

The Silent Board: How Language Diversity May Influence the Work Processes of Corporate Boards

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ABSTRACT

Manuscript Type: Empirical.

Research Question/Issue: Corporate boards often change their working language when they acquire foreign members. Consequently, boards “talk” in one language but “think” in another. The present study explores and explains how language diversity influences work processes of corporate boards.

Research Findings/Insights: On the basis of a multiple case study of nine multinational corporations (MNCs) from four Nordic countries, we discovered evidence of impoverished and silenced discussions in board meetings in those case companies that were unprepared to switch to English as the new working language of the board. Some board members found it difficult to contribute to board meetings and articulate disagreement. In contrast, such effects were not revealed in the well-prepared companies. Overall, the presence of employee representatives on the boards made it more difficult to conduct work processes in English because these members often lacked sufficient language proficiency. Thus, our findings suggest that the board co-determination act of the Nordic corporate governance model may be associated with the hidden costs of using a non-native language.

Theoretical/Academic Implications: Our study makes four contributions to research on board diversity. Firstly, it highlights the “silencing effect” of language diversity on board processes. Secondly, it emphasizes the linkage between language diversity and board processes. Thirdly, it provides additional evidence that language is a distinct dimension of diversity. Fourthly, it discovers language in board work as a new research topic that is worthy of scholarly attention.

Practitioner/Policy Implications: Firms need to anticipate the potential effects of language diversity on the work processes of their boards in order to ensure that “the voice of diversity” is heard. The board itself as well as the rest of the organization can take preparatory measures such as producing all board material in the new working language and selecting board members with the required language proficiency. Although these measures can be implemented gradually or at a faster pace, they need to be in place before foreign members join the board. Consistent use of one and the same language in the corporate board and the executive management team supports transparency and good corporate governance practices. In our opinion, reaping the benefits of board diversity is the particular responsibility of the chairperson. Even though English is generally well understood in the Nordic countries, chairpersons should also consider the possible negative effects associated with the use of a board language that is non-native to most of its members.

Keywords: Corporate Governance, Corporate boards; Language Diversity; Work processes; Nordic countries

INTRODUCTION

Percy Barnevik, the former long-time CEO of the Swiss-Swedish firm ABB and one of the most influential and well-known business leaders in Europe, has noted that at the

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turn of the millennium “some Swedish multinationals still had only Swedes on their corporate boards despite reaching figures of 95 percent foreign sales and 80–90 percent foreign production” (Barnevik, 2011: 331). To Barnevik this did not make sense. In his biography Barnevik highlights the need to change the board’s working language from Swedish to English in order to attract the best brains from abroad. Barnevik’s experiences suggest that the language used in board meetings is critical because it determines whose perspectives are included in work processes and decision making. In the present study, we provide theoretical and empirical understanding on how language diversity influences work processes in boards; an aspect of board diversity that has been ignored in past research. We base language diversity in corporate boards on the number of mother tongues of the board members and their degree of fluency in the working language of the board. In this way, we attempt to capture situations in which corporate boards “talk” in one language but “think” in another (Brannen, Piekkari, & Tietze, 2014).

Barnevik’s concerns appear to be motivated by the potential advantages of having foreigners in corporate boards, as these directors may be more competent at assessing firm performance and prospects in foreign markets than home country nationals. Foreign board members may contribute to board work by networking with global suppliers, accessing non-domestic buyers and providers of finance, or by ensuring that the transparency of strategic decisions and the accountability of the firm’s actions go beyond the national context, thereby securing international legitimacy and resource access (Luo, 2005). Foreign board members are expected to expand the set of specialized skills available to the board and introduce multiple viewpoints which stem from various dimensions of diversity such as culture, nationality, ethnicity, and mother tongue.

Past research on board internationalization has mostly focused on who these foreign members *are* and where they come from (e.g., Oxelheim, Gregorič, Randøy, & Thomsen, 2013) rather than on what they *do* (Forbes & Milliken, 1999; Pettigrew, 1992). Observing the mere presence of foreign board members, however, provides limited insight into how they influence the work processes of boards, which is the focus of this study. By answering the question of how language diversity influences the work processes of boards, our study makes four contributions to research on board diversity. Firstly, our qualitative case study allowed us to discover what we call “the silencing effect” of language diversity on the board’s work processes. As such, this study joins the small but growing body of qualitative research on corporate governance issues (e.g., Bansal, 2013; McNulty, Zattoni, & Douglas, 2013). While previous research provides some evidence of this negative effect, it has focused on organizational levels well below the board (Lauring & Tange, 2010; SanAntonio, 1987; Schweiger, Atamer, & Calori, 2003). We were surprised to identify “the silencing effect” at the board level because it may carry serious performance implications not only for the board itself, but for the entire company. The “silencing effect” also runs the risk of undermining the board’s function as a negotiation forum that reconciles potentially conflicting interests of represented shareholders, builds consensus, and sets common goals for directing

managerial action (Ravasi & Zattoni, 2006). Secondly, we place the work *processes* of the board at the center of attention, as the existing diversity literature has primarily been concerned with the diversity–performance link rather than the intervening processes (van Dijk, van Engen, & van Knippenberg, 2012; van Knippenberg & Schippers, 2007). Thirdly, we provide supportive evidence that language is a distinct dimension of diversity alongside culture and nationality (see Stahl, Maznevski, Voigt, & Jonsen, 2010 for a meta-analysis; Tenzer, Pudelko, & Harzing, 2014). Fourthly, we identify the role of languages in board work as a new topic for future research.

In what follows, we first review past research to gain insight into the role of communication and language in the work processes of the board. Thereafter, we provide the reader with an overview of the Nordic region as a research context and explain our case-based research strategy. The effect of language diversity on the work processes of the board is then contrasted and compared between the well-prepared, the unprepared, and the outlier cases. We visualize our key findings in a theoretical model and position them in the extant literature. In the conclusion we argue why the topic is both timely and important and acknowledge the limitations of our study.

LITERATURE REVIEW

Corporate boards in publicly traded firms are relatively large and interdependent decision-making groups, which typically face complex tasks. Compared to other work groups, boards have a high level of decision-making power, meet relatively infrequently (4–10 times per year with limited working hours) and commonly represent divergent interests (various owners, employee representatives, etc.). Stahl et al. (2010: 693), who conducted a meta-analysis of cross-cultural teams, argue that individuals should have “at least a minimum of a shared language around which to align.” Board work also requires a high degree of specialized knowledge and skills, which foreign members can potentially bring to the board (Luo, 2005). However, the mere presence of valuable expertise does not ensure that it will be used by the board, particularly if it is hidden behind a language barrier. Forbes and Milliken (1999: 499) maintain that because board members meet only periodically, “they are unlikely to have time to fully resolve the attitudinal and linguistic differences that divide them.” They do not elaborate on what they mean by “linguistic differences,” but argue that boards are particularly vulnerable to “interaction difficulties that prevent groups from achieving their full potential” (Forbes & Milliken, 1999: 492).

