CULTURE MEANS BUSINESS

How international cultural relationships contribute to increased trade and competitiveness for the UK

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We gratefully acknowledge the support of Ipsos MORI and YouGov in undertaking this research.

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FOREWORD

The research presented in this report is a powerful challenge to the myth that business and culture are mutually exclusive or, even worse, in competition or conflict. Instead, it shows how complementary the two are and why together they are a critical part of the UK's success.

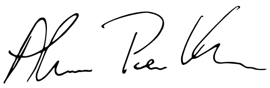
The report focuses on the views of young people from ten countries who have the potential to be the global business leaders and entrepreneurs of the future. The results clearly show that when they have taken part in international cultural activities with the UK – for example by taking UK qualifications, developing English language skills, participating in educational exchanges or attending UK arts and cultural events such as UK Now – their interest in pursuing business opportunities with the UK is higher than when they have not participated.

To take one example from the research: only 31 per cent of the young, educated Russians interviewed for this research who have not participated in cultural activities with the UK express an interest in opportunities to work or do business with the UK. Among a peer group of young Russians who have participated in cultural activities with the UK, the level of interest rises to 52 per cent.

Many business leaders already understand the impact culture can have, as is shown by their track record of support and sponsorship for the UK's arts, cultural and educational sectors and it helps that in Britain we are blessed with a rich historical legacy of culture. However, it is not just a part of our past but one of our greatest assets for the future. Our culture remains one of the most vibrant forces in the UK, demonstrating our creativity, invention and innovation.

I was told many years ago that if you really want to do business with a country you had better understand its culture. Normally that just means its language, but there are many more accessible elements of culture that can create better connections and understanding. Having people want to do business with you is one of the greatest assets you can have and culture can help create that dynamic, as it is not just a growth rate or a market structure that attracts you to doing business in a country.

In Britain, we have always been inclined to go where we want to go – it has been one of our great strengths – and we are not alone in this, but our culture and its export can help create the bridges for the rest of us to cross and help us ply our daily trades. It creates the understanding that brings people and organisations together, building the common bonds on which successful business is created.



Alan Parker
Chairman of Brunswick

Alan Parker is Chairman of Brunswick Group LLP, which he founded in 1987. Since then, Brunswick has grown organically into an international firm of more than 80 Partners with offices around the world. He was the founder and Vice-Chairman of the China Now festival in the UK and Chairman of UK Now in China in 2012. He is Chairman of Save the Children UK.

EXECUTIVE SUMMARY

This research sets out to examine the relationship between participation in cultural activities and people's propensity to do business with the UK.

The analysis extends the results presented in our previous publication, *Trust Pays*. This explored the relationship between involvement in cultural activities, levels of trust and interest in business and trade with the UK. It focuses on young, educated, connected people in ten countries: Brazil, China, India, Pakistan, Poland, Russia, Saudi Arabia, Spain, Thailand and Turkey – all of them key trading partners for the UK. These young people are the likely global business leaders, entrepreneurs and international traders of the next 30 years. Their countries reflect the diversity of contexts with which the UK will want to trade and do business. At the same time, these countries will also be our economic competitors.

The research was undertaken for us by two internationally renowned research agencies, Ipsos MORI and YouGov.

THE KEY FINDING IS:

Young people who have participated in cultural activities with the UK are significantly more likely to be interested in working with, and doing business with, the UK than those who have not (Chart 1). On average, they also rate the opportunities the UK offers as a place to do business more highly.

Specific findings:

1. Interest in opportunities to do business with people and organisations from the UK is significantly higher among participants in cultural activities with the UK in nine out of the ten countries surveyed.

2. The 'Very Good' rating of the opportunities the UK offers for business and trade among participants in cultural activities is significantly higher in eight of the ten countries surveyed.

3. Baseline, stated levels of interest in the opportunities to work and do business with people and organisations from the UK are relatively high among young people around the world.

4. Within a competitive set of UK, France, Germany and USA, the UK has very strong appeal as a destination for international study among young people. This data is reflected in the UK's high rankings in international league tables of student flows and educational exports (OECD).

5. Levels of interest in opportunities to work and do business with the UK are significantly higher among respondents with good English skills. The UK's rating as a country offering opportunities for business is also higher for those with good English.

6. For young people, perceptions of the UK in terms of opportunities for business are closely related to wider perceptions about UK society and its cultural assets – notably the quality of its scientific research and innovation, its education system and its artistic and creative output. For example, those who rate the UK highly as a place to study also tend to rate the UK highly for its opportunities for business and trade.

   In part, the results may include a halo effect from perceptions of UK education of which respondents have more direct experience, but it also reflects the reality that business does not exist, nor is it perceived to exist, in isolation from the societies in which it is conducted.

There also appears to be a quality dimension to the relationship between cultural participation and business. Involvement in cultural activities with the UK delivered or facilitated by the British Council is, on average, associated with greater interest in, and rating of, UK business opportunities than activities delivered or facilitated by other UK institutions.

Taken as a whole, these results provide strong evidence that purposeful engagement through cultural activities with the UK can make a positive contribution to the competitiveness of the UK – and ultimately to UK prosperity.

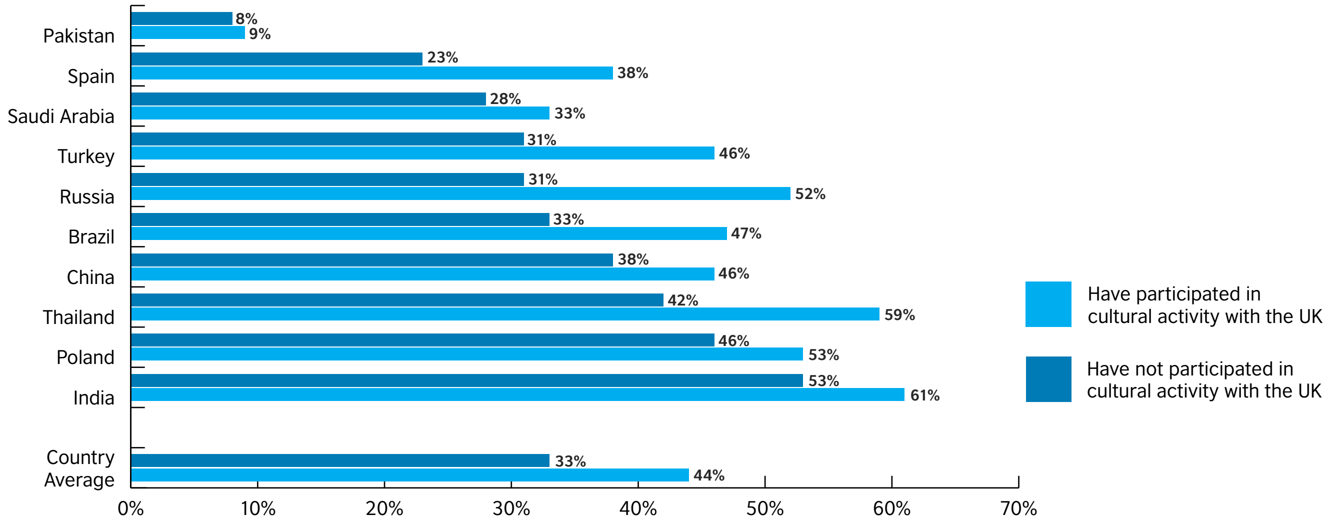
While cultural engagements will always have a purpose in themselves, the data suggests that delivering positive specific outcomes in terms of improved functional skills, increased exposure to UK arts and culture or, of course, improved ability in English starts a chain of impact which, over the long term, can be reflected in increased trade and business activity with the UK.

These results also indicate that the UK's openness as a society and the sharing of its cultural assets through international engagement should be regarded as powerful elements of the UK's plans for future economic growth.

As Culture Secretary Maria Miller has said, 'Culture is able to deliver things which few other sectors can. It brings our country to life and encourages people to visit our shores; it develops a sense of community and attracts visitors to disparate parts of our nation; it allows us to build international relationships forging a foundation for the trade deals of tomorrow; it cultivates the creativity which underpins our wider industrial efforts.'

