Extent Of Director Involvement In The Strategic Management Process: Does Occupational Background Make A Difference?

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ABSTRACT

Propositions were tested with original survey data from 224 directors from nineteen hospitals to determine the extent of their involvement in the strategic management process. In most areas, board members whose occupational background is in health care tend to be less engaged than their counterparts whose background is not in health care. Significant differences were observed with respect to broad cross-functional strategic issues and overall hospital performance. Both groups had limited involvement in setting standards for rewarding top management and evaluating their performance. The results raise potentially important strategic and ethical dilemmas for hospitals and offer proponents of changes in board composition support for their normative suggestions.

INTRODUCTION

There is general agreement among organizational researchers, governance experts, and business executives that, traditionally, boards have engaged in the strategic process only to the extent that they legitimized proposals from corporate executives (Iacocca, 1984; Shanklin & Ryans, 1981). However, in recent years, the extent to which board members are involved in the corporate strategic decision making process has become of major concern. This has sparked many research investigations. Of particular interest is the board's decision making processes (Forbes & Milliken, 1999), the structure of its committee membership (Kesner, 1988), its role in strategic management (Judge & Zeithaml, 1992), and its impact on financial performance (Hillman & Dalziel, 2003), CEO succession (Ocasio, 1999), and social responsibility (Ibrahim & Angelidis, 1995).

BOARD INVOLVEMENT

To date, the board's multiple roles and duties have been the most-studied aspect among all board investigations. These studies identified several major responsibilities that capture directors' most significant functions. A list of some of these is presented in Table 1.

There is ample empirical evidence from organizations of many different kinds that there are levels of board involvement, which can be represented as continua (McNulty & Pettigrew, 1999; Zahra & Pearce, 1989). One particularly useful framework for evaluating the role of the board of directors in corporate strategic management was developed by Wheelen and Hunger (2004). A board can be characterized as being at a specific point on a continuum depending upon its degree of involvement in strategic affairs. Accordingly, "boards can range from phantom boards with no real involvement to catalyst boards with a very high degree of involvement" (p. 28). aspects of strategic management. Table 2 shows these scales and the areas they purport to measure.

Table 1. Responsibilities Of Boards Of Directors

Author(s)	Year	Responsibilities
Pfeffer and Salancik	1978	Advice and counsel Oversight and control.
Ong and Lee	2000	Monitoring the actions of executives on behalf of shareholders
Hillman and Dalziel	2003	Providing input, resources, and advice in formulating strategies
Johnson et al.	1996	Establishing links with stakeholders Participating in strategic planning
Boulton	1978	Reviewing overall board role and responsibilities Reviewing operating variances and problem areas Reviewing objectives and setting standards of performance Reviewing business structure Evaluating strategic and operating plans Reviewing standards for compensation and rewarding performance Ensuring the organization's human resource development Reviewing external trends Setting policies for corporate action

Table 2. Scales Measuring Board Involvement

Author(s)	Year	Purpose of Scale
Judge and Zeithmal	1992	To measure board involvement in the formulation and evaluation phases of the strategic decision-making process
Westphal	1999	To measure the degree to which directors:
Blake	1999	monitor top management's strategic decision making formally evaluate the performance of top executives defer to the judgment of top managers on final strategic decisions develop performance objectives require information showing progress against corporate objectives analyze financial information for important issues and trends analyze budget allocation against performance review company performance against the strategic plan.
Westphal	1999	To measure the extent to which:
Dulewicz et al.	1995	top executives solicit board assistance in strategy formulation outside directors serve as a sounding board on strategic issues directors provide advice and counsel outside of board and committee meetings the board takes into account stakeholders' legitimate interests the board ensures that communications with stakeholders are effective the board promotes the goodwill and support of relevant stakeholders
Zahra	1990	To measure the degree to which the board:
Blake	1999	articulates a company mission analyzes the internal and external environments identifies a strategic plan develops strategic options and selects a final strategy is involved in the strategic planning process communicates the company's strategic direction throughout the company receives plans for the implementation of strategy from the CEO benchmarks the strategic plan with industry comparative data.

A sizable amount of study has been devoted to board involvement. Unfortunately, when viewed as a whole, the results are mixed and inconclusive, thus limiting the number of definitive conclusions that can be drawn. Some have found that executives are resisting increased board involvement in the strategic process. Other evidence suggests that board members are reacting to various external pressures with active participation. Table 3 shows a list of the key studies.