Not only is extensive communication necessary for integrating the knowledge and skills of individual board members in creative and synergistic ways and for applying them to the board’s tasks, it is also essential for conflict resolution (Stahl et al., 2010). Forbes and Milliken (1999) identify cognitive conflicts as a beneficial key process in board work because they contribute to the quality of decision making in uncertain environments. Multiple viewpoints and alternative solutions are more carefully evaluated and considered when both positive and negative views are

exchanged. Furthermore, Ravasi and Zattoni (2006) highlight how heterogeneity of interests represented on the board might reduce boards' strategic function, unless an ex-ante conflict resolution mechanism is in place and board members possess relevant knowledge to engage in decision making. We argue that language diversity *may* hinder productive board interactions, unless the board is well prepared for the change in work processes.

Introduction of a New Language and Work Processes

To support board work, MNCs with foreign board members may change their working language to English. Due to the lack of research on language in corporate boards, we need to turn to the field of international business, where the role of language in MNCs has been addressed for some time (Brannen et al., 2014; Marschan, Welch, & Welch, 1997). International business scholars have explored how a common corporate language has been introduced to reduce the expected disadvantages of language diversity. More specifically, they have investigated how adoption of a common corporate language shapes headquarters–subsidiary relationships (Marschan-Piekkari, Welch, & Welch, 1999) and cohesion within the MNC (Barner-Rasmussen & Björkman, 2007). Previous contributions have also addressed the ability of multinational corporations to exercise foreign subsidiary control in environments that are diverse in terms of language (Björkman & Piekkari, 2009; Marschan-Piekkari et al., 1999), inter-unit knowledge sharing (Mäkelä, Kalla, & Piekkari, 2007), individual status loss (Neeley, 2013), language as power in cross-border mergers (Vaara, Tienari, Piekkari, & Sääntti, 2005), and language policies and practices (Luo & Shenkar, 2006; Peltokorpi & Vaara, 2012). However, the board level has not received scholarly attention.

SanAntonio's (1987) ethnography of a US-owned subsidiary in Japan uncovered the consequences of implementing a strict monolingual English-only policy. Despite this corporate-level policy, both the Japanese employees and the American expatriates employed the language of the "other" as a tool that made it easier for them to "fit in." The willingness of the Japanese employees to use English in a range of situations marked their desire for social inclusion and integration into the American corporation. SanAntonio observed that in meetings where all of the Japanese attending had approximately the same level of fluency in English, language was not an issue. However, when Japanese employees with varying English skills were present at the same meeting with the foreigners, the Japanese employees most competent in English tended to dominate and the meeting was noticeably quieter than those attended only by Japanese. The input from the other Japanese was compressed and funneled through the Japanese employees who were proficient in English. Hence the English policy circumvented the indigenous Japanese hierarchy and changed the social structure in the subsidiary.

A limited number of past studies touch on the role of language in team dynamics (Kassis Henderson, 2005; Lagerström & Andersson, 2003; Schweiger et al., 2003). Kassis Henderson's (2005) research on international management teams is a case in point. From a sociolinguistic perspec-

tive, she studied how language diversity operates in the everyday interactions of English-speaking teams composed of French, German, and British managers working in France. Her findings suggest that socialization processes such as the building of trust and relationships among team member are language-dependent. Kassis Henderson (2005) argues that when English is used, team members "are under the false impression that they are sharing the same context and the same interpretation; that the same words and expressions have the same connotations for speakers of English from, say, the United States, India, France, and Denmark" (2005: 75). This is an illusion because team members tend to draw on their own interpretive frameworks originating from the language systems of their respective mother tongues (Kassis Henderson, 2005). Hence, problems in diverse teams are not solved by simple recourse to English. Kassis Henderson (2005) calls for increased language awareness and sensitivity among both international team leaders and members. Thus, in our study on corporate boards, the use of English may in fact disguise a high degree of language diversity.

Tenzer et al. (2014) built on the early study by Kassis Henderson (2005) and investigated how language barriers influenced trust formation in teams of three German MNCs operating in the global automotive sector. The teams used English, German, or a mixture of the two languages in their interaction. The findings by Tenzer et al. suggest that language barriers hamper trust formation and lower levels of trust. Their work contributes to diversity research by distinguishing language effects from other dimensions of diversity and by showing how surface-level language diversity may create perceptions of deep-level diversity.

Hinds, Neeley, and Cramton (2014) also conducted a study in the German context, namely of six globally distributed software development teams of a German MNC. They were interested in finding out whether differing levels of competence in English, which was the mandated language of the German MNC, contribute to subgrouping in daily team interaction. Since many German team members found it difficult to communicate technical and social knowledge in English, they would switch to German to consult with their fellow countrymen during team meetings. US team members objected to this practice of code-switching, mainly interpreting it as an exclusion tactic and even a breach of corporate policy. The nuanced analysis conducted by Hinds et al. (2014) reveals that asymmetries in language fluency between team members contribute to an "us versus them" dynamic commonly observed in global teams.

Thus far, due to the lack of research on corporate boards, we have reviewed internal communication within teams and work groups that can be used to understand communication within boards. In addition, the adoption of English as the working language of the board has implications for communication between the board, the executive management team and the employees. In non-Anglophone firms the executive management team needs to be prepared to receive strategic advice from the board in English. In this regard, more uniform use of English can be expected to enhance communication within the firm.

On the basis of the literature review above, we conclude that the role of language in board processes is yet to be fully understood. Language barriers that potentially impede

efficient operations of the MNC have been uncovered at organizational levels well below the board (e.g., Mäkelä et al., 2007; Marschan-Piekkari et al., 1999; Neeley, 2013), but not at the board level. We therefore pose the following research question: How does language diversity influence the work processes of boards?

A MULTIPLE CASE STUDY AND ITS RESEARCH CONTEXT

Our research design is a multiple case study of the corporate boards in nine Nordic multinational corporations. This study is part of a larger research project on what drives internationalization and diversity in corporate boards.¹ Although the nationality of board members provided a useful starting point, language emerged as an important theme, which we decided to follow as our study progressed. An advantage of qualitative research is the flexibility of research design, which allows the researcher to make discoveries during fieldwork (Bansal, 2013).

The Nordic Region as a Research Context

The four Nordic countries – Finland, Norway, Sweden, and Denmark – provide a unique linguistic context (Iceland was left out because of its small size). While at first sight this region may seem linguistically homogeneous, there are some significant differences. Finland, for example, is a bilingual country with Finnish (94%) and Swedish (6%) as the two official languages. Finnish belongs to the Finno-Ugric language family, whereas Swedish is part of the Germanic language family as are the national languages (Danish and Norwegian) used in the other Nordic countries. Common roots in the Germanic language family make it possible for interlocutors who use Swedish, Norwegian, or Danish to communicate and be understood through parallel language use or passive multilingualism, i.e. by using their own mother tongue (potentially with some adjustments which is called “Skandinaviska”). Moreover, all of the four Nordic countries enjoy high levels of proficiency in English.

As the Nordic region has only 25 million consumers, it is a small market which incentivizes Nordic firms to internationalize. According to UNCTAD (2012), the Nordic countries host one of the largest percentages of MNC headquarters in the world, relative to the size of their economy. However, governments have historically restricted internationalization of ownership and recruitment to corporate boards. Until the early 1990s, Nordic countries were characterized by regulatory barriers that limited recruitment of foreign board members – officially for reasons of accountability. With the implementation of the EES (European Economic Space) tractate in 1994, such restrictions on the recruitment of foreign directors, including various residence requirements, could only be applied to non-Europeans.