Chart 1: Young people who have been involved in cultural activities with the UK have a significantly higher interest in work and business opportunities with the UK

Percentage Interested in 'Opportunities to work/do business with people and organisations from the UK'



Source: Online panel surveys of respondents aged 16/18–34 with minimum secondary education (note: Pakistan research undertaken face-to-face and with minimum tertiary education).

Base: YouGov, 2010: India (1203), China (1205), Poland (1205), Saudi (520); Ipsos Mori, 2011: Turkey, Pakistan, Russia, Thailand, Spain, Brazil (1,000).

ABOUT THE RESEARCH

The research focused on ten countries of strategic importance to the UK.

These were selected to provide a wide range of different:

a. geographic locations

b. population sizes

c. connections to the UK

d. levels of economic development and rates of growth

e. issues of importance to the UK, e.g. economic, security, strategic importance.

The participants were young people aged 16–34, who are active online and who generally live in major urban areas and are educated to at least secondary level (in Pakistan to at least tertiary level). They are not necessarily representative of their entire country populations but do reflect their respective societies' 'young people with potential.' They are also a key group within their societies with the potential to drive long-term international and business engagement.

The first stage of research was undertaken by YouGov in 2010 in four countries. The second stage was undertaken by Ipsos MORI in autumn 2011 in six countries. The combined evidence base from these two phases now covers the four BRIC countries – Brazil, Russia, India and China; two European democracies – Spain and Poland; a significant player in South East Asia – Thailand; and three predominantly Muslim countries of global significance – Saudi Arabia, Pakistan and Turkey.

The research participants in each country were contacted through independent online panels managed by YouGov, Ipsos MORI and their partner organisations. The one exception to this was Pakistan where, for practical reasons, participants were interviewed face-to-face by Ipsos MORI. Participants in all countries were selected and contacted independently and were not chosen because of any known previous involvement with the work of the British Council nor of any other international cultural-relations organisation.

In each country, the researchers surveyed 1,000 or more respondents, except in Saudi Arabia where the sample size was 520. Further details of the research and methodology are provided in the appendix.

This report also draws on further research conducted by Ipsos MORI on behalf of the British Council across 12 countries (including the UK) in autumn 2012. This research explored perceptions of the UK in the aftermath of the Olympic and Paralympic Games.

THE UK IN THE GLOBAL ECONOMY

The dominant theme of international economic debate during the past few years has been recession and its bleak bedfellow, austerity.

In the UK, as in the USA and much of Europe, politicians have been wrestling with the question of how to bring government spending more closely into line with the economy's ability to generate income and wealth and, by implication, its ability to raise taxes.

Austerity will no doubt continue to dominate many of the headlines for the next few years, but increasingly debate is turning more explicitly to how the UK will grow and pay its way in the increasingly competitive and interdependent world of the 21st century.

It is a cliché, but true nonetheless, that the UK will not simply be competing with the traditional industrial economies of Europe and North America nor even with the by now well-established powerhouses of Brazil, China, Russia and India. Increasingly, it will also be competing with countries such as Mexico, Turkey, South Africa, Indonesia and Vietnam. These are countries whose breakneck pace of industrial development is giving them the capability and ambition to compete far more broadly than in the area of low-cost manufacturing that has been their focus over the last decade.

'The critical question is this: how does Britain compete and win in a world where all around us new countries are on the rise?'

David Cameron, 12 November 2012

Speaking at the Lord Mayor's Banquet in November 2012, Prime Minister David Cameron talked about exactly this point: 'Right now Britain is in a global race. It is a moment of reckoning for every country. Sink or swim. Do or decline. The critical question is this: how does Britain compete and win in a world where all around us new countries are on the rise?'

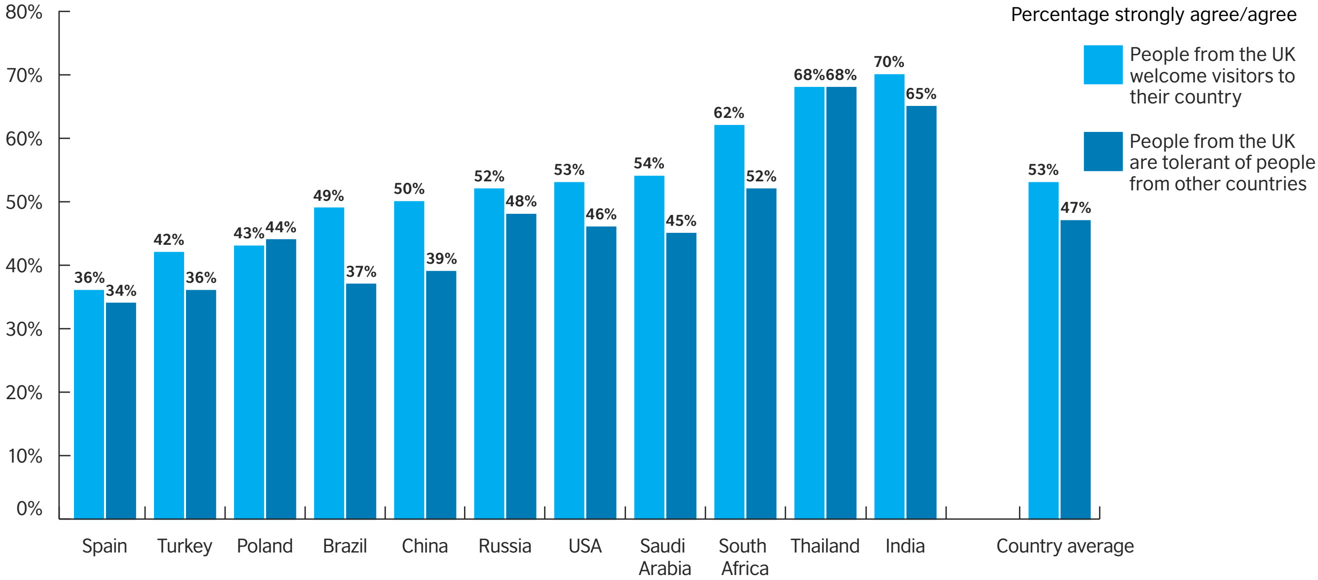
In the 19th and early 20th centuries, the UK's global comparative advantage was based on its industrial and manufacturing capabilities. In the late 20th century, that advantage shifted to services, with financial services, represented most obviously by the City of London, being the most prominent. Even today, after the great financial crash of 2008 and its aftermath, the City and UK financial services are reckoned to support more than two million jobs in the UK and to have a trade surplus with the rest of the world of £47 billion in 2011 (TheCityUK, January 2013).

For the foreseeable future, financial services will remain a key part of the UK's globally competitive offer. More widely, the UK also enjoys global leadership in important industries such as media and pharmaceuticals, and the government is committed to setting out an industrial strategy to exploit new opportunities in areas such as aerospace, life sciences, agritech, and digital and green technologies.

As well as identifying sectors central to the UK's competitiveness, the government has also sought to ensure a more commercial ethos and focus in the work of the Foreign Office. The Prime Minister and Foreign Secretary have both championed the UK's openness to the rest of the world as one of its greatest sources of comparative advantage, and a central part of an industrial strategy fit for the 21st century.

Improved perceptions of the UK's openness are in fact potentially one of the most important aspects of the legacy of the London Olympics and Paralympics. Research conducted by Ipsos MORI (**Chart 2**) for the British Council in eleven major countries in the aftermath of the Olympic and Paralympic Games showed highly positive perceptions of the warmth and openness to overseas visitors of people from the UK towards overseas visitors.

Chart 2: People from the UK are widely perceived to be welcoming and tolerant of others



Source: Ipsos MORI Global @dviser: Impact of 2012 Survey for British Council (2012).
500 respondents in each country. Data weighted to population.