BOARD CHARACTERISTICS AND COMPOSITION

The boards of many types of organizations have been examined from a wide variety of perspectives. More than two decades ago a number of writers expressed the need to study the profiles of corporate upper echelons in order to understand an organization's strategic processes. For example, Hambrick and Mason (1984) proposed several hypotheses for testing the relationship between organizational outcomes and certain demographic characteristics of top executives. They argued that strategic decisions reflect the background of the organization's most influential leaders and the organization's policies and central values could be explained, at least in part, by the profile of its upper echelon.

One common theme that has emerged from research on decision making is that executives are likely to develop distinctly different preferences based on their current or past primary functional areas. These preferences, in turn, are likely to affect their choices. As far back as 1958, Dearborn and Simon reported that top executives tend to define problems in terms of the activities and concerns of their own functional areas. This finding was supported later by a number of studies which found that, although top executives are presumed to be generalists, their occupational background biases their strategic orientation (Snow & Hrebiniak, 1980; Chaganti & Sambharya, 1987; Norburn, 1986).

Consistent with this view, a relatively small body of literature has focused on the background of one segment of the firm's upper echelon - its board of directors. Of particular interest to researchers is the impact of the board's composition and characteristics on corporate activities. However, with the exception of studies focusing on the gender of board members and the inside director-outside director dichotomy, much of the research tends to treat directors as a homogeneous group in spite of evidence to the contrary.

Table 3. Board Participation In Strategic Decisions

Author(s)	Year	Findings
A. Studies Showing Minimal Board Participation		
Whisler	1984	"Rules of the game" is to minimize participation in setting strategy
Mace	1986	Boards do not participate in strategic decisions unless faced with a risis
Patton and Baker	1987	Members are reluctant to "rock the boat" and get involved
Lorsch	1989	Directors want to increase their involvement but are reluctant to do so.
Judge and	1992	The great majority of boards are not actively working with management Zeithaml to develop strategic action.
Daily and Dalton	1995	Norms of reciprocity: Board appointments confer prestige and status, financial rewards and various perquisites. Members feel socially obligated to support the CEO and minimize any meaningful participation
Wall Street Journal	1996	Social ties between top managers and outside directors tend to be "chummy" or even "collusive" thus diminishing board effectiveness

B. Studies Showing Active Board Participation

Worthy and Neuschel	1984	A major increase has taken place in the duties, power, and responsibilities of corporate boards
Westphal	1999	Social ties between the CEO and the board encourage collaboration between top managers and outside directors in strategic decision making
Heidrick and Struggles	1990	Board members are increasingly involved in determining and monitoring the strategic directions of the organization.
Dobrzynski	1989	"Quietly, many boards are asserting themselves - redirecting strategy here, vetoing an investment there" (p. 66).

Table 4. Studies Of Hospital Governing Boards

Author(s)	Year	Focus	Findings
Witt	1993	Board training policies	Most hospitals did not have any policies for training and developing board members. Most directors did not have any board experience in large organizations
Molinari at al.	1992	Board training programs	Boards whose members attended training programs were better informed about management issues and changes in the external environment, and were associated with improved financial performance
Molinari at al.	1997	Relationship with CEO	CEO participation on boards was associated with enhanced hospital financial performance
Gardner	1992	Board Composition	The importance of including nurses in hospital boards because they have a health care background
Goes and Zhan	1995	Board composition	Physician membership on boards was associated with higher operating margins and occupancy
Molinari at al.	1993	Board composition	A high proportion of directors with business-related occupations provided boards with up-to-date operational information and financial and strategic expertise
Delbeq and Gill	1988		
Gautam and Goodstein	1996	Board composition	Boards with a higher proportion of insiders and business directors made more changes in their mix of services in response to legislative reform
Ibrahim et al.	2000	Social responsiveness orientation	Compared to those with a healthcare background, directors who did not have such a background were more concerned with economic and legal issues

HOSPITAL DIRECTORS

One important segment of the literature has been devoted to the study of hospital governing boards. Table 4 presents some of the key studies. Although these investigations have been instrumental in focusing attention on the composition and characteristics of hospital boards, there is still one area which has remained relatively unexplored - the relationship between board members' occupational background and the extent of their involvement in corporate strategy.