The corporate governance systems in the four Nordic countries are rather similar and can be seen as a modified version of the German corporate governance system, with a strong focus on alignment of interests between managers and industrial corporate owners (Angblad, Berglöf, Högfelt, & Svancar, 2001). We find it relevant that our case companies

were drawn from four transparent and export-oriented economies that, particularly during the last two decades, have opened up to a global capital market and to foreign board membership (Oxelheim et al., 2013).² We respond to recent calls for “more multi-country qualitative studies” (Zattoni, Douglas, & Judge, 2013: 121).

Two of the Nordic countries have had a long history of independence (Denmark and Sweden) and two have been colonized by one of the other Nordic countries (Norway and Finland). This has created an appreciation for self-governance and the use of national languages. It has also contributed to a corporate environment that can be characterized as a “small world” in that trust, information, and the reputation of individual board members spread quickly and shape board behavior (Sinani, Stafudd, Thomsen, Edling, & Randøy, 2008). The presence of employee representatives, or technically speaking employee-elected members, on the corporate board (not in Finland, but in most cases in Denmark, Sweden, and Norway) is a special regulatory feature that makes the Nordic countries an even more interesting “laboratory” for a study of language diversity.

Case Selection

We purposely selected the case companies on the basis of the number of foreign board members (see also Fletcher & Plakoyiannaki, 2011; Yin, 2009). Even though there has been a trend toward more foreign board members in all countries, the overall proportion of foreign board members was still only between 9 and 14 percent in 2007 (Oxelheim et al., 2013). The most significant change occurred in Finland because in 1997 the Finnish government set the goal of increasing the number of women on the boards of state-owned enterprises. In 2004 this was further strengthened with the Finnish equality program, which requires that both genders have a minimum representation of at least 40 percent on the boards of state-owned enterprises. This paved the way for a rapid change in female board membership and indirectly the number of foreign board members, as new female members were often recruited from abroad (mostly from Sweden). Similarly, the high increase in foreign board membership in Norway is partly associated with the legislation of 2003, which requires at least 40 percent board representation from each gender. The legislation in Norway was fully implemented in 2008 with non-compliant firms being forced to dissolve.

We selected nine companies for our study (in alphabetical order): Biohit, Danisco, Ericsson, Expert, ISS, Nokia, Novozymes, Outokumpu, and Simrad Optronics, which varied in global reach, size, ownership, and headquarters location. As of 2007, three of these firms were headquartered in Finland, three in Denmark, one in Sweden, and two in Norway. While six firms had two or more foreign board members, Biohit, Expert, and Simrad Optronics had only one (see Table 1). This distinction is important because a sole “diverse” board member can be seen as a mere “token” member, who alone will not be able to influence or alter board work (Terjesen, Sealy, & Singh, 2009). Recently, Torchia, Calabro, and Huse (2011) found in their study of female board recruits that there is a minimum threshold for the impact of female members on board processes.

TABLE 1
Board Diversity of the Case Companies in 2007

	No. of board members, including employee representatives	No. of employee representatives	No. of foreign board members	No. of female board members	First foreign board member
Biohit, Finland	6	0	1	0	2006
Danisco, Denmark	9	3	2	2	1993
Ericsson, Sweden	13	3	3	4	1996
Expert, Norway	8	3	1	2	2007
ISS, Denmark	10	3	5	0	1998
Nokia, Finland	10	0	4	2	1992
Novozymes, Denmark	10	3	3	1	2000
Outokumpu, Finland	8	1	3	3	2000
Simrad Optronics, Norway	6	2	1	3	2005

Source: Annual reports, company websites and archives of *The Financial Times* and the leading Nordic business dailies (*Børsen*, *Dagens Næringsliv*, *Dagens Industri* and *Kauppaliehti*).

Personal Interviews

As Table 2 shows, a total of 32 personal interviews were conducted during 2007–2009 and most of them (29/32) were undertaken by a pair of researchers. Five of the 32 interviewees were female, four were former board members, and ten foreign members (see Table 2). These interviews were held with chairpersons of the board, current and former board members, and managing directors and executive board members of the case firms in order to gain a holistic as well as a historical perspective of the personal experiences of board work. The retrospective nature of our study allowed us to trace the change in the board's working language back to the early 1990s, when the first foreign members joined the boards of our case companies. In addition to the personal interviews, we also extracted secondary data from company annual reports, the archives of *The Financial Times*, and leading Nordic business dailies such as *Børsen*, *Dagens Næringsliv*, *Dagens Industri*, and *Kauppaliehti* for the entire period covered by the study.

As the study progressed, the topic of language was added to our data collection and analysis because of its salience (Dubois & Gadde, 2002). To illustrate, we posed the following questions: Have you experienced challenges due to the internationalization of members in the corporate board? How do you see the role of language in board work? Since the centrality of the language theme became evident only during fieldwork rather than prior to it, we did not pose the same language-related questions to all our interviewees.

The majority of the interviews were tape-recorded and transcribed. However, in a few cases the interviewee would not allow us to tape-record the discussion due to the perceived confidentiality of board work. The transcripts demonstrated very clearly how some interviewees found language a sensitive issue and were not comfortable being interviewed about it. In contrast, former board members and managing directors tended to speak more openly about

distant board experiences as time had passed. One of them admitted that “people don't want to speak about things that make them look bad. It's much easier to move on by saying that language is not an issue – everybody speaks English!” This quotation demonstrates the limits of interviewing as a data collection method about sensitive issues (Macdonald & Hellgren, 2004). It is unlikely that a board member would, in an interview situation, admit to having made a wrong decision or a mistake in board work due to language-based misunderstandings. However, we relied on interviews because language-related issues are rarely documented in company reports and our access to companies did not allow us to attend board meetings and observe them in real time.

As a Nordic team of researchers, we conducted the personal interviews in Danish, Norwegian, Swedish, Finnish, and English, and matched the interviewee's native tongue with that of the researcher. We believe that this choice of the interview language contributed to the quality of the interview data. On the other hand, the extensive use of Nordic languages in data collection prevented us from “testing” the interviewee's ability to speak English, which was the dominant working language of the boards we studied. But we did observe how our interviewees whose mother tongue was not English commonly engaged in code-switching (Muysken, 1995), i.e. they would mix languages in a sentence during the course of the interview. As a collaborative research team, we also used a mixture of Scandinavian languages and English in our work when collectively analyzing the data (see also Welch & Piekkari, 2006; Xian, 2008).

Data Analysis

Since our aim was to explore and explain the influence of language diversity on the work processes of the corporate board in a holistic rather than variable-oriented way (Ragin, 1992), we wrote nine case narratives, one on each company.

