahi Shinbun Weekly AERA* (20 July, 2002: 48–49)

Note 1. DC: Department Chief (*kachou*)
Note 2. Only 23 of the 25 companies included in the results of the AERA are shown; the English names of the two companies that are not shown could not be confirmed through an Internet search.