

Corporate Governance of Norwegian Health Trusts with Sector Political Goals

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SUMMARY

Since 2002, the ownership of Norwegian hospitals has been centralized to the state. The four regional health authorities are responsible for the management of the hospitals, and the actual performance is done by the subsidiary health trusts (or HFs). As state-owned enterprises with certain sector political goals, the corporate governance of the health trusts is not exactly the same as private enterprises which mainly pursue pure business goals. The survey which the thesis uses investigates the HF board members' opinions on some issues of sector political goals and corporate governance. The main purpose of this thesis is to find the differences of the opinions among different groups of HF board members, and to study whether the differences are consistent with relevant theories such as motivation and management theories.

The data of the thesis is based on a questionnaire of the survey program *Management of State-owned enterprises with sector political goals*. The respondents of the survey cover all HF board members who are the target population of my research. Several quantitative methods, such as descriptive statistics and non-parametric tests, are chosen to detect the HF board members' opinions and the differences of their opinions on the issues of sector political goals and corporate governance.

The analyses mainly show that, the appointed board members with macro and broad perspective pay more attention to sector political goals than the employee representatives with micro and specific perspective do. The appointed board members have more consciousness of responsibility, power and autonomy. The analyses also show that the appointed board members will be more likely to represent the sector interests, whereas the employee representatives prefer to represent business or public interests. Furthermore, the board members with public sector backgrounds pursue public interests, whereas the board members with private sector backgrounds prefer business interests. These findings indicate that, different ways of elections, different logic between politicians and medical workers, previous work experiences in public or private sectors and some other motivation or logic factors can lead to different opinions among HF board members.

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May, 2011

Daming Jin

DECLARATION

I have read and understood the paragraph above. I hereby declare that the thesis is written by me and:

- It is a result of my own work
- It has not been used for another exam at another department, university, or university college in Norway or any other country.
- It does not refer to or quote works of others without stating it both in the text and in the reference list
- It does not refer to or quote previous writings of my own without stating it both in the text and in the reference list
- It mentions explicitly all sources of information in the reference list.

Title of thesis: Corporate governance of Norwegian health trusts with sector political goals

Date and signature

TABLE OF CONTENTS

SUMMARY	1
ACKNOWLEDGEMENTS	2
DECLARATION	3
TABLE OF CONTENTS	4
LIST OF TABLES	6
ACRONYMS	6
1 INTRODUCTION	7
1.1 Background and research questions	7
1.2 An introduction to the survey program	9
1.3 What are Norwegian health trusts?	9
1.4 What are sector political goals of Norwegian health trusts?.....	10
1.5 Who are board members of Norwegian health trusts?.....	12
1.6 Conceptual framework.....	13
1.7 Structure of the thesis.....	15
2 THEORETICAL FOUNDATIONS	17
2.1 Corporate governance	17
2.2 Different logic between appointed board members and elected employee representatives.....	18
2.3 Different logic between public sectors and private sectors.....	21
3 DATA AND METHODS	24
3.1 The data source and sampling	24
3.2 A description of the sample respondents.....	25
3.3 A description of the questionnaire.....	27
3.4 Survey Methods and Research Methods.....	28
3.5 Data adjustments	29
3.6 Validity and reliability.....	30
4 DESCRIPTIVE STATISTICS OF THE SAMPLES	32

4.1 Opinions on sector political goals	32
4.2 Opinions on corporate governance	33
5 GROUP COMPARISONS AND DISCUSSIONS.....	36
5.1 Comparison between appointed board members and elected employee representatives.....	36
5.1.1 Differences of opinions on sector political goals.....	36
5.1.2 Differences of opinions on corporate governance	41
5.2 Comparison between board members with professional backgrounds in public sectors and in private sectors	46
5.2.1 Differences of opinions on sector political goals.....	46
5.2.2 Differences of opinions on corporate governance	50
6 CONCLUSIONS AND COMMENTS	53
6.1 Concluded remarks	53
6.2 Research limitations and future improvements.....	57
REFERENCES.....	59
APPENDICES: THE QUESTIONNAIRE (TANSLATED).....	63

LIST OF TABLES

Table 1. Description of the survey program.....	9
Table 2. A list of the Health Trusts	24
Table 3. Statistical results of the group comparison between appointed board members and elected employee representatives on the issues of sector political goals.....	36
Table 4. Statistical results of the group comparison between appointed board members and elected employee representatives on the issues of corporate governance	42
Table 5. Statistical results of the group comparison between board members with professional backgrounds in public sectors and in private sectors on the issues of sector political goals.....	47
Table 6. Statistical results of the group comparison between board members with professional backgrounds in public sectors and in private sectors on the issues of corporate governance	50
Table 7. Different logic of appointed board members vs. employee representatives in HFs ..	55
Table 8. Different logic of board members with public sector backgrounds vs. with private sector backgrounds in HFs.....	57

ACRONYMS

HF	(Norwegian) Health Trust
OECD	Organization for Economic Co-operation and Development
RHF	(Norwegian) Regional Health Authority
SOE	State-owned Enterprise
ETUI	European Trade Union Institute

1 INTRODUCTION

1.1 Background and research questions

Many state-owned enterprises (or SOEs) are established around the world in order to achieve certain sector political goals. An important feature of state-owned enterprises is, pursuing the sector political goals efficiently, which the state wants to achieve. Health care is one of the key industries for the majority of countries, as well as an important component element of social security and social welfare. In the market mechanism, private health enterprises are able to improve efficiency and quality of health care through market competitions, but they are hard and even impossible to achieve some public goals of health care, such as equity, public health, social security and welfare. Therefore, state-owned health enterprises (refer to the health trusts or HFs in Norway) are established to keep the balance between "equity" and "efficiency" of health industry.

Generally, one government motivates state-owned enterprises to pursue sector political goals, mainly by the instruments such as legislations, regulations, subsidies, government pricing, etc. as Rattsø and Sørensen (2010) mentioned in their design of the survey program. However, these instruments are usually not sufficient to maintain the state-owned enterprises pursuing the single sector political goals without the supervision and control from governments. The fact is that the state-owned enterprises also have business goals as a consequence of insufficient funds. The aim of these business goals is to make ends meet and to achieve self-profit of the enterprises. Following the standpoint of the enterprises their own, pursuing business goals are preferred and more beneficial than pursuing sector political goals. Therefore, the government needs to supervise and control the strategic decision making and operation of state-owned enterprises through corporate governance. An important aim of corporate governance is to ensure the state-owned enterprises pursuing sector political goals, if insufficiency of common management instruments.

Establishing boards of directors is an approach of corporate governance for supervising state-owned enterprises (Dong, 2008). Since governments are not able to supervise and control state-owned enterprises at every moment, they can accomplish this purpose through SOE boards. The main function of SOE boards is making macro-strategic decisions of the enterprises, as well as playing a role like a bridge to link the superior authorities and the state-owned enterprises. In that sense, the SOE board members' cognition on issues of sector political goals and corporate governance may directly influence the goal settings of state-owned enterprises.

However, due to the different personal features of the board members of Norwegian health trusts (or the HF board members), such as the differences of professional backgrounds, academic backgrounds, ways of elections and superiors, their cognition on issues of sector political goals and corporate governance are supposed to be different. Hence, it is quite significant to explore the HF board members' opinions and the influencing factors of their opinions on issues of sector political goals and corporate governance, in order to motivate the health trusts to pursue sector political goals.

This thesis will explore the two following issues: Firstly, how do the board members of Norwegian health trusts consider the issues about sector political goals and corporate governance? Secondly, how do some personal features of the HF board members influence their opinions on the issues of sector political goals and corporate governance? The specific research questions will be:

- (1) What are the HF board members' opinions on various questions related to sector political goals and corporate governance?
- (2) What are the differences of opinions on the related questions between appointed board members and employee representatives? What do the differences indicate?
- (3) What are the differences of opinions on the related questions between board members with professional backgrounds in public sectors and in private sectors? What do the differences indicate?

1.2 An introduction to the survey program

The idea of this thesis comes from a survey program "Styring av statlige selskaper med sektorpolitiske mål" by Jørn Rattsø (NTNU) and Rune J. Sørensen (BI). Professor Terje P. Hagen (UiO) led me to participate in the program as an internship. The data of this thesis is based on one of the two questionnaires of the survey program. Below is a brief description of the survey program.

Table 1. Description of the survey program

Theme	<i>Management of State-owned enterprises with sector political goals</i>
Authors	<i>Jørn Rattsø (NTNU) and Rune J. Sørensen (BI)</i>
Contents	<i>Two questionnaires</i>
Target respondents	<i>Board members and directors of state-owned enterprises in Norway</i>
Valid samples of the health trusts	<i>164 (recycle rate 0.39)</i>

1.3 What are Norwegian health trusts?

In Norway, the state-owned enterprises in health care industry usually refer to so called health trusts or HFs. A brief definition of state-owned enterprises is to those enterprises created and owned by a government to undertake commercial activities on behalf of an owner government are “*organized as separate legal entities distinct from the government with the freedom to dispose of their own capital and income*” (Ludvigsen, 2010, p. 17) .The Merriam-Webster dictionary defines a trust as “*a combination of firms or corporations formed by a legal agreement; especially: one that reduces or threatens to reduce competition.*”

The Norwegian health trusts or HFs are health enterprises owned by the four regional health

authorities (or RHF's). Most of the health trusts are public hospital trusts and some are pharmaceutical trusts or others.

Unlike the U.S. health care system which is based on market mechanisms, the Norwegian health care is a national welfare. All citizens are insured by the National Insurance Scheme in Norway. This is a universal, tax-funded, single-payer health system (Tanner, 2008, p.18). *“In 2002 the responsibility for the Norwegian hospitals was transferred from the elected county-level governments to central state government. The ownership was thereby centralized to a single body – the state”* (Stigen, 2010, p.23).