INTEREST IN THE UK'S BUSINESS OPPORTUNITIES

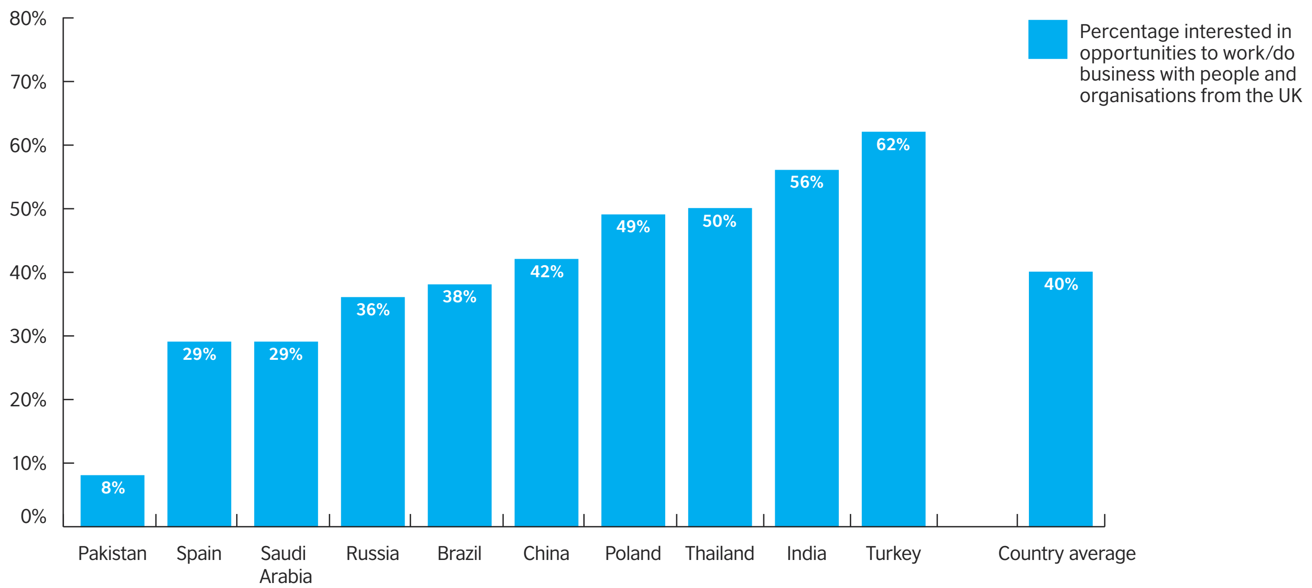
The vision for the UK is of a country that is open to the people of the world and whose commercial and political representatives are actively promoting its skills, industries and talents.

A fundamental question that follows on from this is how the UK currently ranks as a country perceived to offer opportunities for business and trade. In our research we started to explore this question by measuring the level of interest in the UK as a source of business opportunities among young people with the potential to be entrepreneurs, business leaders and international traders of the future.

Chart 3 shows that with the notable exception of Pakistan, where responses were collected from a slightly different sample[1], the stated level of interest among this group in opportunities to do business with people and organisations from the UK is generally high, ranging from just under a third in Spain and Saudi Arabia to closer to two-thirds in Turkey.

Stated levels of interest appear to be higher in countries such as Thailand, India and Turkey, which are growing strongly as opposed to, for example, Spain, which clearly has significant economic challenges of its own, particularly for its young people. Levels of interest in countries such as Thailand and Turkey may be particularly influenced by perceived opportunities around inbound tourism. More widely,

Chart 3: Many young people around the world say they are interested in opportunities to work/do business with people and organisations from UK



Source: Online panel surveys of respondents aged 16/18–34 with minimum secondary education (note: Pakistan research undertaken face-to-face and with minimum tertiary education).

Base: YouGov, 2010: India (1,203), China (1,205), Poland (1,205), Saudi Arabia (520); Ipsos Mori, 2011: Turkey, Pakistan, Russia, Thailand, Spain, Brazil (1,000).

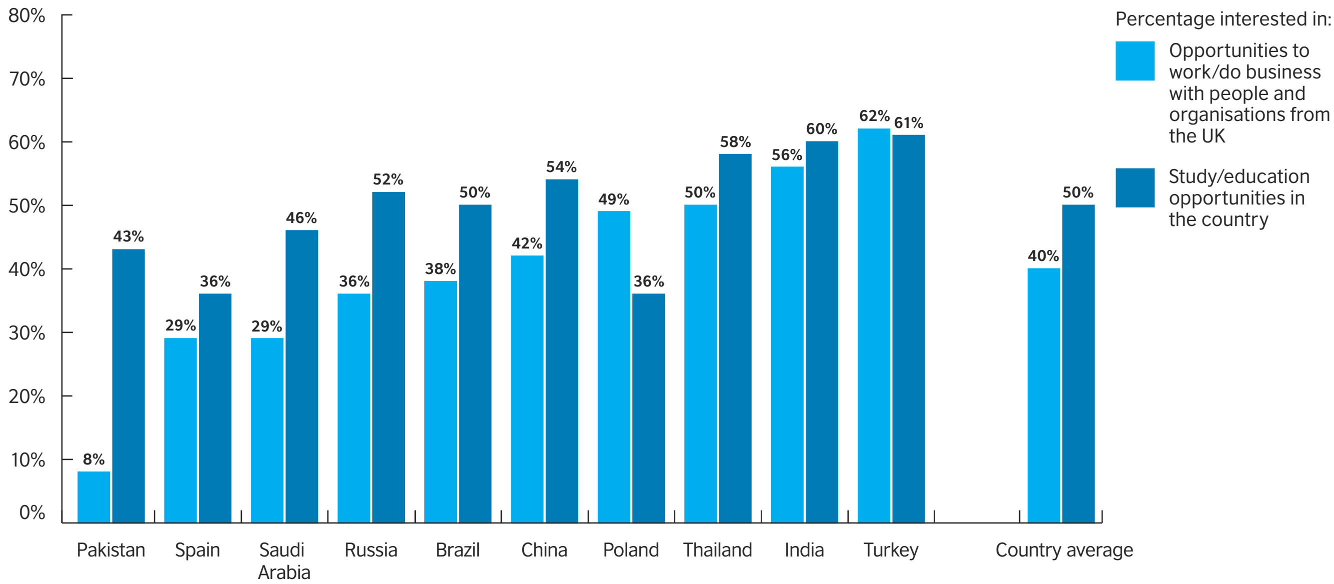
Data presented here is weighted to reflect the overall population of respondents.

levels of interest appear to be driven by a complex mix of factors including geography, access, politics and, potentially, perceptions of the scale of opportunities elsewhere.

Of course, young people often have a variety of interests, so, it is useful to compare their levels of interest in business and trade with the UK against levels of interest in two other activities that are very often a concern: education and tourism.

Chart 4 compares interest in study or education opportunities in the UK with interest in doing business with the UK.