The present study was designed to investigate this issue. Specifically, its purpose is to determine whether a relationship exists between the occupational background of hospital directors and their degree of involvement in the strategic management process. Drawing on studies involving hospital boards and other previous research (Boulton, 1978; Patton & Baker, 1987; Judge & Zeithaml, 1992; Westphal, 1999; Blake, 1999; Zahra, 1990; Tricker, 1994; Dulewitz at al., 1995; Fama & Jensen, 1983), we would expect directors who do not have a healthcare background (NHCB) to be more involved in the strategic process than their counterparts who do have a healthcare background (HCB). Thus, a number of propositions were framed to address the following areas: Broad cross-functional strategic matters, overall hospital performance, performance of top executives, and internal issues. They are presented in Table 5. The health care-no health care dichotomy is in line with previous research on hospital governing boards (Gautam & Goodstein, 1996; Ibrahim et al., 2000; Saleh et al., 2002).

SAMPLE AND RESULTS

A total of 262 directors from nineteen hospitals in four southeastern and two northeastern states were asked to participate in the study. Two hundred-and-twenty-four responses were received (85.5% response rate). Interestingly, the response rate from each hospital was in the 81-to-89 percent range. On the average, the hospitals had 402 set-up-and-staffed beds. In the questionnaire which was developed to measure the variables of interest, directors were asked to indicate their age, education, length of service on the hospital's board, and occupational background. To test this study's propositions, a seventeen-item scale was constructed to measure the extent of a board member's participation in corporate strategic management. Responses were made on a four-point scale on which the higher the number the greater the perceived involvement.

Table 5. Propositions Regarding Directors Involvement In The Strategic Process

Broad cross-functional strategic matters

Compared to directors who do have a healthcare background, those without a healthcare background will be more involved in:

P1A: Reviewing the board's overall role and responsibilities
P1B: Defining/reviewing the hospital's mission/vision statement
P1C: Conducting an analysis of the internal environment
P1D: Conducting an analysis of the external environment
P1E: Taking into account the legitimate interests of major stakeholders
P1F: Promoting the goodwill and support of major stakeholders
P1G: Developing strategic alternatives
P1H: Providing advice and counsel in discussions outside of board/committee meetings

Overall hospital performance

Compared to directors who do not have a healthcare background, those with a healthcare background will be more involved in:

P2A: Benchmarking the strategic plan with industry comparative data
P2B: Setting standards for overall hospital performance
P2C: Evaluating overall hospital performance against the strategic plan
P2D: Analyzing financial information for important issues and trends
P2E: Evaluating operating variances

Performance of top executives

Compared to directors who do not have a healthcare background, those with a healthcare background will be more involved in:

P3A: Setting standards for rewarding top management's performance
P3B: Formally evaluating the performance of top management

Internal matters

Compared to directors who do not have a healthcare background, those with a healthcare background will be more involved in:

P4A: Reviewing the hospital's overall structure
P4B: Ensuring the hospital's development of human resources

The respondents were predominantly male (86.3%) and white (90%) with an average age of 56.4 years. On the average, they had served for 7.0 years on their respective boards. Ninety-six percent had an undergraduate college degree, 28 percent were medical doctors, and 33 percent earned a graduate or professional degree. Approximately three-quarters (77%) of these boards meet monthly, 16 percent meet bimonthly, and 7 percent hold quarterly meetings. Finally, in terms of their occupational background, 96 (43%) were in the health care industry. Among the other 128 respondents, virtually all (91%) had a business background. The latter included directors with expertise in areas such as accounting, marketing, finance, law, public relations, and management consulting. The results of *t*-tests and chi-square tests showed no significant differences between the HCB and NHCB groups with respect to their ages, gender, years of tenure, and level of education.

Descriptive statistics for all seventeen measures of director involvement are displayed in Table 6. The table also shows the rankings (based on the means of scores) of the responses provided by each group. The analysis of these results was performed in three stages. First, the Spearman rank-order correlation test was conducted to determine to what extent the rankings are similar. The results ($r_s = 0.8596$, $p = 0.0006$) indicate that there are no significant differences between the two sets and that they are positively correlated. That is, there is a high degree of consistency between the two groups' rankings. Closer examination of Table 6 shows that the means of the two groups' scores on each of the items are different. For this reason, a second test was conducted to explore these differences. A multivariate analysis of variance (MANOVA) procedure was considered to be the most appropriate analytic technique. It compensates for variable intercorrelation and provides an omnibus test of any multivariate effect. The MANOVA revealed significant differences between the HCB and NHCB directors (Wilks' $\Lambda = 0.4882$, $p = 0.0387$). That is, overall, the two groups exhibited different degrees of involvement.