TABLE 2
Overview of the Personal Interviews with Board Members and Executives

		No. of interviews	Female	Male	Current board members	Former board members	Foreign	Native
Biohit, Finland	Chairperson	1		1	1			1
	Board members	2		2		2	1	1
	CEO	1		1	1			1
Danisco, Denmark	Chairperson	1		1	1			1
	Board members							
	CEO							
Ericsson, Sweden	Chairperson	1		1	1			1
	Board members	2	1	1	2		2	
	CEO	1		1	1			1
Expert, Norway	Chairperson	1		1	1			1
	Board members							
	CEO	1		1	1			1
ISS, Denmark	Chairperson	1		1	1		1	
	Board members	1		1	1		1	
	CEO							
Nokia, Finland	Chairperson	1		1	1			1
	Board members							
	CEO	1		1	1			1
Novozymes, Denmark	Chairperson	1		1	1			1
	Board members	3		3	3		2	1
	CEO	1		1	1			1
Outokumpu, Finland	Chairperson	1		1	1			1
	Board members	7	4	3	6	1	3	4
	CEO	1		1		1		1
Simrad Optronics, Norway	Chairperson	1		1	1			1
	Board members							
	CEO	1		1	1			1
Total		32	5	27	27	4	10	22

Source: Annual reports, company websites and archives of *The Financial Times* and the leading Nordic business dailies (*Børsen*, *Dagens Næringsliv*, *Dagens Industri* and *Kauppa-lehti*).

We used chronological case narratives to tie the data together in a sequence and to capture “the contexts, content, and process of change” (Pettigrew, 1990: 268). The case narratives covered themes such as the entry of the first foreign board member, the speed and nature of switching from a Nordic national language to English, and the choice of the board’s working language and its influence on work processes of the board. Thereafter, a cross-case analysis, which is presented in this paper, was undertaken based on the individual case narratives. This is in line with the recommendations of case study guidebooks (Yin, 2009) as well as case study practice (Piekkari, Welch, & Paavilainen, 2009). Although first- and second-order coding has been advocated and popularized as a data analysis technique (e.g., Gioia, Corley, & Hamilton, 2013), it has also been criticized for decontextualizing empirical material and creating a false

sense of “objectivity, unity, and homogeneity” (Alvesson & Gabriel, 2013: 249; Maxwell, 2012). Because diversity is highly context-dependent, we found case narratives a more suitable analysis technique for our purposes.

Translation was an important step in the analysis of our multilingual data set. We conducted a total of 32 interviews out of which 12 were carried out in English and 20 in various Nordic languages. Therefore, a large majority of interview quotes had to be translated from a local Nordic language into English. This process followed several steps. Firstly, in order to share interesting insights and powerful quotations with members of the research team, we summarized the interviews in English. Particularly the interviews that had been conducted in Finnish could not be understood in the original language by the other members of the research teams. Secondly, once we had selected the

interview quotes for the present manuscript, we iterated several times between the original and the target language to maintain the intended meaning and the richness of the interviewee's verbatim expressions during the course of the translation. Thirdly, two professional proof readers, who were native speakers of English, carefully read all the quotes we had translated into English. We reviewed and discussed with them the specific meanings and nuances of different words and expressions. Taken together, the translation process itself deeply immersed us in the data and triggered novel insights and interpretations. We concur with Chidlow, Plakoyiannaki, and Welch (2014), who treat translation as a social practice and suggest that it be reframed as a process of intercultural interaction rather than a technical exercise in following the protocols of back translation.

Evaluation of the Quality of Our Study

In line with the interpretive tradition in qualitative research, we undertook several measures to enhance the quality of our study (Creswell & Miller, 2000). To ensure validity, we incorporated multiple sources of evidence to cover all relevant viewpoints. We were not concerned with convergence among the different data sources toward a single fact (as is done in triangulation), but rather with including multiple, sometimes complementary, sometimes conflicting perspectives on the phenomenon at hand. After establishing preliminary themes we searched for disconfirming evidence, which is demonstrated by the incorporation of the two outlier cases. During the research process, we also engaged in self-reflexivity in terms of our own language use within the research team and with our informants.

The role of reliability as a quality criterion in evaluating qualitative research is much more contentious than that of validity because it refers to the extent to which the study can be replicated by other researchers in the same or similar settings, or by the researchers themselves on different occasions, to arrive at the same findings (Cornelissen, Gajewska-De Mattos, Piekkari, & Welch, 2012; Schreier, 2012). Given our philosophical commitment to the ideals of interpretive qualitative research, we were not concerned with the replicability of our study as such but with the plausibility of our findings (Johnson, Buehring, Cassell, & Symon, 2006). We engaged in a time-consuming process of analyzing the case narratives collectively as a research team in order to arrive at a shared interpretation of meaning. In case of disagreements, we resolved them through discussion in team meetings. We also returned each case narrative to the case company for comment and review, and sent the manuscript to two board professionals. They agreed with our interpretation of the findings. This step, which Creswell and Miller (2000) call "member-checking" is important to ensure that the results embody a plausible interpretation of the phenomenon under study and make sense to those "living the phenomenon." Because of our collective approach to data analysis, we did not follow the procedure of measuring inter-coder reliability which refers to the degree of agreement between coders who divide the data set amongst themselves and code it

separately and individually (Potter & Levine-Donnerstein, 1999).

FINDINGS

Our analysis revealed that the case companies responded to the increasing level of language diversity in their boards very differently. The range of responses led us to categorize the case companies into three groups: (1) the well-prepared group, Danisco, Ericsson, ISS, Nokia, and Novozymes, which adopted English as the new working language of the board after a long period of "corporate Englishization" (Boussebaa, Sinha, & Gabriel, 2014) at the executive management level; (2) the unprepared, Biohit and Outokumpu, which implemented the language change "overnight" in a fairly abrupt and sudden manner; and finally, (3) the outliers – Expert and Simrad Optronics, which opted for alternative solutions.

Language Diversity across the Nine Case Companies

Our findings revealed that boards had to consider changing the current working language to English in order to accommodate a foreign board member. Table 3 provides an overview of language diversity in the boards and executive management teams across the case companies. As can be seen from Table 3, we identified three different solutions to language diversity that the case companies had adopted after the recruitment of a foreign board member: (1) a full switch to English as the new working language; (2) no switch (i.e., to continue using a Nordic language in board work); and (3) the alternative solutions opted by the outliers, Expert and Simrad Optronics, which will be discussed separately.

In addition to the working language of the board, Table 3 also reports the range of mother tongues present among board members. This is in line with Kassis Henderson's (2005) argument that members of language diverse teams revert to the interpretive systems of their native tongues. We applied Chiswick and Miller's (2005) measure of linguistic distance between English and a myriad of mother tongues. In keeping with Chiswick and Miller (2005) we argue that the greater the linguistic distance, the more different the underlying interpretive systems of the mother tongues used by the board members. This is likely to render board interaction more challenging. As Table 3 shows, linguistic distance varied from short to medium across the nine boards, which was the maximum degree of diversity that we could find. It is unlikely that foreign board members in the Nordic listed companies would have, for example, Arabic, Cantonese, or Korean as their mother tongue due to the communication challenges posed by these languages. The findings of our study showed that even short and medium linguistic distance can have a significant impact on the work processes of the board.