Chart 4: Half of young people are interested in studying in the UK



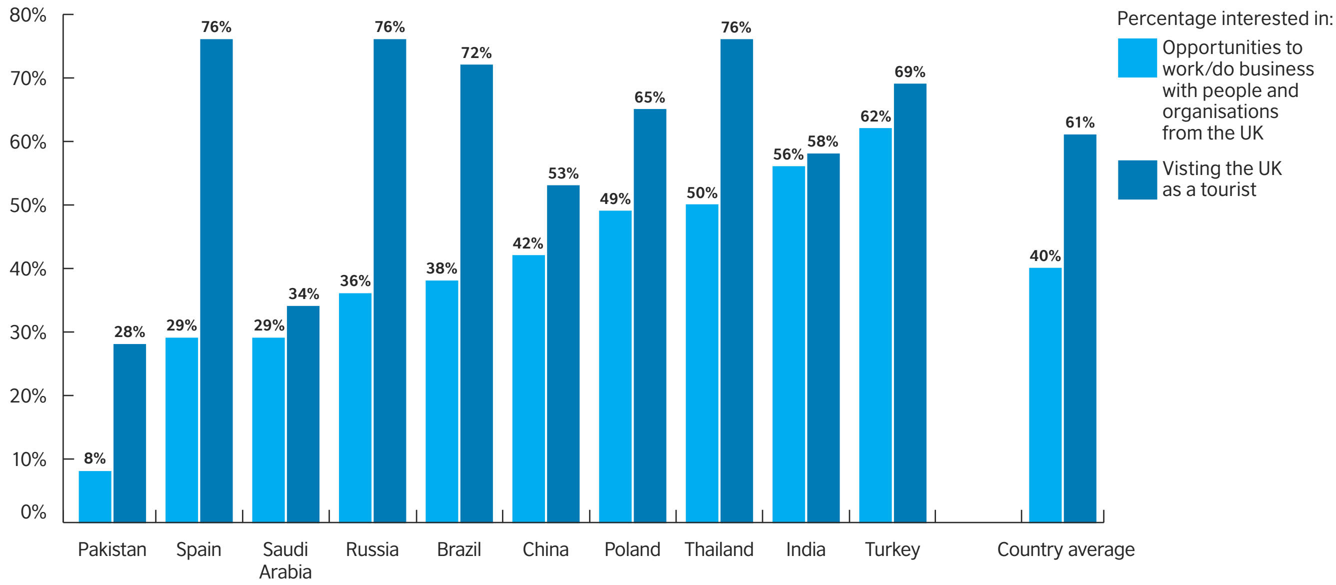
Source: Online panel surveys of respondents aged 16/18–34 with minimum secondary education (note: Pakistan research undertaken face-to-face and with minimum tertiary education).

Base: YouGov, 2010: India (1,203), China (1,205), Poland (1,205), Saudi Arabia (520); Ipsos Mori, 2011: Turkey, Pakistan, Russia, Thailand, Spain, Brazil (1,000).

Data presented here is weighted to reflect the overall population of respondents.

[1] Respondents in Pakistan were tertiary educated and interviewed face-to-face

Chart 5: Three in five young people are interested in visiting the UK as a tourist



Source: Online panel surveys of respondents aged 16/18–34 with minimum secondary education (note: Pakistan research undertaken face-to-face and with minimum tertiary education).

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The data of Chart 5 shows that an even higher share of young people interviewed are interested in visiting the UK as a tourist and in Spain, Russia, Brazil and Thailand this share is close to 75 per cent of all respondents questioned.

At face value these results are encouraging for the UK's future competitiveness. Many young, educated people around the world are interested in studying in the UK and/or visiting the UK as a tourist, so contributing to two important commercial sectors for the UK.

And while in absolute terms a lower share of respondents express an interest in more general business and trade opportunities with the UK, at an average of 40 per cent their level of interest still represents a vast number of potential business partners and customers.

But of course, this interest does not necessarily translate into action. A host of practical issues will influence the decisions of young people and their families, and so too will their perceptions of the attractiveness of countries competing with the UK.

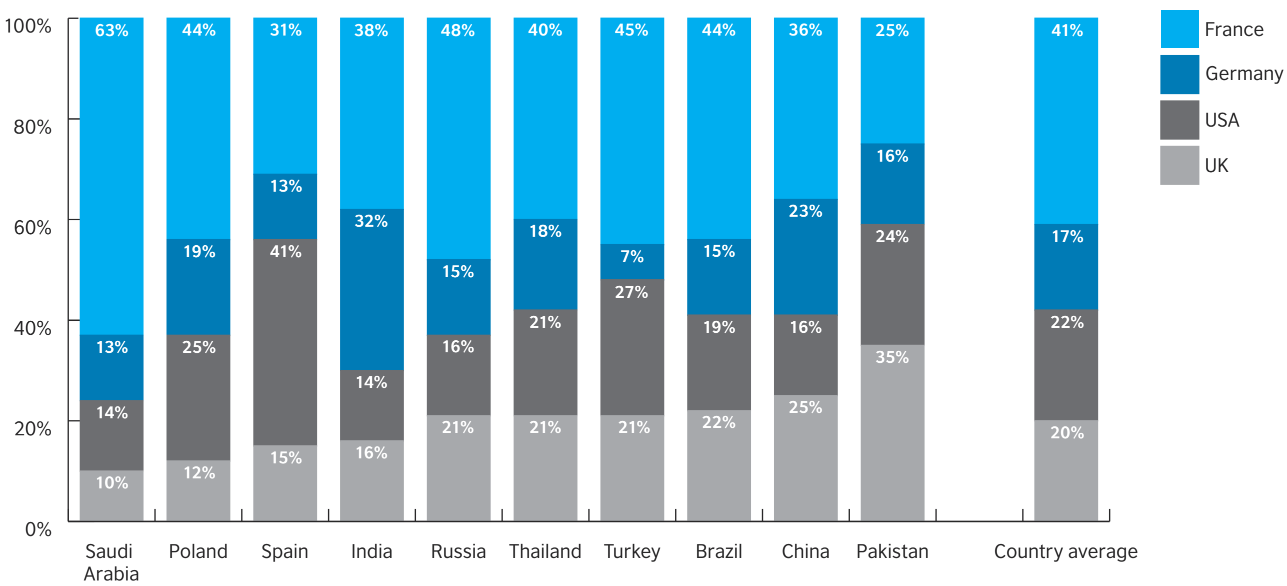
PERCEPTIONS OF THE UK'S RELATIVE COMPETITIVE POSITION

We wanted to gain an understanding of the perceived competitiveness of the UK relative to three immediate competitors – the US, Germany and France.

We therefore asked which one country our respondents would recommend to a fellow young person as the best international destination for, respectively, tourism, study and developing business contacts. Our immediate interest was in pure perceptions of underlying competitiveness and so we asked respondents to try to discount practical, but of course ultimately important questions, such as the cost and ease of obtaining visas.

Chart 6: France is a key competitor for tourism

Regardless of issues such as cost and visas, which of the following countries would you most recommend to a young person ... To visit as a tourist?



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As a tourist destination, it is unsurprising that France scores heavily. Its image internationally continues to benefit from its rich cultural heritage and its strong associations in Asia in particular with romance, high fashion and luxury. As **Chart 6** illustrates, in eight of the ten countries surveyed, France came out as the most recommended tourist destination for young people. The two exceptions were Spain, where respondents chose the USA over France – perhaps reflecting a degree of over-familiarity with their immediate neighbour – and Pakistan, where historical links appear to support continued strong interest in visiting the UK. Across these ten countries as a whole, the UK, US and Germany seem to be competing quite closely in terms of tourism perceptions among young people.

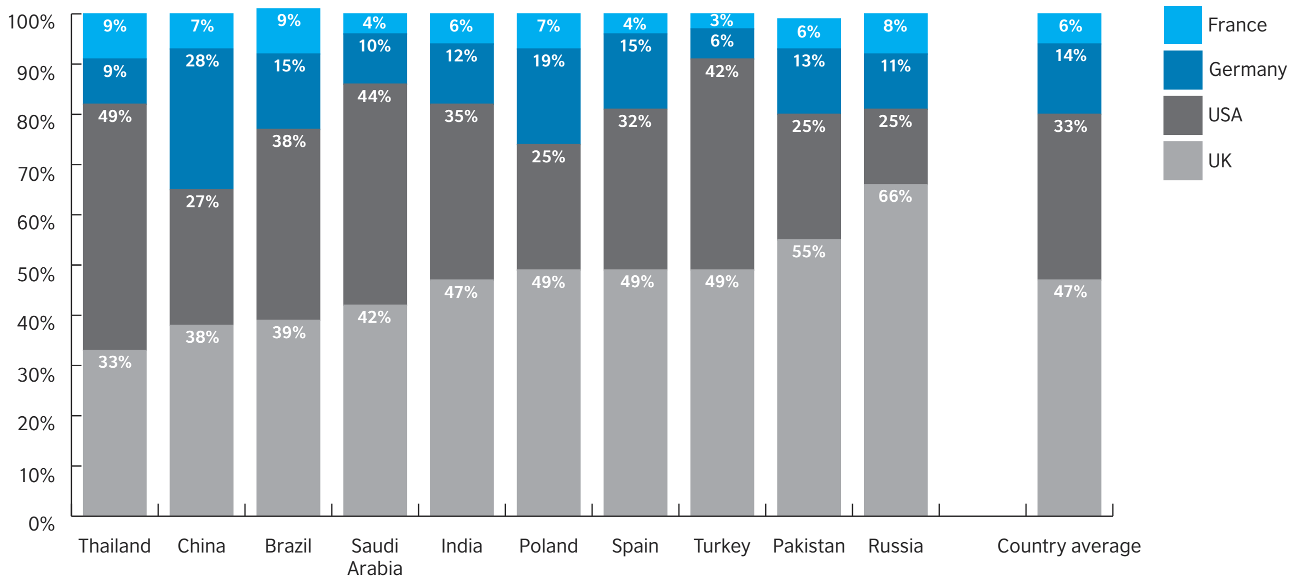
The picture painted here reflects quite closely statistics compiled by the UN World Tourism Organisation. Its latest global rankings for 2011 show France top of the league table for international tourist arrivals with 79.5 million, the USA at number two, with the UK ranked seventh and Germany ranked eighth.