Finally, to understand the underlying contributions of the variables to the significant multivariate effect, each of the seventeen dependent variables was tested using a series of one-way analyses of variance (ANOVAs) with the two groups as our two levels of the independent variable. The results, depicted in Table 7, show that differences between the HCB and NHCB samples were significant on fourteen of the seventeen variables. No significant differences were found in the following areas: setting standards for rewarding top management's performance, formally evaluating the performance of top management, and ensuring the hospital's development of its human resources. However, it is important to note that, in fifteen of the seventeen areas, the NHCB directors' mean scores were greater than the HCB group's mean scores.

DISCUSSION AND CONCLUSION

The present study is an attempt to partially fill a void by examining similarities and differences among hospital directors based on their occupational background. It led to several insights about this relationship. When the rankings shown in Table 6 are analyzed, several patterns emerge. Overall, the scores of directors with a health care background are lower than those of their counterparts but there is a very high degree of agreement between the two groups in terms of the "ranking" of the items. Specifically, the top seven items of the HCB sample correspond to the top seven items of the NHCB directors *(P1A through P1G)*. These are most directly related to broad, cross-functional strategic issues such as developing strategic alternatives, defining/reviewing the hospital's mission-vision statement, reviewing the board's overall role and responsibilities, and analyzing the internal and external environments. Also, they address the hospital's relationship with its major stakeholders.

Table 6. Means[a], Standard Deviations, And Rankings Of Scores Of Directors

	Overall Score		HCB Directors (*n* = 96)			NHCB Directors (*n* = 128)		
Variable	**Mean**	**SD**	**Rank**	**Mean**	**SD**	**Rank**	**Mean**	**SD**
Reviewing the board's overall role and responsibilities	3.12	1.12	4	2.69	1.04	1	3.44	1.17
Defining/reviewing the hospital's mission/vision statement	3.11	0.97	3	2.82	1.12	2	3.32	0.84
Conducting an analysis of the internal environment	2.91	0.96	7	2.53	0.86	4	3.20	1.02
Conducting an analysis of the external environment	3.09	0.84	2	2.87	0.84	3	3.25	0.96
Taking into account the legitimate interests of major stakeholders	2.91	0.94	5 [b]	2.66	0.65	6	3.09	1.10
Promoting the goodwill and support of major stakeholders	2.93	0.90	5 [b]	2.66	0.73	5	3.14	1.01
Developing strategic alternatives	3.01	0.74	1	2.95	0.41	7	3.05	0.30
Providing advice and counsel in discussions outside of board/committee meetings	2.31	0.99	8	2.50	0.76	12	2.16	1.13
Benchmarking the strategic plan with industry comparative data	2.71	1.03	10	2.43	1.09	8	2.92	0.98
Setting standards for overall hospital performance	2.57	0.91	11	2.38	0.88	9	2.72	0.92
Evaluating overall hospital performance against the strategic plan	2.49	1.05	12	2.30	0.99	10	2.64	1.08
Analyzing financial information for important issues and trends	2.38	1.00	13	2.21	1.17	11	2.50	0.84
Evaluating operating variances	1.90	0.92	14	1.74	0.96	13	2.02	0.88
Reviewing the hospital's overall structure	2.19	0.54	9	2.47	0.47	14	1.98	0.58
Setting standards for rewarding top management's performance	1.38	0.28	16	1.35	0.24	16	1.41	0.31
Formally evaluating the performance of top management	1.25	0.54	17	1.22	0.19	17	1.27	0.69
Ensuring the hospital's development of human resources	1.52	0.72	15	1.44	0.56	15	1.58	0.81

[a] The scale ranged from 1 = no involvement to 4 = much involvement.
[b] Denotes a tie.

Table 7. ANOVA Results For Differences Between Directors Based On Their Background