The Web site of Ministry of Health and Care Services provides the information that the Ministry “has supervisory responsibility for all hospitals in Norway, and the state owns the public hospitals which are organized into four regional health authorities”. In order to take over the responsibilities of the hospitals from the counties, Norway has established four regional health authorities which are *Helse Sør-Øst, Helse Vest, Helse, Midt-Norge* and *Helse Nord*. A regional health authority is a state enterprise responsible for specialist healthcare in one of four regions of Norway. The actual performance is done by subsidiary health trusts. The authorities are subordinate to the Norwegian Ministry of Health and Care Services (Stigen, 2010; Iversen & Kopperud, 2005, p.1231-1238).

Therefore, the four regional health authorities and the health trusts play major roles in the Norwegian health care industry, and the HFs following the government takeover of health care services.

1.4 What are sector political goals of Norwegian health trusts?

Many state-owned enterprises were established in order to coordinate the national economy and accomplish other policies or political goals rather than pure for-profit goals, as Professor

Qi Duojun (1996) concluded in his famous paper. The most important point of the establishment of state-owned health enterprises is to facilitate the implementation of health policies, in order to achieve the long-term national interests and to profit from the health industry. Health sector political goals mainly relate to the health policy issues such as quality, fairness, welfare, efficiency and cost control of health care.

Particularly for the Norwegian health trusts (mainly refer to public hospital trusts), the general principles of their sector political goals are shown as the description of the Norwegian Ministry of Health and Care Services Web site as follows:

- *Promoting public health and counteracting illness, injury, suffering and disability*
- *Providing equal services adapted to patients' needs*
- *Ensuring quality in health care services*
- *Securing patients' access to services*
- *Ensuring the best possible use of resources*

Specific health sector political goals will focus to such as cost control, improvement of service quality, improvement of patients' satisfaction, reduction of waiting time and other issues in different periods and regions.

The Ministry of Health and Care Services has the overall responsibility for government policy on health and care services in Norway. In other words, the Ministry of Health and Care Services is the “sector”, which manages the HFs through the four regional health authorities (RHF). The HFs and RHF are mainstays to implement the health policies and then achieve health sector political goals, through which the Norwegian government provides health services to the residents.

The other goals of the health trusts are business goals, which aim to pursue profits and the interests of the enterprises their own. Business goals are the most important objectives for private enterprises. However, due to the nature of Norwegian health trusts, their sector political goals should theoretically dominate business goals. There are always some problems

in terms of tradeoff and priority setting between multiple goals in the health trusts.

Compared to business goals, the achievements of sector political goals of health trusts are harder to be measured and evaluated, whereas the achievements of business goals are usually explicit and clear.

1.5 Who are board members of Norwegian health trusts?

The government or superior authorities are not able to control and manage state-owned enterprises directly at every moment. Hence the government or relevant superior authorities establish boards of directors to carry out the corporate governance of state-owned enterprises. The superior authorities can supervise and control some important decision-makings and macro strategies of SOEs through the boards, in order to ensure that the SOEs will pursue sector political goals. Regarding the responsibilities of SOE boards, according to the report of OECD (2005, p.47), the boards of state-owned enterprises should have the necessary authority, competencies and objectivity to carry out their function of strategic guidance and monitoring of management. They should act with integrity and be held accountable for their actions.

Because of the state ownership of SOEs, the majority of SOE board members are appointed by governments or their superior authorities. Most of SOE board members (the HF board members as well) are politicians and representatives of the superior authorities or political parties (Ludvigsen, 2010, p.15-17. and also see Helse bergen HF Web site). Meanwhile, the other component of the Norwegian SOE board members is the employee representatives. According to Norwegian laws, companies with more than 30 employees are entitled to elect employee representatives on to the board of directors. Overall, in Norway, “companies with more than 200 employees should in principle have.... a corporate assembly as well as a board. The corporate assembly normally has 12 members, with two-thirds elected by the shareholders (refer to the state if in SOE) and one third elected by and from the employees”,

and “the right to elect employee representatives as directors is contained in a number of different laws, but most forms of company are covered, as are a number of state agencies” (ETUI, 2010 and more detailed information see Hagen, 2008).

Specifically, the boards of HFs mainly consist of politicians appointed by the superior authorities and employee representatives elected by the employees. For instance, in Bergen Hospital Trust (Helse Bergen), the Chairman and other formal board members are politicians who are representatives of the Labor Party, the Progress Party and other political parties, as well as a representative of the Western Norway Regional Health Authority; and the employee representatives are mainly medical professionals such as Special Nurse, Auxiliary, Consultant MD, Midwives, Psychologist Specialist and IT consultant.

1.6 Conceptual framework

The analyses in my thesis are at the micro, “group of individuals”, level. This is the level where I can effectively analyze how the HF board members consider the related questions, and what factors are underlying in their opinions. During the analyses, I will mainly use statistical methods, which will categorize the respondents into different groups according to their personal features, to explore the differences of opinions among the groups and what the differences indicate. Since the main basis of the analyses is questionnaire data, the analyses are suitable to use statistical methods of univariate analysis (descriptive statistics) and comparison analysis (group comparison) (Chang, 2002, p.2).

In order to research the issues of sector political goals and corporate governance, the survey program selected respondents and built the questionnaire based on corporate governance theories and mechanism. The questionnaire detected respondents’ opinions on relevant issues such as the importance of sector political goals, frequency of tradeoff, quantification and measurement, satisfaction, instruments, responsibility allocation and, etc. (Rattsø and

Sørensen, 2010). The univariate analysis (descriptive statistics) will detect the respondents' opinions on these issues.

In order to understand how and why HF board members' certain opinions emerge, it seems necessary to identify the most important set of theoretical perspectives in which groups of individuals can be seen in, namely, I need to find relevant theories according to which to categorize the respondents. To solve the problem it seems most reasonable to look at the two different grouping approaches that can have the greatest explanatory power to interpret the differences of respondent's opinions. Since the objects of study are the Norwegian HF board members, the grouping approaches are, firstly, the ways of their appointments or elections (in the view of different logic between appointed board members and employee representatives), and, secondly, their professional backgrounds in public or private sectors (in the view of different logic between public sectors and private sectors).

Firstly, in the view of the different voters of HF board members, I categorize the respondents into two groups—politicians appointed by the superior authorities (or appointed board members) and employee representatives elected by the employees. Ludvigsen (2010, p.16) concluded in his doctoral dissertation that politicians would mainly seek to please the voters. Because of the needs to stay in office, the two groups perhaps have different predilections of cognition and action, in order to please the different voters. Regarding the different professional properties, politicians' cognitive orientation may also differ from the medical workers'. The logic of this grouping approach is that the appointed politicians should pay more attention to the sector political goals, and consider corporate governance on the perspective of politics and policies; but the elected employee representatives should consider the related issues on the perspective of the interests of the employees and the enterprises, as well as medical professions.

Secondly, in the view of professional backgrounds, I categorize the respondents into two groups—public sectors and private sectors, since the two sectors care about different interests. The respondents' professional backgrounds with the predilections of the previous sector

interests may influence their current cognitive orientations. The logic of this grouping approach is the people with professional backgrounds in private sectors probably have more concerns about profits and efficiency, because the private sectors are profit-driven, whereas the public sectors (governments) operate with a fixed budget (Frederickson, 2003, p.156). The people with public sector backgrounds prefer the public and social interests, because in terms of public administration, the focus of its concern is the public interests (Rosenbloom et al, 2002, p.15).

1.7 Structure of the thesis

Chapter 1 is the introduction part of the thesis. This chapter, firstly, presents some backgrounds and research questions of the thesis. Secondly, it provides some brief definitions and interpretations of three key terms--Norwegian health trusts (HF), sector political goals of HFs and board members of HFs, which are very relevant to the following analyses. Then I introduce the conceptual framework of my thesis.

Chapter 2 provides the theoretical foundations of the thesis, which are corporate governance, different logic between appointed board members and elected employee representatives, as well as different logic between public sectors and private sectors. Based on the relevant literatures and theories, I am able to build several research hypotheses and interpret the statistical results I will get.

Chapter 3 presents the data and research methods of the thesis. Firstly, I introduce the status of data sources, sample respondents and the questionnaire I used. Secondly, I describe the survey and sampling methods of the data, as well as the research methods of the analyses. Additionally, I present how I adjust the data of the questionnaire. And finally, I discuss the issue of validity and reliability at the end of this chapter.

Chapter 4 presents the statistical results from the univariate analyses of the HF board members' opinions on the issues of sector political goals and corporate governance. The descriptive statistics present the HF board members' opinions as one group.

Chapter 5 presents the statistical results from two comparison analyses of the HF board members' opinions on the issues of sector political goals and corporate governance. In addition to that, I discuss and interpret the statistical results, in order to inspect whether the results are consistent with the research hypotheses I made. The two group comparisons are a comparison between appointed board members and elected employees, as well as a comparison between board members with public or private sector backgrounds.

Chapter 6 provides my conclusions, comments and recommendations of the findings. The chapter ends with a view of research limitations and future improvements of the thesis.

2 THEORETICAL FOUNDATIONS

The thesis will to a large extent seek answers to the research questions through the theoretical foundations, including corporate governance, the different logic between appointed board members and employee representatives, as well as the different logic between public sectors and private sectors. Most of the theories have emphasized how people (board members) recognize and act is affected by their professional backgrounds, academic backgrounds, geographical backgrounds, wage levels and other factors, so that they have different cognitive orientations. The superior authorities often rely on the personal features of board candidates, such as their professional backgrounds, to consider whether they will be suitable and compliant (Ludvigsen 2010, p.14).

2.1 Corporate governance

The corporate governance theory is the theoretical foundation of building the entire questionnaire and the cause of selecting HF board members as the respondents of the survey. Meanwhile the theory can also help to interpret the board members' opinions.

Rattsø and Sørensen (2010) put several issues of corporate governance, including various instruments of corporate governance, responsibility allocation of corporate governance, competence of corporate governance, role conflicts of board members and liabilities of boards into the questionnaire. To explore the HF board members' opinions on these issues are important for improving the future corporate governance of HFs with sector political goals.