The picture is very different in relation to study destinations (**Chart 7**).

Although one important international competitor – Australia – is missing from this comparison, it is clear that the UK has an extremely strong competitive image around the world as a destination for international study among young people. Averaged across these ten countries, nearly half of the respondents would recommend the UK as a study destination over the other three competitors. The UK is the most commonly recommended of the four destinations in all countries other than Saudi Arabia, where it is on a par with the USA, and Thailand where the USA comes out ahead.

Chart 7: The UK has strong appeal for international students

Regardless of issues such as cost and visas, which of the following countries would you most recommend to a young person … To study in?



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Data presented here is weighted to reflect the overall population of respondents.

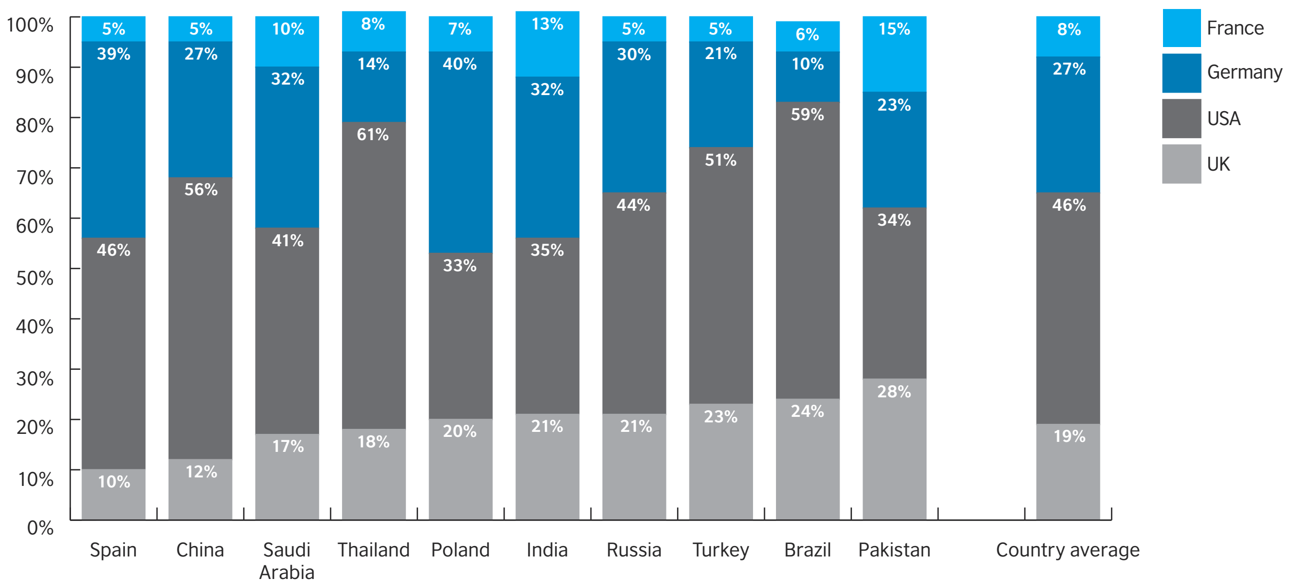
International education is of course a massively important and rapidly expanding business sector in its own right. Data compiled by the Organisation for Economic Co-operation and Development (OECD) shows that the number of foreign, tertiary-level students enrolled worldwide almost doubled in the ten years between 2000 and 2010 to reach 4.1 million. In absolute terms, the US has the highest share of these foreign students, nearly 17 per cent in 2010, with the UK in second place taking 13 per cent, followed by Australia, Germany and France with between six per cent and seven per cent each.

According to the Higher Education Statistics Agency 435,000 non-UK domiciled students were studying in higher education in the UK in 2011–12 and the most recent figures from the Department for Business, Innovation & Skills (BIS) show that in 2008–09, UK educational exports were worth £14.1 billion to the UK (BIS, June, 2011).

In terms of the broader question of a recommended destination for a young person to develop business links and contacts, the data of Chart 8 shows a less encouraging picture. Globally, the US remains the country perceived to be the most attractive of the four for developing business links and contacts, while Germany is also a strong competitor. While the UK's perception is well ahead of France, on average across the ten countries it gains just under two in ten recommendations as the preferred destination for developing business links and contacts compared with nearly three in ten for Germany and five in ten for the USA.

Chart 8: Both the US and Germany have strong competitive perceptions as countries in which to develop business links and contacts

Regardless of issues such as cost and visas, which of the following countries would you most recommend to a young person ... To develop their own business links and contacts with?



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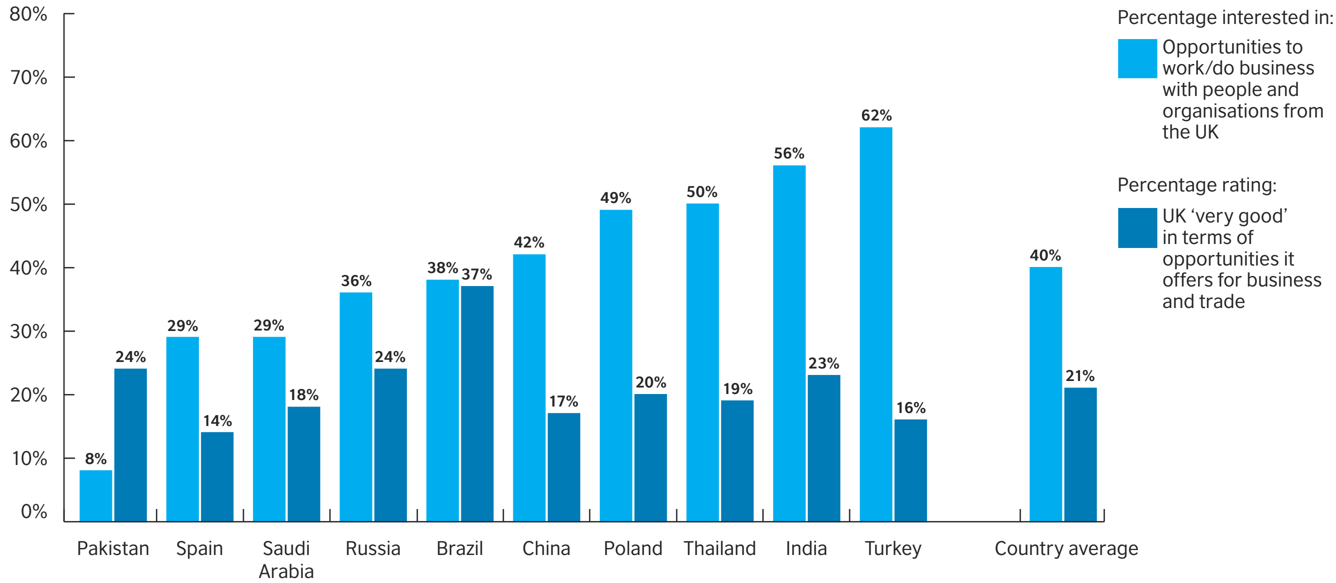
Data presented here is weighted to reflect the overall population of respondents.