Dependent Variables	Group Means [a]: Directors with Health Care Background (*n*=96)	Group Means [a]: Directors without Health Care Background (*n*=128)	F	*p*
Reviewing the board's overall role and responsibilities	2.69	3.44	24.77	.0000
Defining/reviewing the hospital's mission/vision statement	2.82	3.32	14.58	.0002
Conducting an analysis of the internal environment	2.53	3.20	27.00	.0000
Conducting an analysis of the external environment	2.87	3.25	9.55	.0023
Taking into account the legitimate interests of major stakeholders	2.66	3.09	11.62	.0008
Promoting the goodwill and support of major stakeholders	2.66	3.14	15.57	.0001
Developing strategic alternatives	2.95	3.05	4.44	.0361
Providing advice and counsel in discussions outside of board/committee meetings	2.50	2.16	6.49	.0115
Benchmarking the strategic plan with industry comparative data	2.43	2.92	12.45	.0005
Setting standards for overall hospital performance	2.38	2.72	7.77	.0058
Evaluating overall hospital performance against the strategic plan	2.30	2.64	5.84	.0165
Analyzing financial information for important issues and trends	2.21	2.50	4.66	.0319
Evaluating operating variances	1.74	2.02	5.13	.0244
Reviewing the hospital's overall structure	2.47	1.98	45.90	.0000
Setting standards for rewarding top management's performance	1.35	1.41	2.48	.1167
Formally evaluating the performance of top management	1.22	1.27	.48	.4907
Ensuring the hospital's development of human resources	1.44	1.58	2.11	.1477

[a] The scale ranged from 1 = no involvement to 4 = much involvement.

Five items *(P2A through P2E)* referred to benchmarking with industry data, setting standards for and evaluating the hospital's performance, and analyzing and evaluating financial information and operating variances. The two groups' rankings were somewhat similar. With respect to developing human resources *(P4B)* and setting standards for – and evaluating – top management's performance *(P3A and P3B)*, the rankings were identical. These three items were given the lowest scores by both samples. This suggests that both groups were least interested in or preferred to limit their participation in these three areas.

The results of the ANOVAs provided clear support for propositions *P1A* through *P1G*. Compared to directors with a healthcare background, those without such a background were more involved in broad cross-functional issues. Likewise, the ANOVAs offered empirical support for propositions *P2B* through *P2E*. Proposition *P2A* was not supported; although the analysis found significant differences between the two groups, those with a healthcare background were more involved in benchmarking the strategic plans with industry comparative data.

The analysis does not provide confirmation of Propositions *P3A, P3B, and P4B* since no significant differences between the two groups were found. Finally, propositions *P1H* and *P4A* were not supported. There was greater participation by the HCB group in providing advice and counsel outside of board/committee meetings and reviewing their hospitals' structures. However, it is interesting to note that, compared to directors who do not have a health care background, those with a health care background ranked these two items much higher.

Overall, directors who have a healthcare background were found to be less involved in developing, shaping, and evaluating corporate strategy than their counterparts who do not have such a background. Various explanations could be advanced for these results. Previous research provides a possible explanation. Unlike those who have a healthcare background, many of whom are inside board members, those who do not have such a background tend to be more business-oriented and to have a broader range of experience (Dearborn & Simon, 1958; Witt, 1993; Gautam & Goodstein, 1996). They are likely to be business experts (e.g., directors of other organizations), support specialists (e.g., lawyers, accountants, and bankers) and influential persons in the community (e.g., prominent civic and political leaders, and university professors). They tend to bring with them experiences and access to information from different business environments and are more likely to compel management to consider a wider range of options (Hillman at al., 2000). At the same time, they are more disposed to be more outspoken when an organization's mission and strategy are discussed. Indeed, the percentage of outside directors is considered to be an indicator of board power vis-à-vis top managers (Daily & Schwenk, 1996; Pearce & Zahra, 1991).

On the other hand, inside directors work for the CEO – who is likely to chair the board - on a daily basis and would be more prone to conform to the CEO's wishes. They depend directly on the CEO for their career advancements, and will thus be reluctant to oppose and challenge strategic proposals of the CEO. Indeed, the independence of directors has been found to be an essential requirement for board effectiveness (Dalton et al., 1999). This has led critics to charge that insiders cannot adequately monitor top management's performance (Gautam & Goodstein, 1996), and to calls for the inclusion of at least some outside directors to monitor the performance of the CEO and other managers (e.g. Baysinger & Hoskisson, 1990).

Therefore, one of this study's findings appears to be consistent with previous research. Those who do not have a healthcare background, who are likely to be outsiders, tend to be more involved in shaping and monitoring corporate strategy than their counterparts with a healthcare background. Since it is possible that their greater involvement can be explained not by their background but by the fact that they tend to be outsiders, future research efforts need to determine if differences in level of involvement exist between inside and outside hospital directors.