Berle and Means (1932) believed the separation of ownership from management (for instance, the state which owns HFs cannot make decisions on daily behaviors of the enterprises) is a problem. This "problem" may lead to *moral hazard* and the *agency problem*. According to market mechanism and "*Economic Man*" hypothesis, enterprises including state-owned

enterprises are willing to pursue profits (business goals), which will be in conflict with the political goals of the substantial shareholder (the state). The establishment of boards in state-owned enterprises is an approach to monitor the managers, in order to reduce the risk of the *agency problem* and ensure the implementation of sector political goals (Qi, 1996).

According to the OECD Guidelines on Corporate Governance of State-owned Enterprises (2005), the general responsibility of the boards of state-owned enterprises is strategic guidance and monitoring of management. One important point of these strategic works is the priority setting among multiple goals, and to monitor the implementation of this priority. Therefore, it is really important to understand the HF board members' opinions on issues of corporate governance, as well as sector political goals.

2.2 Different logic between appointed board members and elected employee representatives

According to the foregoing introduction, the HF board members who appointed by the sector are always so called politicians, whereas the employee representatives of the HF boards are often playing the roles as medical workers at the same time. In order to understand the different logic between appointed board members and elected employee representatives, I will seek answers through the motivations of politicians and medical workers.

According to Ludvigsen's (2010, p.22-29) description, there are three logic (motivation) models of politicians which are reputation, re-election and ideology.

In the reputation model, politicians always want to get a good performance, in order to obtain reputations and recognitions from the public, which is in line with Herzberg's (1959) motivation factors of Achievement and Recognition. This motivation is also in accordance

with the need for achievements in McClelland's Model (1985). This is due to on one hand politicians want to please the voters through a good performance in order to stay in office (Wittman, 1995); on the other hand, politicians may want to meet the needs of esteem and self-actualization (Maslow, 1943). Thus, according to these needs of politicians, the HF board members who are appointed by the superior authorities should theoretically have more concerns about the achievements of sector political goals, which are highly related to their performance in the view of their voters and the public.

In the re-election model, the politicians have a motivation to stay in office. This motivation is in line with the needs of job security and personal growth of Herzberg's (1959) theory. For this purpose, pleasing the voters is inevitable. Therefore, compared with the employee representatives, the board members appointed by superior authorities should be more inclined to please the authorities, and they pay more attention to the interests of their voters rather than of the enterprises their own.

Regarding the employee representatives, they have the same needs to pursue achievements and stay in office. Therefore, the logic of employee representatives is probably that the enterprises and employees are their concerns, since OECD (2005, p.50) described employee representatives of SOE boards "should act in the best interests of the company and treat all shareholders equitably", namely, they are responsible for the benefits of the enterprises. Hence theoretically, compared with the politicians, employee representatives may pay more attention to business goals which are directly related to the benefits of the enterprises their own.

According to the above difference of logic, I made *Hypothesis 1*.

Hypothesis 1: In the Norwegian health trusts, the appointed board members pay more attention to sector political goals, whereas the elected employee representatives pay more attention to business goals.

In the ideology model, the ideology orientation is also an important logic consideration for

politicians. Ludvigsen (2010, p.27) referenced Hibbs' (1977, p.1467-1487) view to present that politicians are concerned about specific social groups to represent their interests and their well-beings. Compared with the employee representatives, since many HF board members appointed by superior authorities are representatives of different political parties, therefore they will be more likely to represent the interests of specific social groups if there is a conflict of interests. The logic of the appointed board members is that, as politicians, they care more about the interests of the health sector which are their interested group. However, the employee representatives will have more concerns about the interests of the enterprises, the employees and even the medical professions rather than the sector, as OECD (2005) defined. Since employee representatives are elected by the employees, they should be responsible for the interests of employees, which is the same as the motivation that politicians would like to please their voters.

According to this difference of logic, I made *Hypothesis 2*.

Hypothesis 2: If conflicting interests exist in the Norwegian health trusts, the appointed board members will be more likely to represent the interests of the health sector, whereas the employee representatives will be more likely to represent the interests of the enterprises their own (business interests) .

In addition, politicians want to “stay in office because politicians might have a taste for wielding power or that they like to enjoy the perquisites that come with the job” (Ludvigsen, 2010, p.25. and more detailed see Maskin and Tirole, 2004, p.1034-1054) and people have the need for power (McClelland, 1985). Therefore I assume that politicians are interested in pursuing “power” to control the others and “autonomy” to use the “power” without restriction. They also probably have more consciousness of responsibilities on the issues of corporate governance, since responsibilities always adhere to powers. More powers and autonomies mean more responsibilities.

According to this logic, I make *Hypothesis 3*.

Hypothesis 3: The appointed board members of the Norwegian health trusts have more

consciousness of responsibility, power and autonomy on the issues of corporate governance, compared with the employee representatives.

As the majority of employee representatives of the HF boards are engaged in medical occupations, the two roles are inevitable to affect each other. Compared with the managerial logic, the logic of medical workers is more inclined to micro and individual perspective, and they prefer personal responsibility, immediate feedback and negotiation, according to a conclusion of Freidson's (1972) book. Because of the different occupational habits and perspectives (micro vs. macro), compared with the politicians, the employee representatives of HF boards may have different cognition on some issues of corporate governance such as responsibility.

According to this logic, I make Hypothesis 4.

Hypothesis 4: The employee representatives of the Norwegian health trusts prefer micro, specific and technical instruments to achieve their goals, compared with the appointed board member.

2.3 Different logic between public sectors and private sectors

In the view of cognitive theory, people's experiences, needs, personalities and other characteristics will affect their opinions (Shi, 1998). Similarly, the board members' opinions on political issues also relate to their personal characteristics, as Agrawal and Knoeber (2001, p.179-207.) believed *political affiliation might exist, for example, through the director's primary occupation or the director's academic background.* Therefore, I assume that the different professional backgrounds of HF board members in public sectors or private sectors can lead their different opinions on the issues of sector political goals and corporate governance, even though they are playing the same roles as SOE board members at present.

Depending on public goods, quasi-public goods or private goods (Samuelson, 1954) which of them to provide, social sectors are categorized into three parts. Broadly speaking, the public sectors should include "pure" public sectors and "quasi" public sectors (Hu, 2001). Therefore, in accordance with the dichotomy either public or private, all social sectors can be categorized into two categories, namely public sectors and private sectors. The goal settings of public sectors differ to those of private sectors, so that people with professional backgrounds in different sectors probably have different cognitive orientations. For instance, Osborne et al. (1996, p.21) pointed out that governments and enterprises are fundamentally different organizations. There is a tendency of civism in the values of public sectors, as Frederickson (2003, p.156) said that people with civism preference have a greater spirit of philanthropy and public benefits, and people with a selfish preference feel more interested in private business activities to seek economic benefits.

According to this difference of logic, I made *Hypothesis 5*.

Hypothesis 5: If conflicting interests exist in the Norwegian health trusts, the board members with professional backgrounds in public sectors will be more likely to represent the public interests, whereas the board members with professional backgrounds in private sectors will be more likely to represent the business interests.

In the view of management of public vs. private sectors, Rosenbloom (2002) pointed out that although public management is quite similar with business (private) management, there are lots of differences in their core concepts. The differences between public management and business management are based on the different attributes between public sectors and private sectors. Generally speaking, public sectors prefer public benefits, non-profit and service (Lou and Zheng, 2002, p.14-26), whereas private sectors pursue private benefits and profits. Tang (2005) referred Nutt and Backoff's (1992) book listing some factors reflecting the differences between public and private sectors such as the market environment, political environment, coercion, coverage, public scrutiny, ownership, targets, rights and performance expectations.

Specifically, the differences of logic between the two sectors are as below: Public sectors

pursue social benefits and public benefits, whereas private sectors pursue private benefits; Public sectors are non-profit, whereas private sectors aim to profits; The activities of public sectors must be in accordance with laws and be subject to a high degree of supervision, whereas the activities of private sectors are less restricted; The goals of public sectors are hard to be measured and quantified with diversified responsibilities, whereas the goals of private sectors are very specific; Public sectors have strong political attributes, whereas private sectors do not have (Zhang and Lu, 2010; Lou and Zheng, 2002; MBA Library, 2011).

According to this difference of logic, I made *Hypothesis 6*.

Hypothesis 6: In the Norwegian health trusts, the board members with professional backgrounds in public sectors pay more attention to sector political goals, whereas the board members with professional backgrounds in private sectors pay more attention to business goals.

In addition, the funds of public sectors are mainly based on government finance with weak market information and signals, whereas private sectors profit through market competitions with strong market information and signals (Tang, 2005). Due to this big difference of their financial sources, private sectors pay more attention to efficiency, while public sectors place a great emphasis on the consciousness of responsibility. The board members' working experiences in different sectors may lead to different cognition on the issues of corporate governance, such as different predilections of instruments to achieve goals.

According to this difference of logic, I made *Hypothesis 7*.

Hypothesis 7: In the Norwegian health trusts, the board members with professional backgrounds in private sectors prefer economic and market instruments to achieve sector political goals, whereas the board members with professional backgrounds in public sectors prefer administrative and political instruments.

3 DATA AND METHODS

3.1 The data source and sampling

The data source of this thesis is from the survey program "Management of State-owned enterprises with sector political goals" by Jørn Rattsø (NTNU) and Rune J. Sørensen (BI). The target population of this program is board members of Norwegian state-owned enterprises to explore their opinions on relevant issues of sector political goals and corporate governance. The interested targets of the whole program include Norwegian state-owned enterprises of electric power, postal services, railway transportation, natural properties, health care, public infrastructure, etc. The part of data about health trusts was selected to be used in this thesis.