Young cultural leaders debate brand strategies during a cultural management workshop, organised by the British Council in Moscow.

This competitive dimension helps to explain why global respondents' level of interest in the UK for business opportunities seems to run ahead of their rating of the UK for these opportunities. As the data of Chart 9 shows, the average 'Very Good' rating of the UK in terms of opportunities it offers for business and trade is just over 20 per cent. Focusing on the 'Very Good' rating (as opposed to 'Good') sets a very high bar – and as we shall see, those who have taken part in cultural activities with the UK tend to rate the UK's business opportunities more highly – but as a baseline, in all countries surveyed other than Pakistan and Brazil, this 'very good' rating lags behind the simple levels of interest in business and trade with the UK.

Chart 9: One in five young people rates the UK 'very good' in terms of the opportunities it offers for business and trade



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Data presented here is weighted to reflect the overall population of respondents.

WHAT DRIVES PERCEPTIONS OF BUSINESS OPPORTUNITIES WITH THE UK?

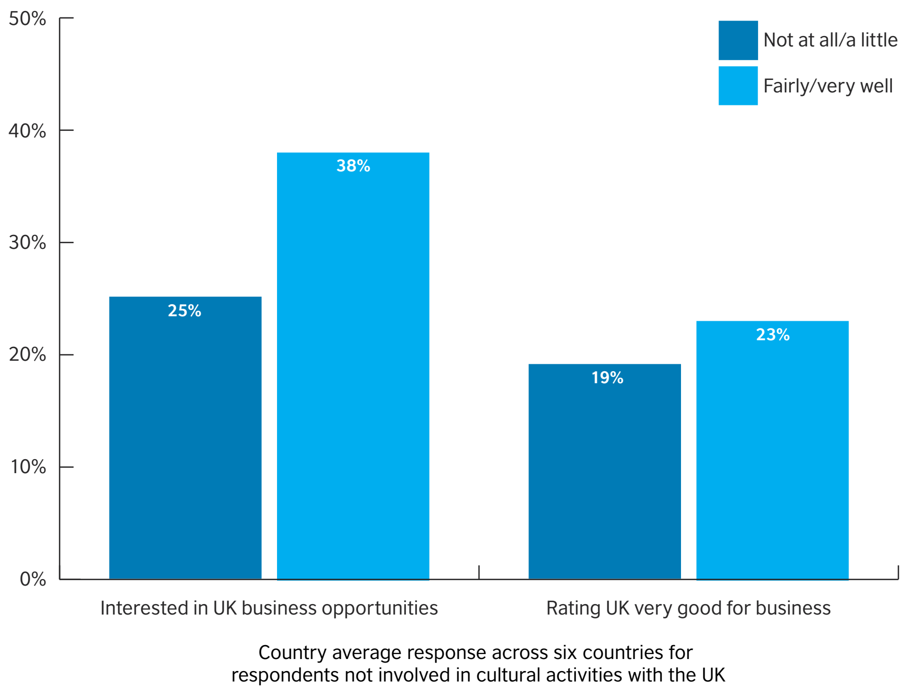
Having established a baseline for interest in and rating of the UK as a country offering opportunities for business, the key question is how to improve perceptions. Transport and connectivity infrastructure and the legal and taxation framework are obviously vital aspects of developing a business-oriented international image. The government-led GREAT campaign has recently sought to increase international awareness of the UK's assets and to improve perceptions of the UK as a place to do business. This focuses on ten areas of excellence that underline how the UK is one of the best places to visit, study, work, invest and do business in, and which brings together all of the UK's overseas activity to promote the country under a common banner.

In our research we have sought to explore whether aspects of culture and an appreciation of the UK's cultural assets also play a major role in perceptions of the UK as a place and source for business.

The most obvious place to start is with the English language. Is competence in English related to perceptions of the UK's opportunities for business? Responses to our survey suggest that it definitely is. The data of Chart 10 is averaged across the six countries in our second wave of research. To remove the effect of other contributory factors, it concentrates only on respondents who have not taken part in any specific cultural activity with the UK.

The results show clearly that levels of interest in opportunities to work and do business with the UK increase significantly as respondents' ability in English improves; the UK's rating as a country offering opportunities for business also increases, albeit from a lower baseline.

Chart 10: Positive perceptions of the opportunities the UK offers for business and trade increase with respondents' ability to speak and understand English



Source: Online panel surveys of respondents aged 16/18–34 with minimum secondary education (note: Pakistan research undertaken face-to-face and with minimum tertiary education).

Base: Ipsos Mori, 2011: Turkey, Pakistan, Russia, Thailand, Spain, Brazil (1,000).

We believe that the mechanism for this improvement in perceptions linked to ability in English includes:

- increased access to information about the UK
- increased confidence to travel and to engage with people internationally
- increased ability to understand and have confidence in the wider commercial and legal environment for working with people and organisations from the UK; this is intimately related to the increase in trust that a shared language can help to build and which was the subject of our 2012 publication, *Trust Pays*
- increased ability to access UK culture and educational opportunities.

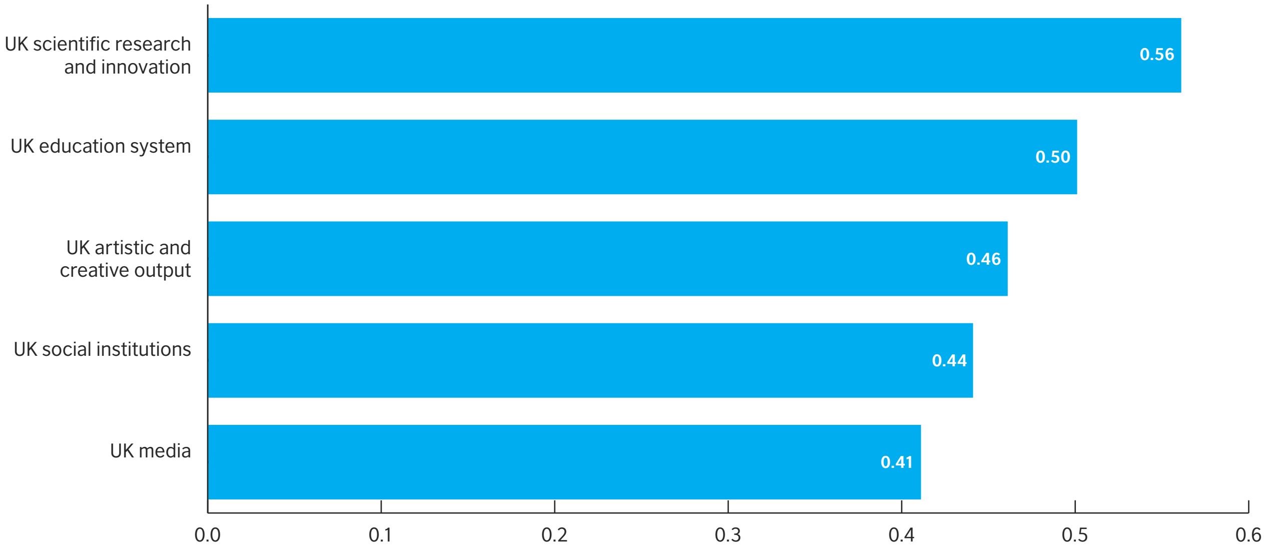
These findings reflect a rich seam of research by academic economists around so-called gravity models of international trade. These suggest that two countries that have a strong cultural affinity – ties including a shared language, shared religion and aspects of shared history – are also likely to have strong economic ties.

The English language is obviously a hugely important asset for the UK but as discussed above, other aspects of the UK such as its education system and the culture and heritage that support its attractiveness as a tourist destination are also highly rated by young people internationally. We wanted to test whether perceptions of the UK around some of these other social and cultural assets themselves impact on business perceptions of the UK. The way we did this was to correlate ratings of the opportunities the UK offers for business and trade against ratings of various other aspects of UK culture and society:

- education system
- contemporary scientific research and innovation
- contemporary artistic and creative output
- social institutions such as the judiciary, civil service, etc.
- media.