Regarding the similarities between the two groups, it is interesting that the three items where the two groups' scores were not significantly different also received the lowest scores from both groups. One possible explanation is that both groups view one of these issues – development of human resources - as the least "strategic" and more related to the day-to-day management of the organization. Consequently, their involvement is focused on the other areas, namely strategic issues and overall organizational performance. With respect to the two other issues – setting standards for evaluating top management's performance and formally evaluating the performance of top management – the results show

a reluctance by both groups to examine these two areas. This interpretation is supported by studies that show CEO domination of the board and the directors' need to ingratiate themselves or curry favor with the CEO (Westphal, 1999).

Concerning the differences between the two groups, it is possible that directors whose occupational background is in health care are less interested in the organization's strategic direction and more concerned with the immediate need to deliver quality services. This interpretation would be consistent with the view that physicians traditionally have regarded hospitals as work sites for providing patient care, teaching, or doing research (Pauly & Redisch, 1973). Thus, according to Molinari, Morlock, Alexander, and Lyles (1993), "given physician interests in state-of-the-art diagnostic and therapeutic technologies, it is plausible that medical staff board participation may result in imprudent capital investments that impair the fiscal viability of the hospital" (p. 360). Also, Gautam and Goodstein (1996) contend that medical staff who serve on hospital boards place their greatest emphasis on patient care and technological breakthroughs. This is further supported by Gardner (1992) who argues that nurses have a special role to play on hospital governing boards by keeping the board focused on the well-being of patients. She reports that quality assurance is one area of significance where those with a health care background can make a big difference to the board. According to Gardner, those in the nursing profession believe that "our primary purpose is to serve patients. We can serve as the conscience of the organization to keep it focused on its primary mission of patient care" (p. 27). In contrast, directors with a business background are "concerned about rising health care expenses and curious about how providers are cutting costs" (Cross, 1996). Attention to the bottom line is generally left to professional managers and community trustees (Goes & Zhan, 1995). This view is in line with studies reporting that hospital directors whose occupations are not in health care - such as accounting, finance, marketing, and law - tend to be socialized in values of competitive and financial efficiency and more attuned and sensitive to the requirements of the legal and regulatory environment (Gautam & Goodstein, 1996; Delbecq & Gill, 1988). As mentioned earlier, those with a background in health care tend to be more concerned with issues related to patient well-being and the practice of medicine.

These findings raise an important issue for the expanding literature on the composition of hospital boards of directors. While prior research has focused primarily on the impact of the membership make-up of boards on issues such as social responsibility, training policies, and financial performance, there has been a dearth of research on the occupational background of directors. The relationships we found between directors' occupational background and their degree of participation raise potentially important strategic and ethical dilemmas for hospitals: board members with a health care background are not as concerned with strategic issues as their counterparts who have a business background. Yet hospitals are under increased pressure to focus on financial performance and abide by numerous legal and regulatory requirements. On the other hand, society expects hospitals to provide quality health care and government agencies require them to be attentive to various regulations. Hospital administrators, researchers, regulators, public policy advocates, and other stakeholders advocating changes in board membership may need to consider the implications of such measures. Also, it is important to note the limited involvement of both groups in setting standards for rewarding top management and evaluating their performance.

Certainly, caveats must be offered regarding conclusions generated by this research. Clearly, the differences between the two groups in terms of their degree of involvement reinforce the importance of examining the composition of hospital boards. However, larger samples are needed to assess the robustness of these results. Additional research is necessary to determine whether a director's level of participation does translate into organizational action. Also, since most board decisions are made by committees, in the future researchers may want to investigate the possible impact of group dynamics on member involvement. Finally, board members' degree of involvement was reported by the directors themselves. Although the possibility of bias cannot be completely ruled out, a number of authors have pointed out that self-report measures are indispensable in organizational research (Gupta & Beehr, 1982; Podsakoff & Organ, 1986). This is consistent with Steiner and Miner's (1986) assertion that direct observation of top executives at work is not a practical approach; "only self-reports ... can provide an indication of the time ... spent in decision making and planning ..." (p. 195). Indeed, in certain research contexts, self-reports may provide more accurate estimates of population parameters than behavioral measures (Howard et al., 1980).

In conclusion the findings of this study highlight an area of growing concern to society and all types of organizations. The directors' role in the strategic process is likely to expand due to increased risks of legal liability and the public's (and patients') unrelenting insistence for safe and high quality products and services. In health care, the issue of board members' involvement is likely to gain increased attention because of societal demands on hospitals and many questions regarding the strategic dimensions of decision making. The results are a reminder that major differences exist between directors with a background in healthcare and those without such a background. This offers proponents of changes in board composition support for their normative suggestions.

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