We also paid attention to the working language of the executive management team to deepen our understanding of language diversity within the case firms (see Table 3). A shared working language between the executive

TABLE 3
Language Diversity in the Boards and Executive Management Teams of the Nine Case Companies in 2007

	Working language used by the board	Mother tongue of board members	Linguistic distance ^a	The working language of the executive management team	Executive management team with (non-)Nordic members
Biohit, Finland	English	4 Finnish, 1 English, 1 Swedish	Medium	Finnish	Nordic only
Danisco, Denmark	English	7 Danish, 1 Finnish, 1 Swedish	Short	English	Non-Nordic
Ericsson, Sweden	English	10 Swedish, 3 English	Short	English	Non-Nordic
Expert, Norway	Hybrid "Scandinavian"	7 Norwegian, 1 Swedish	Short ^b	Norwegian	Nordic only
ISS, Denmark	English	5 Danish, 3 English, 1 Hindi/English, 1 Swedish	Medium	English	Non-Nordic
Nokia, Finland	English	4 Finnish, 3 Swedish, 1 English, 1 German, 1 Hindi/English	Medium	English	Non-Nordic
Novozymes, Denmark	Primarily, Danish	7 Danish, 2 Swedish, 1 Norwegian	Short	English	Non-Nordic
Outokumpu, Finland	English	4 Finnish, 2 Swedish, 1 French, 1 Dutch	Medium	English	Non-Nordic
Simrad Optronics, Norway	Hybrid Primarily, Norwegian	5 Norwegian, 1 English	Short	English	Non-Nordic

^aLinguistic distance is measured according to Chiswick and Miller (2005).

^bBecause Expert's board uses "Skandinaviska", a mixture of Scandinavian languages that allows each member to converse in their own mother tongue, instead of English, the distance is measured between Norwegian and Swedish.

management team and the board obviously facilitated interaction and collaboration between the two.

The Well-prepared Case Companies

The group of well-prepared case companies consisted of five firms: Nokia, Novozymes, Danisco, Ericsson, and ISS. In the following, these companies will be analyzed in terms of the nature of the language change process they underwent and its effects on the board's work processes.

The Nature of the Language Change Process. Nokia switched the language of board meetings from Finnish to English when the first foreign board member joined the board in 1992. Most of the written material for board meetings had already been prepared in English before 1992. In this regard, language change crept in through the back door and "the board was the last place in the corporation where the shift to English had been made for good," as one of our interviewees said.

A major reason for this easy transition was the presence of foreign executives on Nokia's executive management team. The smooth change in board language was explained by the extensive use of the English language in Nokia's daily activities. The firm was radically transformed in the 1980s and 1990s, when it decided to divest all other businesses such as paper, tires, and personal computers and focus on what it considered to be the core business, namely telecommunications. Nokia also acquired a UK-based company in 1991, which accentuated the need for proficiency well below executive top management (Ollila & Saukkomaa, 2013). As the Nokia chairman clarified, the company was renewed and rejuvenated by the departure of the old management. For the younger generation of managers, engaging in international business and speaking English was obvious and very natural. As a foreign member of the executive committee put it:

Nokia is very strict with the use of English. Our meetings are in English, we write in English, and people are very . . . very much attuned to [English], [they] don't fall back into Finnish . . . and don't make it awkward for people that don't speak Finnish, whether they're Chinese or they're American or they're from Brazil, you know [sic].

Compared with our interviews in other Nordic companies, the Nokia representatives appeared exceptionally comfortable in using English as their working language. Nokia was one of the pioneers in the Nordic context to have a written language policy specifying language usage, even down to the level of the appropriate tone of voice (Kangasharju, Piekkari, & Sääntti, 2010). Some of our interviewees at Nokia were almost taken aback by our questions concerning the effect of English on board dynamics. Even in Nokia units in Finland, Finnish colleagues would frequently send each other e-mails in English in case the message might be forwarded to a non-Finnish-speaking colleague. As the Finnish CEO explained:

Language is not an issue. It cannot be. And if it was an issue for someone, it becomes the personal problem of the individual in

question. It is then for this person to look for other employment opportunities. It [speaking English] is so self-evident here (our translation).

The Nokia case is an example of a proactive, highly global company that started to use English at the board level long before the first foreign board member was recruited, albeit not yet as the official board language. Although the Nokia board had completely switched over to English, the minutes of board meetings were still written in Finnish until 1998, when the number of foreign members began to increase (Ollila & Saukkomaa, 2013). Whenever Finnish authorities needed to be informed about board decisions (e.g., the appointment of a new CEO), an official translation of the minutes into Finnish was provided.³ The Nokia language experience was very similar to that of the Swedish company Ericsson, which also started to use English long before the first foreign board member was recruited. This suggests that during the time of our study (2007–2009), the legal framework had given way to the use of a non-national language in corporate boards.

In the Danish firm Novozymes, Danish was kept as the language of board meetings. This was possible because in 2007 the three foreign board members of the seven shareholder-elected members were from Norway and Sweden (see Table 3). The composition of the board had remained the same since establishment of the firm in 2000. Board meetings were held in Danish due to the preference of the employee representatives. Although the CEO was of the opinion that Novozymes would benefit from a truly international board without employee representatives,⁴ he noted that a potential switch from Danish to English could be interpreted as an attempt to exclude employee representatives from discussions in board meetings. In early 2008, however, the language of the written materials prepared for the meetings was gradually changed from Danish to English as the number of foreign board members increased. This also triggered the provision of translation services for the employee representatives.

In another Danish case company, Danisco, the first foreign member from Sweden joined the board in 1993 and left in 2005. In 1999, two Finns joined the board as a result of an acquisition. While the Novozymes board was truly Scandinavian, Danisco's board was Nordic because of the Finnish members. Danisco's board members were expected to be internationally oriented and have a broad range of managerial experience, hence the use of English as the board's working language. Danisco had previously had negative experiences of a foreign board member who had been recruited outside the Nordic region. This individual failed to actively participate in and contribute to board meetings because of insufficient fluency in English and was therefore ultimately replaced. Taken together, our case-based evidence suggest that the co-determination acts introduced in the Scandinavian countries in the late 1970s and early 1980s delayed the introduction of English as the board's working language and board internationalization.

Effects of the Language Change on the Board's Work Processes. In the well-prepared cases, the shareholder-elected board members did not find the switch to English

problematic. They were able to actively share knowledge, participate in and contribute to board work. Overall, the "voice of diversity" was heard and it was considered beneficial for board work. The challenges associated with the language switch were experienced among the employee representatives. The Danish cases (Danisco, ISS, and Novozymes) had the highest percentage of employee board representatives among our Nordic case firms, and we observed that the language switch had a negative effect on employee representatives' ability to participate in board work. Supporting evidence was also provided by the Swedish firm Ericsson: two shareholder-elected board members mentioned independently that operating in English was a challenge particularly for the employee representatives. However, the well-prepared companies were much more aware of language issues and dealt with them in a more gradual and diligent manner than the unprepared companies to which we will now turn.

The Unprepared Case Companies

The group of unprepared case companies consisted of two Finnish firms, Outokumpu and Biohit. As Table 3 shows, the board members were separated by a medium linguistic distance and the native Finnish members were unable to participate actively in board meetings conducted in a foreign tongue, English. This was reported to have negative effects on board processes; board members interacted significantly less with each other and the board meetings themselves were shorter than before the introduction of English. These findings are in sharp contrast to those from the well-prepared case companies. The Finnish firm Outokumpu, in which the Finnish state had a holding of 31 percent in 2007, switched over to English as the working language all at once; the process was not incremental. The first foreign board member was elected in 2003 as a consequence of a cross-border acquisition. In keeping with the spirit of the regulatory barriers existing prior to EU membership, the Finnish state initially opposed foreign board membership. At that time, however, the chairman of the Outokumpu board was a key sponsor of internationalization of the board, although neither he, nor any of the other board members, or the rest of the Outokumpu organization were fully prepared at the time for the consequences of the language change. The first foreign board member of Outokumpu recalled the situation as follows:

[T]hey decided [that] rather than having an interpreter we would do it [have the board meetings] in English. Not all members at that time spoke English well. In fact two of them were very poor English speakers (our translation).