The survey includes all board members of the four regional health authorities and their subsidiaries (Health trusts). A detailed list of the relevant health trusts is as follows:

Table 2. A list of the Health Trusts

Names of the authorities	Names of the subsidiaries
Southern and Eastern Norway Regional Health Authority	<i>Akershus University Hospital Trust</i> <i>Hospital pharmacy enterprise</i> <i>Innlandet Hospital Trust</i> <i>Vestfold Psychiatric Hospital Trust</i> <i>Oslo University Hospital Trust</i> <i>Sunnaas Hospital Trust</i> <i>Sørlandet Hospital Trust</i> <i>Telemark Hospital Trust</i> <i>Vestfold Hospital Trust</i>

	<i>Vestre Viken Hospital Trust</i> <i>Østfold Hospital Trust</i>
Western Norway Regional Health Authority	<i>Bergen Hospital Trust</i> <i>Fonna Hospital Trust</i> <i>Førde Hospital Trust</i> <i>Stavanger Hospital Trust</i> <i>Trust Apoteka Vest (Hospital Pharmacies)</i>
Northern Norway Regional Health Authority	<i>Finnmark Hospital Trust</i> <i>Helgeland Hospital Trust</i> <i>Hålogaland Hospital Trust</i> <i>Nordland Hospital Trust</i> <i>Northern Norway Pharmaceutical Trust</i> <i>University Hospital of North Norway</i>
Central Norway Regional Health Authority	<i>Central Norway Pharmaceutical Trust</i> <i>Nordmøre and Romsdal Hospital Trust</i> <i>Nord-Trøndelag Hospital Trust</i> <i>St. Olav's Hospital Trust</i> <i>Sunnmøre Hospital Trust</i>

The survey provided more than 400 questionnaires to the HF board members, and took back 164 valid questionnaires with answering rate 0.39.

My investigation is a type of complete survey, and the program has sent questionnaires to the entire target population which is all of the HF board members.

3.2 A description of the sample respondents

The general personal features of the samples of respondents are shown as follows,

(1) There are totally 164 valid samples.

(2) Gender. There are 85 males who account for 51.8% of all samples, and 79 females constituted 48.2%.

(3) Age. There are 3 persons younger than 30 years old, 9 persons between 30 and 39 years old, 44 persons between 40 to 49 years old, 62 persons between 50 to 59 years old, and 45 persons 60 years old and older. Therefore, it seems most of Norwegian HF board members are between 50 and 59 years old accounting for 37.8% of all, according to the samples.

(4) Region. There are 69 persons from the Southern and Eastern Norway Regional Health Authority, 34 persons from the western authority, 28 persons from the northern authority and 33 from the central authority.

(5) Position on board. There are 14 chairmen of boards, 76 formal board members and 69 employee representatives.

(6) Seniority of the board. Majority of all samples (33 persons) have worked as board members for three years, 28 persons for four years, 24 persons for five years and 5 persons for more than 10 years. The shortest sample has worked less than one year, whereas the longest sample has 45 years of experience.

(7) Professional background. There are 35 persons from private business, 7 persons from organizations or trusts, 51 persons from municipal or county agencies, 46 persons from government activities and 23 from other public sectors.

(8) Previous experience as a board member. 62 persons have work experiences in boards of private sectors, 43 persons in other governmental activities and 118 persons in trade unions, political parties or other types of organizations. 11 persons have experiences as members of parliaments and 3 persons as ministers or secretaries of the State. 68 persons have work

experiences in municipalities or counties and 25 persons select the “other” option.

3.3 A description of the questionnaire

The first three parts of the questionnaire are relevant to my research.

The questions of the first part involve feature information of a respondent, including gender, age, region, position on the board, chief or deputy, seniority on the board, professional background and previous experience as a board member.

The questions of the second part talk about the respondents’ opinions on the issues of sector political goals, including:

- (1) Importance of sector political goals versus business goals;
- (2) Frequency of tradeoffs on conflicting sector political goals;
- (3) Extent of the achievements of the sector political tasks to be measured and quantified;
- (4) Satisfaction of their own with the achievements of sector political goals and business goals;
- (5) Satisfaction of the Ministry with the achievements of sector political goals and business goals;
- (6) Importance of various instruments to achieve sector political goals.

The questions of the third part talk about the respondents’ opinions on the issues of corporate governance, including:

- (1) Agree or disagree with various statements of corporate governance;
- (2) Passive or active corporate governance from the Ministry;
- (3) Competence of corporate governance from the Ministry;
- (4) Choice if conflicting interests exist;

(5) Liabilities of the boards for the HF goals.

3.4 Survey Methods and Research Methods

The program used the method of paper questionnaires, and each set included a cover letter, a questionnaire and an envelope for returning the questionnaire. Additionally used email to inform and remind the respondents to complete and return the questionnaire timely. It then commissioned a statistics company to recall questionnaires and input the data to an Excel file. Finally, I transferred the relevant part of data from Excel to SPSS by which I could start the statistical analyses.

The thesis is mainly based on quantitative (statistical) methods. Common statistical methods include descriptive statistics, group comparisons, correlations, regressions, etc. (Ma et al, 2008). Since the survey aims to explore respondents' opinions or attitudes, descriptive statistics and group comparisons could be better choices as analysis approaches (Chang, 2002), through which I can speculate the mean attitudes and the differences of opinions of the target population. Finally, I will interpret the obtained statistical results of the differences of opinions and analyze whether to keep or reject the research hypotheses.

Firstly, the descriptive statistics will describe the status of frequency, percentage, mean, median, standard deviation, etc. of the sample data for all the relevant questions in the questionnaire, to illustrate the opinions of the sample HF board members on the issues of sector political goals and corporate governance.

Secondly, the group comparison approach will explore whether the differences of opinions among groups are statistically significant by the Non-parametric Tests. The reasons for using Non-parametric Tests are because of the small sample size (164), as well as non-normal distributions of the data in each group. I will not use the T-test and other mean comparison methods which require normal distributions of data strictly (Ma et al, 2008, p.79). The

non-parametric methods base on the values of ranks or medians instead of means to compare different groups of data.

Finally, I will use the conclusions and theories of relevant literatures to interpret the statistical results and verify whether to keep or reject the previous hypotheses, and then draw some conclusions.

3.5 Data adjustments

For some statistical and theoretical considerations, I need to adjust several raw data:

(1) Adjust the answers of 'I don't know' to the system missing. According to the questionnaire setting, the use of numbers from 1, 2, 3, 4 and 5 (6) indicate the degrees of agreement or disagreement to the questions in descending sort. However, the "I do not know" options, which always come in after the "strongly disagree" options, are indicated by the greatest numbers, that is clearly not reasonable if using the numbers in statistics. Thus, I will transfer the answers of "I don't know" options to the "system missing", in order to avoid those options to interfere with the statistic results such as values of mean and median.

(2) Adjust the three options of *the elected ways of board members* to two options, which categorize the respondents as board members appointed by the superior authorities and employee representatives elected by the employees respectively. Because the thesis aims to explore the different opinions between appointed and elected board members, and the Chairmen of boards are also appointed by the superior authorities, there is no need to explore the differences among the three groups. In a view of statistical point, a comparison test between two groups is simpler than that among three groups, and I can set a higher significant level to get more valuable statistical results (Ma et al, 2008, p.185).

(3) Adjust the six options of *the professional backgrounds of board members* to two options, which categorize the respondents as board members with professional backgrounds in private and public sectors respectively. The reasons of this adjustment are the same as the previous adjustment. Theoretically, I can treat *organizations or foundations, municipal or county agencies, governments and other public organizations* as public sectors.

3.6 Validity and reliability

Regarding the quality of the thesis, I need to consider, firstly, the issues of validity which depends on data appropriateness and validity for the research question, and secondly, the issues of reliability which refers to something about the accuracy of the process measurement of data (Mtamakaya, 2008, p.17). This thesis mainly uses quantitative methods with the data of a questionnaire, and thus the relevant issues of reliability and validity which should be considered are 1) *stability* which refers to *whether a measure is stable over time*; 2) *internal reliability* which refers to *whether the indicators that make up the scale or index are consistent*; 3) *inter-observer consistency* which need to be considered *when a great deal of subjective judgment is involved in the translation of data into categories*; 4) *internal validity* which refers to *whether a conclusion that incorporates a causal relationship between two or more variables holds water*; 5) *external validity* which refers to *whether the results of a study can be generalized beyond the specific research context*; 6) *ecological validity* which refers to *whether social scientific findings are applicable to people's everyday, natural social settings* and 7) *measurement validity* which refers to *whether a measure is reliable* (Bryman, 2008, p.149-151, p.32-33).

Generally speaking, the reliability of the data can be guaranteed, since the authors of the questionnaire I used are creditable; in other words, I use a kind of secondary data. Professor Jørn Rattsø (NTNU) and professor Rune J. Sørensen (BI) designed and constructed the sampling methods and the questionnaire which I used. When I started to join in the survey

program, the formal questionnaire has already been formed. The retest reliability (stability) and internal reliability should be tested and guaranteed, since my work just started with distributing the formal questionnaires to the target respondents. Furthermore, although there seems to be no conflicting statistical results of several indicators to measure the same issue, I still interpreted the statistical results carefully, in order to reduce the possibility of internal unreliability. Finally, the problem of inter-observer consistency seems not relevant to my research, since the questionnaire is not involved in a great deal of subjective judgment in the translation of data into categories (Bryman, 2008, p.150).

Based on my review of many literatures, I established my measure apparently reflects the content of the concept in question and deduced seven hypotheses from relevant theories. Therefore, I believe my research have a good measurement validity. I have tried to make conclusions incorporating causal relationships with the academic knowledge of my seven-year higher education and the sampling method of the data is a type of complete survey, which covers the entire target population; hence the internal validity and external validity of my research can be guaranteed. Due to the content of my research and the question setting of the questionnaire, it seems that I do not need to worry about the problem of ecological invalidity.

4 DESCRIPTIVE STATISTICS OF THE SAMPLES

This chapter will present the statistical results of the opinions of the HF board members as a whole, on the issues of sector political goals and corporate governance of the questionnaire.

4.1 Opinions on sector political goals

(1) The respondents believe sector political goals are slightly more important than business goals, since the mean value 3.44 is greater than 3 which is the value of neutral attitude of this question.

(2) The respondents believe they often make tradeoffs on conflicting sector political goals, since the mean value 2.26 is less than 2.5 (the value of neutral attitude).

(3) The respondents believe the achievements of sector political goals are measured and quantified to a quite large extent, since the mean value 2.34 is less than 2.5 (the value of neutral attitude).