Chart 11: Ratings of opportunities the UK offers for business and trade are correlated with ratings of wider aspects of UK culture and society

Correlation of rating of factor with rating of 'opportunities the UK offers for business and trade'.



Correlations range from 0 to 1. A correlation of 0 shows there is no relationship between the two factors; a correlation of 1 shows a perfect relationship.

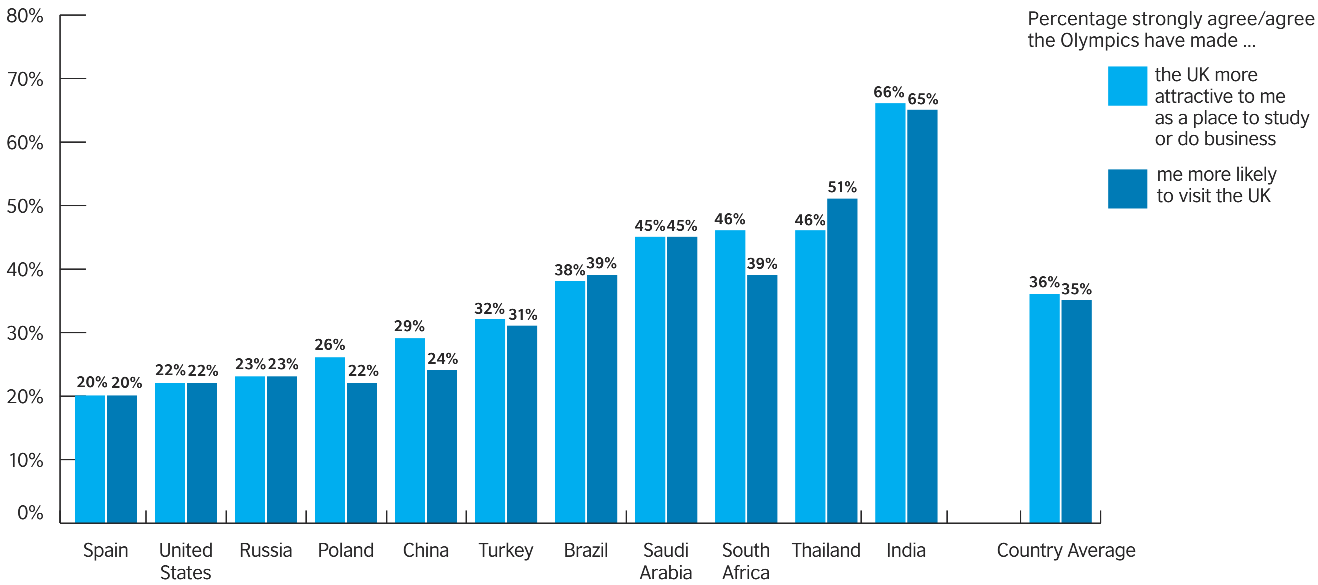
Source: Online panel surveys of respondents aged 16/18–34 with minimum secondary education (note: Pakistan research undertaken face-to-face and with minimum tertiary education).
Ipsos Mori, 2011: Turkey, Pakistan, Russia, Thailand, Spain, Brazil.

Averaging across the six countries of our second-wave research, the results of Chart 11 show that young peoples' rating of the UK's scientific research and innovation and its education system are both quite closely correlated with ratings of UK business opportunities (a correlation of 0.5 or above). This suggests that attitudes to these aspects of UK society are quite closely aligned to ratings of the UK's business opportunities. But even ratings of the other factors – the UK's contemporary artistic and creative output, its social institutions and its media – are significantly correlated with ratings of the UK's business opportunities.

This result is important. It suggests that young people's perceptions about the UK's business opportunities are related to their perceptions of the quality of other aspects of UK society and culture. In part this may be a halo effect from perceptions in areas such as education, of which respondents may have more direct experience. But it also reflects the economic reality that business does not exist in isolation from the societies in which it is conducted. The quality of the education system, for example, reflects on the skills and capabilities of potential employees and trading partners; the quality of social institutions such as the legal system, translates into trust and confidence in the ease of doing business and the security of investments. Artistic and creative output says something about a society's values and supports the image of a country that is not only business-oriented but creative, dynamic and interesting to learn about and visit.

The recent research conducted by the British Council into the 2012 Olympics legacy provides strong support for this interpretation of wider carry-over from social and cultural perceptions. Across the eleven countries surveyed, while 36 per cent of respondents said that the London Olympics and Paralympics had made them more likely to visit the UK and 35 per cent, said that the Olympic and Paralympic Games had made the UK more attractive as a place to study or do business (Chart 12).

Chart 12: The Olympics had a positive impact on intentions to visit the UK, and on the UK's attractiveness as a place to study or do business



Source: Ipsos MORI Global @dviser: Impact of 2012 Survey for British Council (2012)
500 respondents in each country. Data weighted to population.

Designer Henry Holland with fashion students after taking part in a seminar in Beijing.

CASE STUDY

UK NOW
艺述英国

Between April and December 2012, China was the stage for UK Now - the largest, most vibrant and most ambitious festival of UK culture ever to take place in the country.

It was managed by the British Council in partnership with Brunswick and HSBC, and with generous support from Burberry, Diageo, IELTS, IHG, Jaguar Land Rover, John Swire & Sons, Norton Rose Group, Prudential and Standard Chartered. Over four million people attended the live events held in 29 cities in Mainland China, Hong Kong and Macau, almost 800 UK artists and performers took part and the festival generated an impressive 6,000 pieces of media coverage.

Lord Green, Minister of State for Trade and Investment, said ‘UK Now in China is an excellent example of how British organisations can work together to create a robust and reputable result that reaches out to businesses globally. By working side by side within vibrant markets such as China, we demonstrate our skills and expertise in business management, and set a precedent for the UK’s potential. The UK continues to be at the forefront of art and creativity thanks to an abundance of home-grown talent.’

Feedback from audiences was strongly suggestive of not only a successful and professionally run festival, but also of increasing awareness and understanding of UK culture. More than two thirds of those surveyed acknowledged they had learned something new from their experience. Given that this was a festival rather than, say, a series of training and development events, this is an impressive result. There was also the clear sense that the festival punched far above its weight, reaching more places and people and including more events than would ordinarily be possible.

For the festival’s sponsors, who benefited from brand visibility, heightened public and media profile and customised opportunities for corporate and VIP hospitality, immediate business returns in the Chinese market were not necessarily the issue – although for Jaguar Land Rover, who sponsored an exhibition by the sculptor Tony Cragg, there was a surge of interest from visitors in experiencing the new Range Rover Evoque. The key factors for many were the reputational benefits – involvement during an Olympic year when the eyes of the world were on London; and about deepening their links with China.

A shared understanding of our respective cultures, an inquisitive and informed conversation between people, is at the heart of a resilient bilateral relationship. As one sponsor said, ‘As a bank that has a long history of operating in China today, we wanted to do something that was meaningful and memorable.’ And as one audience member in Shanghai said, ‘Before UK Now, my impression of the UK was of traditional British haughtiness and arrogance. But through these events I attended, I came to see the individuality and vitality of Britain today.’

‘UK Now evolved from the success of China Now in 2008, during which people in China proudly showcased their achievements at the Beijing Olympics. After the fantastic summer we had during London 2012, we are also proud. We must continue to promote British business and innovation abroad, if we are to compete in the global race.’