The high requirements for English proficiency were experienced among both shareholder-elected and employee-elected board members. One of the employee-elected members from Outokumpu's board commented as follows on the use of English language in board meetings:

[Business] terminology is in use [in board discussions]. Although I check it beforehand I may have forgotten it. And then there are those abbreviations, so I am sometimes a little lost [in the board meetings] (our translation).

For these reasons, the Outokumpu chairman stressed his responsibility as chairman to ensure that board members had sufficient language competence:

You have to make sure that all board members have equal communication skills and capabilities in the language that is being used. And at that time [of the language switch] the situation was a bit different (our translation).

Recruitment of the foreign members to Outokumpu's board was partly motivated by the demand to recruit more women to the boards of state-owned enterprises and not by the demand of the executive management team, whose members were all Finnish at the time, or by that of outside foreign owners.

Biohit, the second unprepared Finnish case company, experienced a major turnaround in terms of the working language of the board. Initially, when the first and only foreigner (from the UK) joined the board for two years in 2006, English was introduced as the new working language. Finnish-speaking board members found this shift challenging; all the board material was translated from Finnish into English and the board members, including the chairman, had to learn the key vocabulary in English. It is perhaps not surprising that a change back to Finnish was made when the non-native member left the board in 2008. The departure of the foreign board member was explained by the poor transportation connections between his home town outside London and Finland and the high relative costs to this medium-sized company of having a foreign board member. During the personal interview, Biohit's chairman made the following remark: "the boardroom is the last to internationalize, if it globalizes at all!" (our translation). In the following, the effects of the language change on the boards' work processes will be scrutinized.

Failure to Contribute to Board Work. In Outokumpu, the work in the boardroom became strained and difficult after the change of working language from Finnish to English. One board member reflected upon the language change, which took place in 2000:

It is obvious that when you are expected to express yourself in English, language becomes a crucial issue. Let's put it this way, when the working language shifted to English, the discussion was limited (our translation).

The Outokumpu chairman commented that the introduction of English rendered the quiet board members even quieter. One of them, who had left the Outokumpu board at the time of our study, described her own experience:

I do think the shift in language affected my own behavior in that I was even less eager to speak . . . I was not the most talkative board member anyway. I lacked the specialized vocabulary and I could not use everyday English to express the issues that I had in mind during the board meetings (our translation).

She recalled how she had taken English language classes to improve her ability to express herself during board meetings. Overall, this former board member was very critical of the fact that no one on the Outokumpu board spoke their mother tongue. She pointed out that in the Finnish-speaking boards of which she was also a member, the communication

and actual board work tended to be more effective because the discussion was carried out in the shared mother tongue of the board members:

It is clear that certain nuances can only be expressed effectively in your mother tongue . . . When you use a foreign language, it becomes more technical (our translation).

Failure to Disagree and Debate. In the Finnish company Biohit, the chairman of the board explained how the quality of the discussions at board meetings had suffered. As a non-native speaker, he found it particularly difficult to argue and disagree in English. "The board meetings of Biohit have become very polite and the discussions have been toned down," he explained (our translation). As mentioned previously, once the sole foreign board member departed, Finnish was quickly reintroduced as the working language. The unpreparedness for the language switch can be interpreted in the light of the working language of Biohit's executive management team, which was Finnish.

Turning back to Outokumpu, the former CEO shared this view of the challenges associated with not being able to communicate in a nuanced way:

You may speak fluent English but the kind of English that is required here is different (our translation).

The above quotation suggests that the tolerance towards "broken English" is almost non-existent in corporate boards. Even people with a lifetime of international experience can be impeded by the use of a non-native language. In 2010, Carl-Henric Svanberg, the Swedish-born chairman of the oil giant BP, made an effort to communicate compassion to the victims of the oil spill disaster in the Gulf of Mexico. However, a linguistic blunder made the difficult situation even worse. Rather than showing concern for ordinary people, the chairman managed to stir up reporters by speaking of the victims as "small people," a term that native English speakers interpreted as derogatory. News of the blunder spread like wildfire and was soon in the international headlines, causing substantial "bad will" for BP in its external communications (Gerhart, 2010). The chairman of BP was also one of our interviewees. At that time, he was a member of the board of Ericsson and its CEO.

Social Exclusion. A foreign board member from Outokumpu referred to the occasional use of the domestic language, Finnish, at board meetings. She pointed out that "when they start speaking Finnish during the breaks I do not understand what they say." This caused social exclusion. Moreover, the annual general assembly of shareholders is held in Finnish with all the supporting material prepared in Finnish as many of the shareholders are Finnish.

The Outokumpu chairman said that successful implementation of a new working language of the board requires a certain critical mass of foreign members in order to avoid social exclusion. He expressed this with humor:

One ape is not enough; you need two apes [i.e., foreigners]! One foreigner on the board is too lonely and the others tend to revert to their own mother tongue. In order to alter the prevailing way of doing things you need two [foreigners] at once (our translation).

On the other hand, English as a working language was also regarded as an equalizing factor. For example, the use of English posed a challenge to all board members since no-one on the Outokumpu board was a native speaker of English. One foreign board member put it this way:

Everyone speaks English really all through [the meetings]. So that's really very good . . . sometimes it's difficult not to speak your own mother tongue but on the other hand it's an equal situation for all of us.

It is worth noticing that the introduction of English as the board language meant that the majority of board members were not permitted to use their mother tongue in meetings that normally were held at the premises of the corporate headquarters. The ban on use of the parent company language in the home country of the firm evoked behavioral and emotional reactions in our interviewees. Our findings therefore show that switching languages is not a mere technical issue.

The Two Outliers

We identified two outliers among our case companies that avoided the negative effects of language diversity on the work processes of the board. These firms opted for an alternative solution in order to circumvent the language problem. The two companies were Expert and Simrad Optronics, both based in Norway.

Expert's board included one foreign board member from Sweden, who was recruited in 2007. Another member, a Norwegian national, lived in the Baltic States, bringing in additional international expertise. Expert did not change the working language of the board but treated multilingualism as a resource and means for recruiting a diverse set of board members. Because of the similarity between the Scandinavian languages, the board used "Skandinaviska" at all its meetings; each member could therefore converse in their own mother tongue (see Table 3). The chairman felt a more pressing need to internationalize the executive management team rather than the board. Expert's deliberate strategy of recruiting internationally minded, multilingual board members from Scandinavia was founded on the benefits of a more international board while capping the costs at a reasonable level.

The second outlier was Simrad Optronics, which kept Norwegian as the working language of the board, but allowed some use of English. This hybrid solution was driven by the recruitment of an American woman who joined the board in 2005. She had lived in Norway for over a decade and was able to participate in the board meetings in Norwegian. The fact that she was American was considered to offer an advantage when "selling" stock to foreign investors and during her tenure foreign ownership increased from virtually nil in 2005 to 13 percent by the end of 2007. Given the need for a more internationally experienced board, particularly because the company operated in a high-tech defense manufacturing sector, the corporate board decided to establish an advisory board of foreign experts. This solution provided access to outside expertise as well as legitimacy in relation to foreign military customers, while avoiding the legal and management

obligations associated with regular board membership. It also allowed the board to continue using mostly Norwegian in its meetings. Simrad Optronics was a relatively small company and could not afford high levels of remuneration to foreign board members in relation to the perceived risks and responsibilities that corporate board membership carries.