(4) The respondents feel quite satisfied with both the achievements of business goals and sector political goals, since the two mean values are both less than 3 (the value of neutral attitude). In addition, the respondents feel more satisfied with the achievements of business goals than of sector political goals; because the mean value 2.19 of business goals is less than 2.78 of sector political goals, and 50 respondents are satisfied with the achievements of business goals, whereas only eight respondents are satisfied with the other.

(5) The respondents believe the superior authority feel quite satisfied with both the achievements of business goals and sector political goals, since the two mean values are both less than 3 (the value of neutral attitude). In addition, the respondents believe the superior

authority feel more satisfied with the achievements of business goals than of sector political goals, because the mean value 2.11 of business goals is less than 2.41 of sector political goals.

Combining the results of (4) and (5), both the HF board members and the superior authorities feel quite satisfied with the two types of goals. However, the satisfaction level of the achievements of business goals is slightly higher than that of the achievements of sector political goals. The result indicates that HFs need to pay more attention to sector political goals, as the core goals, and improve the instruments to achieve the goals. Meanwhile the results also indicate that compared to the sector political goals, the business goals of HFs are easier to be measured and achieved.

(6) The samples of HF board members believe the instruments of *legislation, regulations and any licensing requirement; Priorities of the sector's Letter of Commitment; corporate governance of the sector through meetings; The sector's approval of important decisions; Orders from state supervision and control organs; Notes / instructions from the Office of the Auditor and Board composition and expertise* are important to achieve sector political goals, since all of the mean values of above questions are less than 2.5 (the value of neutral attitude), whereas the instruments of *Competition for government contracts and Control signals through the media* are not important.

4.2 Opinions on corporate governance

(1) The respondents disagree with the statements that *the sector's governance is limited to the general assembly; sector's governance takes place through informal contact with the Chairman / Board; the sector's governance takes place through direct contact with the director and the sector's governance is invisible because the management adapt to changing political signal*, since all of the mean values of above questions are greater than 3 (the value of neutral attitude).

The respondents quite agree to the statements that *the sector's governance in addition to the Annual General Meeting takes place through Grant /implements settings / Letter of Commitment; the sector's governance takes place through formal meetings with the Chairman /Board and Major issues are presented to the sector before decision*, since all of the mean values of above questions are less than 3 (the value of neutral attitude).

(2) The respondents believe the sector is active in corporate governance, since the mean value 2.25 is greater than 2 (the value of neutral attitude).

(3) The respondents believe the corporate governance is competent and contribute something to improve the achievements of goals in the activities, since the mean value 2.14 is less than 2.5 (the value of neutral attitude).

(4) If conflicting interests exist between public and business interests, the respondents will mainly choose to represent public interests rather than the business interests, since the mean value 2.57 is less than 3 (the value of neutral attitude).

If conflicting interests exist between the sector's interests and the public interests, it is very hard to identify whose interests the respondents will represent, since the mean value 3.05 is approximately equal to 3.

If conflicting interests exist between the sector's interests and business interests, the respondents will mainly choose to represent the business interests rather than the sector's interests, since the mean value 2.15 is less than 3.

(5) The respondents quite agree to the statements that if lack of achievements, *the Board will be criticized by public for not having done its job and the Board will not be re-appointed*, since both of the mean values of above questions (2.11 & 2.47) are less than 3 (the value of neutral attitude).

The respondents do not have a clear attitude on the statement that *if lack of achievement, the Board will be thrown*, since the mean value 2.98 is approximately equal to 3.

The respondents disagree with the statements that if lack of achievement, *the directors will be addressed litigation* and *the Board will in reality never be held responsible*, since both of the two mean values (4.49 & 3.54) are greater than 3.

5 GROUP COMPARISONS AND DISCUSSIONS

5.1 Comparison between appointed board members and elected employee representatives

5.1.1 Differences of opinions on sector political goals

(1) The statistical results of this group comparison are shown as Table 3.

Table 3. Statistical results of the group comparison between appointed board members and elected employee representatives on the issues of sector political goals (1st part)

Item name	Appointed group			Elected group			P-value for difference (Mann-Whitney)
	N	Median	Mean (SD)	N	Median	Mean (SD)	
1. Political vs. business goals	89	4	3.42 (1.085)	66	4	3.50 (1.384)	0.379 (2705.000)
2. Frequency of tradeoffs	88	2	2.25 (0.699)	63	2	2.30 (0.775)	0.687 (2674.500)
3. Measured political achievements	89	2	2.22 (0.538)	66	2.5	2.53 (0.561)	0.002*** (2186.000)
4.1 Self business satisfaction	90	2	2.18 (1.147)	67	2	2.25 (1.133)	0.583 (2868.000)
4.2 Self political satisfaction	88	2	2.60 (1.023)	64	2	3.05 (1.061)	0.013** (2188.000)
5.1 Sector business satisfaction	90	1	2.10 (1.122)	67	1	2.16 (1.149)	0.763 (2934.000)
5.2 Sector political satisfaction	88	2	2.30 (0.805)	63	2	2.59 (1.145)	0.156 (2428.000)
6.1 Licensing requirements	85	1	1.47 (0.589)	62	1	1.52 (0.565)	0.545 (2500.000)

Asymp. Sig. (2-tailed). *<0.1 level, **<0.05 level, ***<0.01 level

Table 1 (2nd part)

Item name	Appointed group			Elected group			P-value for difference (Mann-Whitney)
	N	Median	Mean (SD)	N	Median	Mean (SD)	
6.2 Earmarking state spending	82	2	2.24 (0.794)	61	2	1.75 (0.650)	0.000*** (1665.000)
6.3 Letter of Commitment	82	2	1.62 (0.660)	60	2	1.85 (0.685)	0.045** (2020.000)
6.4 Regulation of prices	76	2	2.36 (0.860)	54	2	2.20 (0.855)	0.351 (1866.000)
6.5 Government contracts	73	3	2.81 (0.908)	50	3	3.02 (0.714)	0.217 (1601.000)
6.6 Meetings	84	2	1.88 (0.735)	62	2	2.02 (0.689)	0.206 (2316.000)
6.7 Direct contacts	79	2	2.48 (0.798)	51	2	2.43 (0.831)	0.603 (1913.000)
6.8 Media	83	3	3.00 (0.733)	62	3	2.68 (0.763)	0.010*** (1981.500)
6.9 Sector's approval	83	2	2.02 (0.855)	62	2	1.71 (0.611)	0.034** (2088.000)
6.10 Orders from state supervision	84	2	1.64 (0.633)	63	2	1.60 (0.610)	0.735 (2568.500)
6.11 Instructions from Auditor	80	2	1.82 (0.776)	61	2	1.64 (0.708)	0.160 (2130.500)
6.12 Board composition	83	2	1.66 (0.649)	64	2	1.69 (0.732)	0.991 (2653.500)

Asymp. Sig. (2-tailed). *<0.1 level, **<0.05 level, ***<0.01 level

On the Question 1 *Importance of sector political goals versus business goals*, there are no significantly different opinions between the two groups (p = 0.379). Although I assume the employee representatives will pay more attention to business goals, the statistical result indicates the majority of HF board members believe that the sector political goals are more important. The employee representatives do not have a distinct preference for business goals.

I may conclude that, in principle, as state-owned enterprises, sector political goals of HFs dominate business goals.

On the Question 2 *Frequency of tradeoff on conflicting sector political goals*, there are no significantly different opinions between the two groups ($p = 0.687$). The result suggests that both the appointed board members and employee representatives often deal with issues related to multiple political goals in their daily work. Since the question does not involve the comparison with business goals and just describes the actual status, there is no significant difference between the two groups.

On the Question 3 *"Extent of the achievements of the sector political tasks to be measured and quantified"*, the difference of opinions between the appointed board members and the employee representatives are statistically significant ($p = 0.002$). Compared to the employee representatives, the appointed board members believe to a larger extent that the achievements of the sector political tasks to be measured and quantified. Although the extent of the measurement and quantification is an objective reality, the two groups of respondents still have different opinions on this question. I believe this result is consistent with the description of the first part of *Hypothesis 1*; namely, compared to the employee representatives, the appointed board members pay more attention to sector political goals. Because the achievements of sector political tasks are difficult to be measured and quantified, the processes and results of the measurement and quantification are often complicated, unclear and ambiguous. Only the persons who focus and pay more attention to the sector political goals can have a deeper and more accurate understanding of the measurement. The statistical result, which the appointed board members believe a larger extent of measurement than the employee representatives believe it, indicates that the appointed board members have a more in-depth understanding of the methods, processes and results of the measurement and quantification, and they have observed more than the employee representatives. The more in-depth understanding of political objectives indicates that sector political tasks are momentous tasks for the appointed board members. In addition, the employee representatives, as medical workers who have a more specific and micro logic, probably can only observe the

clear and direct processes and results of the measurements, whereas politicians observe them on a more broad and macro perspective.

On the Question 4.1 *Satisfaction of their own with the achievements of business goals*, there are no significantly different opinions between the two groups ($p = 0.583$). The result indicates that compare with sector political goals, the achievements of business goals are easier to be measured and the business outcomes are clear, direct and explicit. The different logic of the two groups can hardly impact their satisfactions with the business achievements.

On the Question 4.2 *"Satisfaction of their own with the achievements of sector political goals"*, the difference of opinions between the appointed board members and the employee representatives are statistically significant ($p = 0.013$). Compared to the employee representatives, the appointed board members feel more satisfied with the achievements of the sector political goals. Similarly with the previous issue, the different logic of the two groups of respondents bring about different opinions, since the achievements of sector political goals are often complicated, unclear and ambiguous. The statistical result suggests that the appointed board members have a deeper understanding of the political achievements, since they pay more attention to the political goals. In addition, due to the motivation which politicians pursue reputations (Ludvigsen, 2010, p.24), some appointed board members probably gave the answers with higher satisfaction, to show the better performances and achievements of their concerned tasks.

On the two questions (Question 5.1 and Question 5.2) *Satisfaction of the superior authorities with the achievements of sector political goals and business goals*, there are no significantly different opinions between the two groups ($p = 0.763$ & 0.156). Since the two questions let the responders guess the satisfaction of the sector (the Ministry), I think the respondents mainly based on the previous experiences of evaluations to answer the questions. Therefore, the different logic of the two groups can hardly impact their opinions.