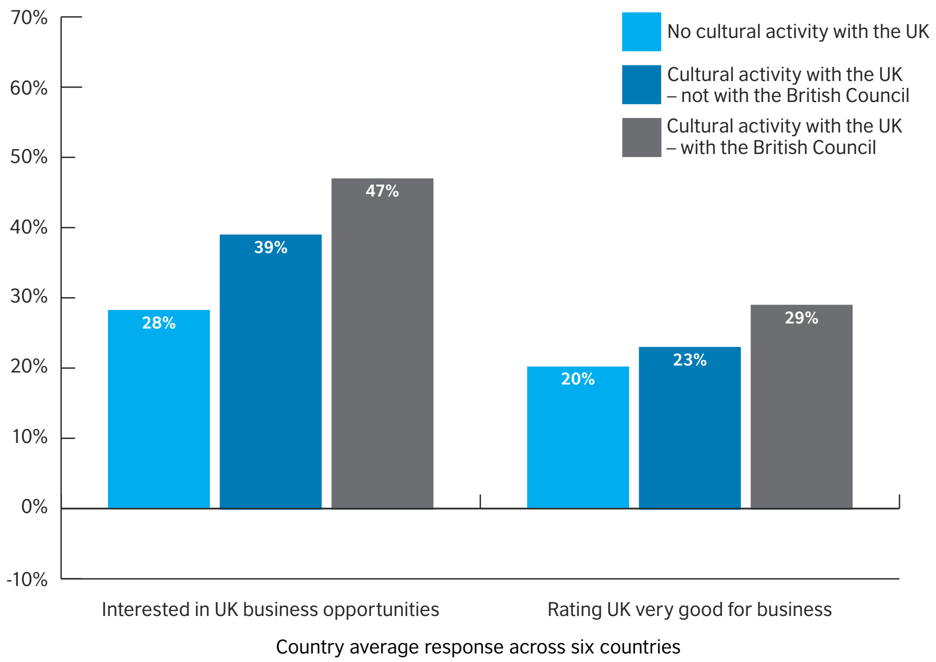
David Cameron

THE IMPACT OF CULTURAL ACTIVITIES

The final question we wanted an answer to was whether involvement in purposeful cultural engagement with the UK is itself associated with a positive change in perception of the UK as a place for business and trade opportunities.

To do so, we looked at the levels of interest in and rating of UK business opportunities among subsets of respondents who differed only by whether they had previously participated in cultural activities with the UK. The types of activities are detailed in the appendix and include being involved in school links with the UK, studying English with a UK-based institution, studying for a UK-based qualification or attending a major cultural event/exhibition organised by a UK institution.

Chart 13: Involvement in cultural activities with the UK is associated with more positive perceptions of the opportunities the UK offers for business and trade



Source: Online Panel surveys of respondents aged 16/18–34 with minimum secondary education (note: Pakistan research undertaken face-to-face and with minimum tertiary education).
Ipsos Mori, 2011: Turkey, Pakistan, Russia, Thailand, Spain, Brazil (750 CR, 250 Non-CR).

The core results are shown in Chart 13. To ensure complete comparability we again restricted these to the six countries surveyed in our second wave of research conducted at the end of 2011. Three conclusions stand out:

- There is a strong positive correlation between involvement in cultural activities with the UK and levels of interest in opportunities to work/do business with people and organisations from the UK.
- There is a positive correlation between involvement in cultural activities with the UK and rating of the opportunities the UK offers for business and trade.
- Involvement in cultural activities with the UK delivered or facilitated by the British Council is on average associated with a more significant uplift in interest in and rating of UK business opportunities than where those activities are delivered or facilitated by another UK institution.

DJ Goldierocks presents Selector, a weekly radio show of new UK music broadcast in 33 countries. For UK Now she travelled widely around China, building networks for the show and hosting talks and workshops.

CULTURAL ENGAGEMENT AND BUSINESS AND TRADE

Our research shows a clear positive relationship between involvement in these cultural activities and average levels of interest in working and doing business with the UK and average ratings of the opportunities for business and trade that the UK offers.

The results of this survey and those in our earlier *Trust Pays* publication support a long line of academic research that points to a very clear link between increased trust between populations and increased levels of trade and investment between their countries. The conclusion we drew from the earlier research is that lack of trust is a barrier to trade and that increased trust both reduces uncertainty and lowers search and transaction costs for those involved in international business.

Using data for the countries of the European Union, Dutch academics (Dekker P., 2007) formally modelled the impact of increased trust on both levels of trade and levels of Foreign Direct Investment (FDI). Their results show that if mutual trust between the populations of two countries increases by one percent, exports increase by 0.6 per cent and the stock of FDI increases by 3.0 per cent, all other things being equal.

Our present research shows that involvement in cultural activities by young people is associated both with an increase in levels of trust and an increase in levels of interest in doing business.

Importantly, we do not believe that either of these outcomes should be the explicit purpose of cross-cultural engagements. These activities must have a purpose and a focus in their own right. But as our simple model of Chart 14 suggests, the British Council believes that delivering positive specific outcomes – in terms of improved functional skills, increased exposure to UK cultural assets or of course improved ability in English – can start a chain of impact that over the long term is likely to be reflected in increased trade and business activity with the UK.

Filmmaker and curator Kathryn Ferguson with students at Beijing's Central Academy of Fine Arts.

Chart 14: A simple model of how cultural engagement supports increased business and trade with the UK

Example cultural activities	Direct participant impact	Indirect participant impact	Business perceptions impact	Long-term economic impact
• learning English • exchange visits • cultural events • studying for UK exams/ qualifications	• improved skills and knowledge • increased understanding and value of UK society and cultural assets • widened and deepened network of contracts with UK	• increased personal confidence • increased understanding and trust in people from UK • increased access to and exchange of information with UK	• increased interest in business opportunities with UK • improved assesment of the range and quality of business opportunities with the UK • lower percieved barriers to trade with UK	• lower real barriers to trade with UK • increased propensity to trade and do business with UK

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APPENDIX – RESEARCH METHODOLOGY

COUNTRY	SAMPLE	AGE RANGE	METHOD	AGENCY	DATE
China	1,205, of whom 993 had cultural interaction with UK	16–34	Online	YouGov	2010
India	1,203, of whom 994 had cultural interaction with UK	16–34	Online	YouGov	2010
Poland	1,205, of whom 982 had cultural interaction with UK	16–34	Online	YouGov	2010
Saudi Arabia	520, of whom 279 had cultural interaction with UK	16–34	Online	YouGov	2010
Brazil	1,000, of whom 750 had cultural interaction with UK	18–34	Online	Ipsos MORI	2011
Pakistan	995, of whom 770 had cultural interaction with UK	18–34	Face-to-Face	Ipsos MORI	2011
Russia	1,000, of whom 750 had cultural interaction with UK	18–34	Online	Ipsos MORI	2011
Spain	1,000, of whom 750 had cultural interaction with UK	18–34	Online	Ipsos MORI	2011
Thailand	1,000, of whom 750 had cultural interaction with UK	18–34	Online	Ipsos MORI	2011
Turkey	1,000, of whom 750 had cultural interaction with UK	18–34	Online	Ipsos MORI	2011

LIST OF CULTURAL ACTIVITIES/ INTERACTIONS WITH THE UK

Within the research, a respondent was classified as having participated in cultural activities with the UK if he/she had participated in one or more of the following activities:

- studied English in their own country with a UK institution or teaching centre (does not include English lessons taken as part of normal school/college/university studies)
- studied for a UK-based exam or qualification
- while at school, been involved in links or joint projects with a school(s) in the UK
- been on a school visit or school exchange programme involving a visit to the UK
- studied in the UK at a school or college for overseas learners of English
- been involved in some other kind of study at a school in the UK
- studied at a college or university in the UK
- while at college/university, been involved in links or joint projects with a college/university in the UK
- been on a college/university visit or college/university exchange programme involving a visit to the UK
- undertaken a work-based study visit or work exchange programme involving a visit to the UK
- participated in a volunteering programme run by a UK institution
- participated in a community exchange programme with the UK
- participated in a leadership/skills/ professional-development programme run by a UK institution
- attended an education event/ exhibition/fair in your own country organised by a UK institution
- participated in a programme, conference, seminar or workshop about relations between different communities, religious groups or countries organised by a UK institution
- over the past three years, participated in an online programme, discussion or debate about relations between different communities, religious groups or countries facilitated by a UK institution
- over the past three years, attended a major arts or cultural event/exhibition organised by a UK institution.

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