DISCUSSION

Our study contributes to research on board diversity by exploring how entry of a foreign board member and the subsequent language switch affects the functioning of the boards of the case companies. The challenge of managing board diversity has been highlighted in past research. Minichilli, Zattoni, and Zona (2009: 302) emphasize that “the effective contribution of board members to strategy requires both an adequate composition and structure, and well-organized internal processes.” So far, however, the international angle on diversity research has primarily covered culture rather than language as a distinct dimension of diversity (for a review, see Stahl et al., 2010). By disassociating language from culture we show that some of the challenges faced by board members when interacting with each other stem from language diversity rather than cultural differences.

The Theoretical Model

Figure 1 presents our theoretical model and the interrelationships between the key findings: “Nature of the language change process,” “Effects on the board’s work processes,” and “Alternative solutions.” Our model shows how the recruitment of the first foreign board member increases the level of language diversity in the board. On the other hand, corporate boards may also internationalize through recruitment of foreign members who barely affect the level of language diversity of the board (e.g., adding foreign board members from other Scandinavian countries). We observed that the presence of employee representatives on the boards reduced the level of English fluency. This suggests that the board co-determination act of the Nordic corporate governance model coupled with the use of a non-native language produced hidden costs that slowed down board internationalization.

Our case companies varied in terms of whether they had anticipated and prepared for how the entry of the first foreign board member would affect the level of language diversity in the board. As Figure 1 demonstrates, the well-prepared companies had made plans for the increase in language diversity of the board over a long period of time. Incremental preparation took place both at the level of the board as well as in the broader organization. Executive teams had adopted English early, well before the corporate board. Board material was prepared in English and translation services were made available for those who needed them (e.g., the employee representatives). The switch from the use of a national language to English as the new working language of the board was a step-wise, carefully managed process, demonstrating a high awareness of language issues.

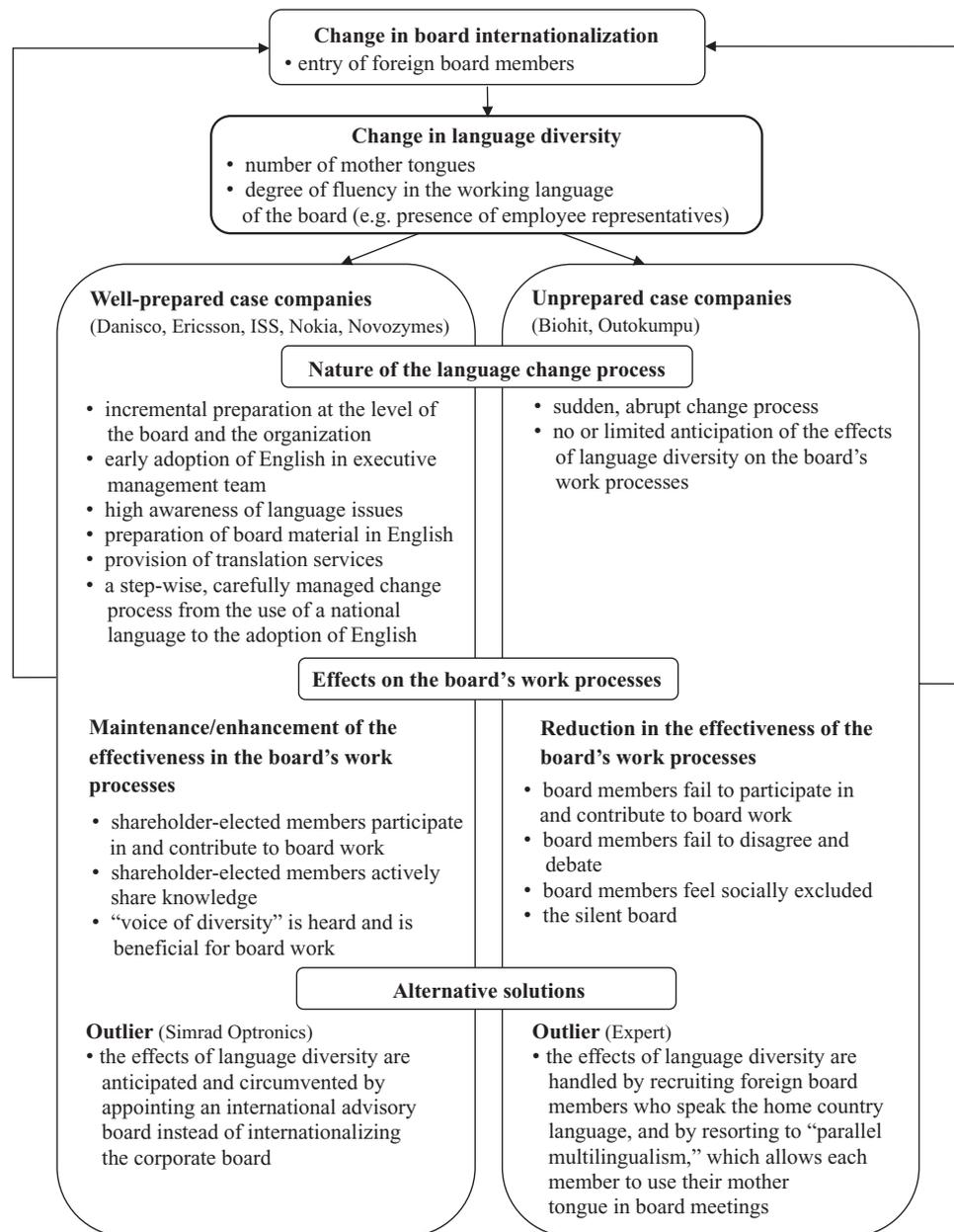
Furthermore, in the well-prepared case companies, the effectiveness of the board’s work processes was either maintained or enhanced as Figure 1 suggests. All shareholder-elected board members could participate in the work of the board and were able to draw on their complementary knowledge. Overall, our observations suggest that “the voice of diversity” was heard and present in the board interactions of the well-prepared case companies.

However, the unprepared case companies did not anticipate the effects that the entry of the first foreign board member would have on the language diversity and the work processes of the board. There were few preparatory measures taken at the board or organization levels. The switch from a national language to English as the working language was implemented in a more sudden, abrupt manner. The unprepared case companies experienced a reduction in the effectiveness of work processes, which we label the “silent board.” This was a major finding of our study. Both shareholder-elected and employee-elected board members were unable to participate in board work because of the language barrier; they failed to contribute and experienced less “productive” disagreements and weaker debates in board meetings. They also expressed feelings of social exclusion as they were “forced” outside their comfort zone. The silencing effect generated significant indirect costs, though these were largely hidden in nature.

The outlier case, Simrad Optronics, had appointed an advisory board instead of an international corporate board. It had anticipated the potential effects of foreign board members on language diversity and circumvented them through an alternative solution that proved effective. Expert, the second outlier company, did not change the working language of its board. Instead, it circumvented the influence of the “silent board” by recruiting foreign board members who could speak the language of the board’s home country. The company used passive multilingualism as a coping mechanism in its board meetings, allowing each member to converse in their own mother tongue. This alternative solution allowed Expert to maintain and even enhance the effectiveness of the board’s work processes.