On the Question 6 *"Importance of various instruments to achieve sector political goals"*, there

are four statistically significant differences of opinions between the two groups. The employee representatives believe "*earmarking*" of state spending on specific assignments ($p < 0.01$), control signals through the media ($p = 0.010$) and the sector's approval of important decisions ($p = 0.034$) are more important to achieve sector political goals than the appointed board member believe they are, whereas the appointed board member believe *priorities of the sector's Letter of Commitment* ($p = 0.045$) are more important than the employee representatives believe they are.

The result that the employee representatives believe "*earmarking*" of state spending on specific assignments is more important than the appointed board member believe it is, probably indicates that the employee representatives as medical professions consider sector political goals on a more specific and micro perspective. They prefer to divide sector political tasks into several units of assignments, and complete these specific assignments by "earmarking" of state spending. The result also shows that the employee representatives prefer to follow the guidelines of the state to decide which specific political tasks need to be achieved, rather than they identify the tasks themselves.

The statistical result that the employee representatives prefer the instrument of media also reflects their preferences for specific, micro and technical instruments such as media.

The result that the employee representatives prefer the sector's approval of important decisions can be seen their cautious attitude to the responsibility of sector political goals. As medical workers tend to personal responsibility (Freidson, 1972), but their core tasks are not sector political tasks, hence the employee representatives prefer the sector making decisions of important sector political tasks, thereby to shift the burden and responsibility of these tasks. The result also proves that the appointed board members are more willing to make decisions and shoulder the responsibility.

The result that the appointed board members prefer priorities of the sector's Letter of Commitment indicates that they prefer this traditional political instrument.

According to the above analyses on the issue of "*Importance of various instruments to achieve sector political goals*", I can keep the *Hypothesis 4: In Norwegian health trusts, compared with the appointed board members, the employee representatives prefer micro, specific and technical instruments to achieve sector political goals.*

However, on eight of the twelve questions *Importance of various instruments to achieve sector political goals*, there are no significantly different opinions between the two groups. These results indicate that there are few significant cognitive differences on the various instruments to achieve sector political goals between the two groups. However, according to the results and analyses in the previous section, the employee representatives have a preference for specific, micro and technical instruments.

(2) Summary

According to the above analyses, I can conclude that the appointed board members pay more attention to sector political goals. The appointed board members tend to consider the process and outcome of sector political tasks on a macro and broad perspective, whereas the employee representatives tend to consider the issues on a micro and specific perspective. These results correspond with the motivations of politicians and medical workers respectively.

I will keep the *Hypothesis 4*, but reject the *Hypothesis 1*, because there is no apparent evidence to prove that the employee representatives pay more attention to business goals. However, I can only accept the first part of *Hypothesis 1* as in the Norwegian health trusts, compared with the employee representatives, the appointed board members pay more attention to sector political goals

5.1.2 Differences of opinions on corporate governance

(1) The statistical results of this group comparison are shown as Table 4.

Table 4. Statistical results of the group comparison between appointed board members and elected employee representatives on the issues of corporate governance

Item name	Appointed group			Elected group			P-value for difference (Mann-Whitney)
	N	Median	Mean (SD)	N	Median	Mean (SD)	
7.1 Limited to general assembly	82	4	3.66 (1.381)	60	3.5	3.47 (1.384)	0.430 (2275.500)
7.2 Grant/ implements	86	1	1.63 (0.827)	63	2	1.94 (1.030)	0.046** (2234.000)
7.3 Formal meeting	86	2	2.00 (1.085)	67	2	1.84 (0.846)	0.572 (2738.000)
7.4 Present to the sector	81	2	2.07 (1.160)	65	2	2.11 (1.312)	0.850 (2587.000)
7.5 Informal contact	83	3	3.08 (1.271)	58	3	3.09 (1.430)	0.950 (2392.500)
7.6 Direct contact	81	3	2.93 (1.394)	64	2	2.84 (1.450)	0.635 (2476.000)
7.7 Invisible	77	4	3.91 (1.161)	77	4	3.62 (1.097)	0.113 (1788.000)
8 Passive or active	85	2	2.35 (0.571)	66	2	2.12 (0.755)	0.068* (2364.000)
9 Sector competence	81	2	2.04 (0.580)	61	2	2.30 (0.715)	0.018** (1998.500)
10.1 Society vs. Business	83	2	2.72 (1.243)	66	2	2.44 (1.314)	0.136 (2360.500)
10.2 Sector Vs. Public	82	3	2.66 (1.102)	62	4	3.60 (1.234)	0.000*** (1484.500)
10.3 Business vs. Sector	87	2	2.45 (1.118)	66	2	1.76 (0.766)	0.000*** (1859.500)
11.1 criticized by public	89	2	1.97 (1.112)	65	2	2.32 (1.213)	0.047** (2381.500)
11.2 Re-appointed	88	2	2.39 (1.011)	64	2	2.59 (1.123)	0.234 (2517.000)
11.3 Thrown	87	3	2.83 (1.081)	65	3	3.18 (1.223)	0.058* (2337.500)
11.4 litigation	74	5	4.53 (0.925)	62	5	4.40 (0.999)	0.357 (2127.500)
11.5 Never responsible	88	4	3.74 (1.335)	64	3	3.19 (1.479)	0.019** (2205.000)

Asymp. Sig. (2-tailed). *<0.1 level, **<0.05 level, ***<0.01 level

On the issue of "*Agree or disagree to various statements of corporate governance*" (from Question 7.1 to Question 7.7), there is only one statistically significant difference of opinions between the two groups. Compared to the employee representatives, the appointed board members more agree to the statement that *the sector's governance in addition to Annual General Meeting takes place through grant, implements settings, and letter of commitment* ($p = 0.046$). The listed statements of the issue emphasize the ways through which the sector governance HFs. There are no significant different opinions on most of the statements between the two groups of respondents, except that the appointed board members prefer this statement than the employee representatives. The statistical result indicates that the appointed board members have a deeper understanding of the ways to governance HFs. Meanwhile, the point that the appointed board members prefer this soft approach which doesn't emphasize the direct control of the sector shows they have more consciousness of autonomy and power.

On the Question 8 "*Passive or active corporate governance from the Ministry*", the difference of opinions between the appointed board members and the employee representatives are statistically significant ($p = 0.068$). The appointed board members believe the superior authority is more active and less responsibility left to the HFs than the employee representatives believe it is. The result shows that the appointed board members have more consciousness of responsibility of corporate governance, and they want the enterprises to take on more responsibilities. Nevertheless, the employee representatives believe the corporate governance from the superior authority is too passive, and they tend to the authorities should take on more responsibilities of corporate governance.

The above two results are consistent with the description of the *Hypothesis 3*.

On the Question 9 "*Competence of corporate governance from the superior authority*", the difference of opinions between the appointed board members and the employee representatives are statistically significant ($p = 0.018$). The appointed board members believe the corporate governance is more competent and contribute more to improve the achievement

of goals in the activities than the employee representatives believe it is. The two groups of respondents described the same situation, but they produced different opinions. The result probably indicates that the appointed board members tend to favor the superior authority. Their motivation of pleasing the superiors who are their voters corresponds with the theoretical motivations of politicians, such as the motivation of re-election. The result also shows that the appointed board members have a higher level of tolerance, whereas the employee representatives are more rigorous and critical.

On the Question 10.1 "*If a conflict between public interests and business interests*", there are no significantly different opinions between the two groups ($p = 0.136$). However, although there are no significant differences, the mean value (2.44) of the employee representatives' answers is less than the mean value (2.72) of the appointed board members' answers. The result shows that there may be a trend that the employee representatives prefer to represent social and public interests. According to the statistical result of the Question 10.2 "*If a conflict between sector interests and public interests*", the employee representatives were also more inclined to represent the public interests. The similar results of the two questions indicate that the employee representatives often play the roles as common people who consider issues more on the perspective of the tangible benefits of the public, rather than on the perspective of political and personal utilitarian. Alternatively, as medical workers, the employee representatives probably have a preference for public benefits. These results were unexpected when I made my hypotheses.

On the Question 10.2 "*If a conflict between sector interests and public interests*", the difference of opinions between the appointed board members and the employee representatives are statistically significant ($p < 0.01$). Compared to the employee representatives, the appointed board members will more choose to represent the sector interests. The statistical result corresponds with the theoretical motivations of politicians. In the view of the reputation model, the appointed board members need to choose the sector interests which are related to their task performance. In the view of the re-election model, the appointed board members need to choose the sector interests as the first option, in order to

please the authorities who appoint them. In the view of the ideology model, as politicians, the appointed board members will always tend to represent the interests of specific social groups rather than the whole society, hence the own sector's interests become their first choice. The result also shows the employee representatives prefer to represent the public interests, and I have already interpreted this point in the previous paragraph. Overall, this statistical result is generally consistent with the description of *Hypothesis 2*.

On the Question 10.3 "*If a conflict between business interests and sector interests*", the difference of opinions between the appointed board members and the employee representatives are statistically significant ($p < 0.01$). Compared to the appointed board members, the employee representatives will more choose to represent the business interests. Business interests directly relate to the well-beings and benefits of the enterprises and the employees. As employees, logically, it is reasonable that the employee representatives prefer business interests. Meanwhile because the employee representatives are elected by the employees, they have the motivation to represent business interests, in order to please the voters. This result is also consistent with the description of *Hypothesis 2*.

On the issue of "*Liabilities of the boards for the HF goals*" (from Question 11.1 to Question 11.5), there are three statistically significant differences of opinions between the two groups. The appointed board member more agree to "*If lack of achievements, the Board will be criticized by public for not having done its job*" ($p = 0.047$) and "*If lack of achievements, the Board will be thrown*" ($p = 0.058$), whereas the employee representatives more agree to "*If lack of achievements, the Board will, in reality, never be held responsible*" ($p = 0.019$). These results suggest the cognitive differences on liability between the two groups of respondents. The appointed board members believe the HF boards hold a great liability of achievements, whereas the employee representatives believe the liability of HF boards is actually limited. The results, firstly, indicate that the appointed board members have more consciousness of liability, and they pay more attention to the achievements of HF goals. The results, secondly, suggest that the appointed board members consider the issue of liability on the perspective of principles, whereas the employee representatives tend to consider it on the perspective of

reality.