Support for our novel finding of the silent board can be found in previous research, albeit conducted well below the board level. Luring and Tange (2010) identified a similar reduction in the overall level of communication in their study of English as a common corporate language in 14 international companies based in Denmark. However, in contrast to the present research, their study was not extended to corporate boards. Research on cross-cultural teams has also provided supporting evidence of the silencing effect. Schweiger et al. (2003: 134) referred to one of their interviewees, a team leader who confessed that several team members “just could not find the words to express themselves” although English was the official language of the company. Consequently, the team could not draw on the full depth of these members’ capabilities. While past research has uncovered the effect of language diversity on international management processes, our findings at the corporate board level point to a linkage between language and performance (see Luo & Shenkar, 2006, for a conceptual discussion).

FIGURE 1
The Effect of Language Diversity on Work Processes of the Board



Our findings highlight how language diversity influences the work processes of corporate boards. Specifically, we enrich the existing understanding of the board's functions: as a monitoring device, a source of strategic advice, and a nexus of environmental linkages for securing critical resources (Johnson et al., 1996; Stiles & Taylor, 2001; Zahra & Pearce, 1989). By emphasizing language and the communicative aspects of board work, we reinforce the view of the board as a negotiating, consensus-building forum where directors search for reconciliation between potentially divergent interests (Ravasi & Zattoni, 2006). However, board

members' fluency in the new working language sets the limits to the board's ability to function as a negotiation forum. We show that individual board members' actual capacity to bargain, negotiate, and "sell" their ideas to the rest of the board is very much language-dependent. One may also assume that the introduction of a new working language changes the relative power of several board members as some will be silenced while others will gain. The "winners" will be able to exercise more influence on the work processes of the board, adding to the literature on the political behavior of corporate boards (Ravasi & Zattoni,

2006). It also contributes to the general stream of research on power and politics as an intrinsic feature of organizational decision making (Crozier & Friedberg, 1995).

We confirm the results of Oxelheim et al. (2013) that board internationalization is one of the last steps in the internationalization process of the multinational corporation. Even though Nordic companies are among the most internationally oriented firms in the world in terms of foreign sales, employment, and ownership (UNCTAD, 2012), the level of foreign board membership is relatively low. Nokia and Ericsson, two of our case companies, recruited their first foreign board members as late as in the early and mid-1990s, respectively. This study extends prior research by introducing a language-centered explanation for the surprisingly slow internationalization process of corporate boards.

CONCLUSION AND MANAGERIAL IMPLICATIONS

The contribution of the present study lies in exposing a new research question: How does language diversity influence the work processes of corporate boards? Language issues have been studied at organizational levels below the board (Mäkelä et al., 2007; Marschan-Piekkari et al., 1999; Neeley, 2013) but not, to the best of our knowledge, inside corporate boards. We see a specific need to study corporate boards because they have a number of distinctive features compared to other work groups: they have a high level of decision-making power, they meet relative infrequently, and they commonly represent divergent interests.

While the executive team has been shown to be comfortable operating in the common corporate language, which often is English (Marschan-Piekkari et al., 1999), many of the board members we interviewed were not. This was a novel finding. With our study of nine corporate boards in four Nordic countries, we join the small but growing community of qualitative researchers in the field of corporate governance (Bailey & Peck, 2013; Bansal, 2013; Machold & Farquhar, 2013; McNulty et al., 2013). Our multi-country study of nine corporate boards in four Nordic countries provides a different research context because much of the previous qualitative research in the field has been dominated by single-country studies, which have dealt particularly with the UK (McNulty et al., 2013).

This study is not without limitations. Our data were primarily collected from personal interviews rather than from observation of board meetings. Because of the limitations associated with interviewing as a data collection technique (Macdonald & Hellgren, 2004), the full effect of language diversity is probably more extensive than indicated by our present findings, at least immediately after the language switch. The case companies we studied were all headquartered in the Nordic region, which represents linguistically a relatively homogeneous region with a high degree of English proficiency. We would therefore argue that if switching the board's language has a significant influence on the way boards function in Nordic firms, one would expect the situation to be considerably more challenging elsewhere, such as in Japan.

This study offers new knowledge that has implications for managerial practice. From our case companies, we have

learned that the board will experience great difficulties in work processes if its members are not on an equal playing field in terms of fluency in the working language. Specifically, we suggest that companies should make a substantial effort in preparing for a language change before undertaking it. Examples of such preparatory measures include the adoption of English in the executive management team, "educating" foreign and domestic board members on language issues, and replacing those members who are not able to handle the language switch. In line with general recommendation for better board practices (Huse, 2005), we also support the use of board induction programs and annual board reviews. Furthermore, synergy appears to arise from the use of the same language in board meetings, in documentation for these meetings, and in communication with the executive management team. Such consistent use of one language would support transparency to outside stakeholders and thus facilitate good corporate governance practices. However, internal stakeholders such as employee representatives, who are required to be included on boards in some countries, may vocally resist a change in the working language. We suggest that the use of translation services in board meetings is rarely an ideal way to close language gaps within the board.

We see a need for further research particularly in three areas: (1) How can the language switch be better understood as a *process*, from the initial decision to seek a foreign board member, to the impact on work practices in the diverse board? (2) How does a language switch change the perception of major stakeholders of the firm such as employees or shareholders? (3) How does the language switch influence the role of the MNC home country? Is a language switch only the first step on a journey to leave the home country where the MNC headquarters is based?

Reaping the benefits of board diversity is, in our opinion, the particular responsibility of the chairperson. Even though English is generally well understood in the Nordic countries, chairpersons should be aware of possible social exclusion due to the language barrier. A sole "diverse" board member, whether a foreigner or a woman, runs the risk of becoming a token member. She or he is likely to feel isolated and handicapped to the extent of being unable to make a difference. Nomination committees should also be alerted to the high level of foreign language proficiency needed for effective board work. Owners should be equally aware that "opening up" the board to foreign members may not only change the working language of the board, but also potentially make the company more open to outsiders, including new investors, as the presence of foreign board members has important signaling effects. The prospect of enhancing corporate value from such an opening up (Oxelheim & Randøy, 2003) may motivate even more firms to seek highly competent, English-speaking board members and thereby increase the level of board diversity to meet the requirements of an increasingly complex operating environment.

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NOTES

1. It is worth noticing that the board may also internationalize through members who do not affect the level of language diversity of the board. Such individuals have a foreign passport but are completely fluent in the working language of the board.
2. A careful reading of the corporate governance codes in the Nordic countries reveals that none of them addresses directly the issue of language or international representation. However, it should be noted that the Swedish code indirectly mentions the issue of international board representation by stating that in the recruitment of board members, "[t]here should be a balance between [representatives of] Swedish and international capital markets", <http://www.corporategovernanceboard.se/about-the-board/composition>
3. Likewise, in Norway the official annual report, which has to be written in Norwegian, is issued and signed by the board. However, the board may also approve the English translation.
4. As long as the company is incorporated in Denmark and employs more than 35 workers, employees are entitled to board representation.

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