On the other two questions of the issue "*Liabilities of the boards for the HF goals*", there are no significantly different opinions between the two groups.

(2) Summary

According to the above analyses, I can keep the *Hypothesis 2* and *Hypothesis 3*. Namely, in Norwegian health trusts, on the issues of corporate governance, the appointed board members have more consciousness of responsibility, power and autonomy than employee representatives. If conflicting interests exist, the appointed board members will be more likely to represent the interests of the health sector (sector interests), whereas employee representatives will be more likely to represent the interests of the enterprises their own (business interests).

In addition to the two hypotheses, the appointed board members and employee representatives have different understandings of liability. The appointed board members consider the issue of liability on the perspective of principles, whereas the employee representatives tend to consider it on the perspective of reality. Furthermore, compared with the appointed board members, the employee representatives have a trend to represent the social and public interests. Therefore, I cannot conclude that the employee representatives will absolutely prefer to represent business interests.

5.2 Comparison between board members with professional backgrounds in public sectors and in private sectors

5.2.1 Differences of opinions on sector political goals

(1) The statistical results of this group comparison are shown as Table 5.

Table 5. Statistical results of the group comparison between board members with professional backgrounds in public sectors and in private sectors on the issues of sector political goals

Item name	Private group			Public group			P-value for difference (Mann-Whitney)
	N	Median	Mean (SD)	N	Median	Mean (SD)	
1. Political vs. business goals	34	4	3.35 (1.203)	124	4	3.48 (1.213)	0.558 (1976.000)
2. Frequency of tradeoffs	34	2	2.21 (0.770)	120	2	2.28 (0.724)	0.612 (1933.500)
3. Measured political achievements	35	2	2.20 (0.677)	123	2	2.38 (0.551)	0.108 (1819.000)
4.1 Self business satisfaction	35	2	2.11 (1.105)	125	2	2.22 (1.142)	0.584 (2061.500)
4.2 Self political satisfaction	34	3	2.68 (0.945)	121	2	2.80 (1.085)	0.780 (1996.500)
5.1 Sector business satisfaction	35	2	1.94 (0.968)	125	2	2.15 (1.171)	0.511 (2036.000)
5.2 Sector political satisfaction	34	2	2.56 (0.860)	120	2	2.36 (0.994)	0.191 (1766.000)
6.1 Licensing requirements	32	1	1.53 (0.621)	119	1	1.49 (0.565)	0.785 (1851.500)
6.2 Earmarking state spending	32	2	2.31 (0.780)	115	2	1.97 (0.748)	0.029** (1410.000)
6.3 Letter of Commitment	31	2	1.71 (0.643)	115	2	1.71 (0.685)	0.935 (1767.000)
6.4 Regulation of prices	27	2	2.22 (0.892)	107	2	2.33 (0.855)	0.572 (1348.500)
6.5 Government contracts	28	2.5	2.50 (0.923)	99	3	3.00 (0.782)	0.009*** (963.000)
6.6 Meetings	32	2	2.00 (0.842)	118	2	1.91 (0.679)	0.727 (1819.500)
6.7 Direct contacts	31	2	2.39 (0.803)	103	2	2.48 (0.803)	0.678 (1523.500)

6.8 Media	32	3	2.88 (0.833)	117	3	2.86 (0.742)	0.817 (1826.000)
6.9 Sector's approval	32	2	2.09 (0.893)	117	2	1.82 (0.727)	0.137 (1577.000)
6.10 Orders from state supervision	32	2	1.69 (0.693)	119	2	1.60 (0.601)	0.569 (1792.000)
6.11 Instructions from Auditor	31	2	1.90 (0.831)	114	2	1.68 (0.720)	0.195 (1521.000)
6.12 Board composition	32	1	1.53 (0.671)	119	2	1.69 (0.686)	0.201 (1651.000)

Asymp. Sig. (2-tailed). *<0.1 level, **<0.05 level, ***<0.01 level

On the issues of sector political goals, from Question 1 to Question 4, there are no significant differences between the two groups. These results indicate that on the issues of HF goals, *the Public* and *the Private* don't have significant cognitive differences. The two different professional backgrounds do not lead to significant different understandings on the issues of HF goals. Therefore, I have to reject the *Hypothesis 6*, since there is no apparent evidence to prove that *the Public* pay more attention to sector political goals, whereas *the Private* pay more attention to business goals.

On the issue of "*Importance of various instruments to achieve sector political goals*", there are two statistically significant differences of opinions between the two groups. The board members with public sector backgrounds (or *the Public*) believe "*earmarking*" of state spending on specific assignments ($p=0.029$) is more important to achieve sector political goals than the board members with private sector backgrounds believe it is, whereas the board members with private sector backgrounds (or *the Private*) believe *competition for government contracts* ($p=0.009$) is more important than the board members with public sector background believe it is.

The point that *the Public* prefer the "*earmarking*" of state spending on specific assignments, indicates compared with *the Private*, *the Public* are more familiar with and admit the role of

the state funding. Operations of public sectors mainly rely on the state or government finances, whereas funding of private sectors is mainly from the market. The statistical result indicates that in Norwegian health trusts, *the Public* prefer and pay more attention to the instrument of state funding, whereas *the Private* have a limited understanding of this instrument, because of their lack of relevant experiences.

Meanwhile, there is a trend that *the Private* prefer the instrument of *competition for government contracts*. This result follows the same logic of the previous result. Private sectors usually profit through market competitions, and private sectors can also participate in competitions for government contracts. *The Private* are familiar with this market-based instrument. In the view of the logic that private sectors pursue efficiency, *competition for government contracts* is a high efficient instrument to achieve sector political goals.

The two statistical results are consistent with the description of the *Hypothesis 7*. Namely, in Norwegian health trusts, the board members with professional backgrounds in private sectors prefer economic and market-based instruments, whereas the board members with professional backgrounds in public sectors prefer administrative instruments.

However, on ten of the twelve questions about instruments to achieve sector political goals, there are no significant different opinions between the two groups, except the two instruments of "*earmarking*" of state spending on specific assignments and *competition for government contracts*. Despite most of the ten instruments belonged to traditional administrative instruments, *the Public* do not have a preference for these instruments. Consequently, I have to reject the *Hypothesis 7*.

(2) Summary

The statistic results do not provide sufficient evidence to support that *the Public* prefer the other administrative instruments. Therefore, I will reject the *Hypothesis 7*. However, according to the above analyses, we can accept the results that the board members with public sector backgrounds prefer "*earmarking*" of state spending on specific assignments, whereas

the board members with private sector backgrounds prefer *competition for government contracts*.

The two groups of respondents do not have significant differences of opinions on the issues of sector political goals and business goals; hence I will reject the *Hypothesis 6*.

5.2.2 Differences of opinions on corporate governance

(1) The statistical results of this group comparison are shown as Table 6.

Table 6. Statistical results of the group comparison between board members with professional backgrounds in public sectors and in private sectors on the issues of corporate governance

Item name	Private group			Public group			P-value for difference (Mann-Whitney)
	N	Median	Mean (SD)	N	Median	Mean (SD)	
7.1 Limited to general assembly	32	4	3.53 (1.502)	113	4	3.56 (1.356)	0.945 (1794.000)
7.2 Grant/ implements settings...	33	1	1.67 (0.816)	119	2	1.76 (0.954)	0.700 (1885.000)
7.3 Formal meeting	34	1.5	1.82 (1.029)	122	2	1.95 (0.978)	0.365 (1877.000)
7.4 Present to the sector	30	1	1.87 (1.167)	119	2	2.13 (1.239)	0.210 (1535.000)
7.5 Informal contact	33	3	3.09 (1.400)	111	3	3.11 (1.317)	0.926 (1812.500)
7.6 Direct contact	31	2	3.00 (1.414)	117	3	2.83 (1.391)	0.575 (1698.000)
7.7 Invisible	31	4	3.97 (1.169)	104	4	3.73 (1.125)	0.276 (1412.000)
8 Passive or active	32	2	2.25 (0.622)	122	2	2.25 (0.672)	0.957 (1941.000)
9 Sector competence	33	2	1.85 (0.508)	112	2	2.22 (0.681)	0.004*** (1340.000)
10.1 Society vs. Business	31	3	3.03 (1.378)	121	2	2.46 (1.218)	0.037** (1433.500)
10.2 Sector	31	3	2.74	116	3	3.14	0.124

vs. Public			(1.210)			(1.250)	(1482.000)
10.3 Business vs. Sector	35	2	2.23 (0.942)	121	2	2.13 (1.056)	0.420 (1940.000)
11.1 Be criticized by public	34	2	2.06 (1.127)	123	2	2.13 (1.173)	0.753 (2021.500)
11.2 Be re-appointed	35	2	2.31 (0.963)	120	2	2.52 (1.092)	0.332 (1887.000)
11.3 Be thrown	34	2.5	2.94 (1.127)	121	3	2.99 (1.158)	0.753 (1987.000)
11.4 Be addressed litigation	30	5	4.63 (0.765)	109	5	4.45 (0.995)	0.514 (1536.000)
11.5 Never be held responsible	34	4	3.65 (1.433)	121	4	3.50 (1.415)	0.533 (1917.500)

Asymp. Sig. (2-tailed). *<0.1 level, **<0.05 level, ***<0.01 level

On the issues of corporate governance, including the Question7, Question 8, Question10.2, Question10.3 and Question11, there are no significantly different opinions between the two groups. The results indicate that the different professional backgrounds hardly impact the respondents' opinions on most of the issues of corporate governance.

On the Question 9 “*Competence of corporate governance from the Ministry*”, the difference of opinions between the board members with public sector backgrounds and with private sector backgrounds are statistically significant ($p=0.004$). The board members with private sector backgrounds believe the corporate governance is more competent and contribute more to improve the achievements of goals in the activities than the board members with public sector backgrounds believe it is. The result probably indicates that *the Private* are not familiar with the corporate governance of HFs which belong to the public sectors, and they believe the corporate governance of the Ministry is a complement to their insufficient. Since the values, concepts and core goals of private sectors are totally different from those of public sectors, the corporate governances of these two types of sectors are also different. Therefore, in the view of *the Private*, they argue that the corporate governance of the authorities may be more competent, helpful and useful to achieve the HF goals.

On the Question 10.1 “*If conflict between society’s (public) interests and business interests*”, the difference of opinions between the board members with public sector backgrounds and with private sector backgrounds are statistically significant ($p=0.037$). The board members with public sector backgrounds choose to represent the public interests, where as the board members with private sector backgrounds will be more likely to choose to represent the business interests. The result is entirely consistent with the descriptions of *Hypothesis 5*. Namely, in Norwegian health trusts, if a conflict of interests exists, compared with each other, the board members with professional backgrounds in public sectors will be more likely to represent the public interests, whereas the board members with professional backgrounds in private sectors will be more likely to represent the interests of business interests. This result indicates that the HF board members’ previous working experiences in public or private sectors can strongly influence their value orientations.

(2) Summary

On most of the issues of corporate governance, there are no significant differences of opinions between the two groups of respondents. However, the board members with private sector backgrounds believe the corporate governance from the superior authorities is more competent and contribute more to improve the achievement of goals in the activities than the board members with public sector backgrounds believe it is.

I will keep the *Hypothesis 5*. Namely, if a conflict of interests exists, compared with each other, the board members with professional backgrounds in public sectors will more choose to represent the public interests, whereas the board members with professional backgrounds in private sectors will be more likely to represent business interests. This result is very useful as a reference for the superior authorities when considering board compositions of Norwegian health trusts.

6 CONCLUSIONS AND COMMENTS

6.1 Concluded remarks

The target population of the thesis is the board members of Norwegian Health trusts. The study has explored their opinions on the issues of health sector political goals and corporate governance. The main focus of the study was to detect the differences of opinions between the group of appointed board members and the group of elected employee representatives, as well as the differences between the group of board members with public sector backgrounds and the group of board members with private sector backgrounds.

The study has shown several tendencies of HF board members' mean attitudes, but not neutral attitudes, on many statements of the questionnaire. These tendencies of opinions are valuable for the Norwegian health sectors or academic researchers to understand HF board members' minds on sector political goals and corporate governance. Some interesting findings are: the sample HF board members believed that, 1) Sector political goals are more important than business goals; 2) They feel more satisfied with the achievements of business goals than of sector political goals, and they also believe the sector has the same opinion; 3) If conflicting interests exist between public and business interests, they will mainly choose to represent public interests; 4) If conflicting interests exist between the sector interests and business interests, they will mainly choose to represent the business interests.

Above findings present some important attitudes of HF board members as a whole, on related issues. However, there are many differences of opinions among different groups of HF board members.

In Norwegian health trusts, several differences of opinions on the issues of sector political goals and corporate governance exist between the group of appointed board members and the group of elected employee representatives. These results are consistent with some research

hypotheses I made based on relevant motivation theories. Although the two groups of HF board members have similar needs such as job securities, personal growth and achievements, the different ways of elections, the different logic between politicians and medical workers, and some other factors can still lead to the differences of opinions between the two groups.

Theoretically, appointed board members should pay more attention to political goals and the sector interests which their voters, the sector, care more about; whereas the employee representatives pay more attentions to business goals and business interests which their voters, the enterprises and employees, care more about. These are due to the considerations of their motivations of re-election, reputation and ideology (Ludvigsen, 2010). However, the study has not shown an apparent evidence to prove that the employee representatives pay more attention to business goals; but they really do not have so in-depth understanding and do not pay so close attention to the sector political goals, compared to the appointed board members. The finding can be interpreted like that the employee representatives probably have fewer concerns about their re-elections and reputations, so that they do not pay more attention to business goals for pleasing their voters. Although the employee representatives also need to consider their job securities, personal growth or achievements as HF board members, they may have some other motivations rather than these, since their roles of HF boards are not as formal and steady as appointed board members. Whereas the appointed board members, as politicians, do have stronger motivations of re-election, reputation and ideology, so that they pay more attention to sector political goals.

Another difference of opinions between the two groups of HF board members is that the employee representatives prefer some micro, specific and technical instruments to achieve their goals, compared with the appointed board members. Combining with some motivation theories of medical professionals, I may infer that the employee representatives, who are usually medical workers, are used to consider the issues of sector political goals on a more micro and specific perspective. I can also conclude that the appointed board members have a more macro and broad perspective. This is in accordance with people's common impression of politicians.

The study has also shown that in Norwegian health trusts, on the issues of corporate governance, the appointed board members have more consciousness of responsibility, power and autonomy than employee representatives do. If conflicting interests exist, the appointed board members will be more likely to represent the sector interests, whereas the employee representatives will be more likely to represent business interests. These two findings are in line with the hypotheses I made. An unexpected finding is that the employee representatives are also inclined to represent the public interests. This result indicates that the employee representatives are used to play the roles as common people or medical workers who consider related issues more on the perspective of social benefits, and it also proves that their roles and status of HF boards are not as formal as appointed board members. The main findings about differences of opinions between the above two groups are concluded in Table 7.

Table 7. Different logic of appointed board members vs. employee representatives in HFs

Dimension	Appointed board members	Employee representative
<i>Sector political goals</i>		
Attention to sector political goals	More	Less
Perspective	Macro & Broad	Micro & Specific
<i>Corporate governance</i>		
Consciousness of responsibility, power and autonomy	More	Less
Choice of sector vs. business vs. public interests	Sector interests	Business or Public interests

The previous work experiences in public or private sectors can also influence the attitudes and judgments of HF board members. The differences of opinions on related issues exist between the group of board members with public sector backgrounds and the group with private sector backgrounds, because on one hand, the core goals and values between public sectors and private sectors are fundamentally different, which lead to different logic and value orientations between their employees; on the other hand, people's primary occupational or academic experiences may influence their current opinions on some issues.

The first finding of this group comparison is that, although at present the respondents play the same roles as HF board members, the ones with public sector backgrounds have a tendency of caring about public interests and responsibilities, whereas the ones with private sector backgrounds more care about business interests and efficiency. This result is totally consistent with my research hypothesis. According to this result, I recommend that the people with public sector backgrounds are more suitable to be selected as HF board candidates, since the Norwegian health trusts should firstly pursue health political goals and public interests rather than the private benefits. The core objectives and values of HFs are more similar to those of public sectors, so that the principles, institutions and instruments of corporate governance of HFs should be more closed to those of public sectors. People with public sector backgrounds are more likely to become HF board members, since they have more concerns about public interests and more social responsibilities, as well as more familiar with the corporate governance of public sectors. This viewpoint is also consistent with one foregoing statistical result that, in my research samples, the HF board members with public sector backgrounds account for 78.4% of all.

The other finding is that the board members with public sector backgrounds have a preference for the instrument of "*earmarking*" of state spending on specific assignments to achieve sector political goals, whereas the board members with private sector backgrounds prefer *competition for government contracts*. The differences of opinions on these two instruments can be interpreted as the influence of the HF board members' previous professional experiences, for instance, the board members with private sector backgrounds have a more

in-depth understanding of the benefits of competition for contracts, which is a typical market-based instrument. The main findings about the differences of opinions between the two groups are shown in Table 8.

Table 8. Different logic of board members with public sector backgrounds vs. with private sector backgrounds in HFs

Dimension	Public sector backgrounds	Private sector backgrounds
<u>Sector political goals</u>		
Particular preference for instruments to achieve sector political goals	"Earmarking" of state spending on specific assignments	Competition for government contracts
<u>Corporate governance</u>		
Choice of business interests vs. public interests	Public interests	Business interests

6.2 Research limitations and future improvements

Although I attempted to construct my thesis based on scientific research methods, systematic literature review, random and relevant data, as well as normative interpretation, there are still some research limitations I can't avoid, especially the data.

First of all, most of the questions of the questionnaire I used are to detect respondents' subjective attitudes rather than to measure objective situations. Therefore, the statistical

results and conclusions of my thesis will highly relate to the quality of the respondents' answers. Another limitation is that the questions of the questionnaire are a little general but not specific to HF board members. A better questionnaire for future research could be more based on health issues and daily activities of the HF board members.

Secondly, I can't avoid the limitation of cross-sectional data. Compared with longitudinal data, the data from the questionnaire I used, as cross-sectional data, cannot provide me sufficient information of the differences of the respondents' opinions over a period of time. In addition, as cross sectional data eliminates the past and future comparisons, the causes and effects of the subjects in the study are unknown, hence failing to answer the precise question (Bhalerao, 2011). A better data type for future research could be panel data or time-series data. This type of data can let me observe the variation of HF board members' opinions over time, as well as to interpret the causalities more effectively.

Thirdly, some limitations of secondary analysis exist. As Bryman (2008, p.300) described in his famous book *Social Research Methods*, some limitations of secondary analysis need to warrant some attention, such as *Lack of familiarity with data*, *Complexity of the data*, *No control over data quality* and *Absence of key variables*.

Another limitation is about the power of non-parametric test. For the data with normal distribution, T-test is more efficient than non-parametric test (Ma, 2008, p.79). However, the non-parametric test is still the most suitable method for my thesis, because of the small sample size of the data without normal distribution. A larger size of data which can be analyzed by T-tests or even regressions may be more beneficial for the future improvements. However, it seems impossible to collect so big size of data if only focus to Norwegian HFs.

The last limitation I found is that I am not native Norwegian. Including the questionnaire I used, many literatures related to management of the health trusts are written in Norwegian. However, it is not a big problem to affect the quality of the thesis, since it just led me spend a lot of time on translations.

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APPENDICES: THE QUESTIONNAIRE (TRANSLATED)

@1 gender of the responder

@2 age of the responder

@3 living city of the responder

@4 position in the board

- chairman
- appointed by the sector
- elected by the staff

@5 chief or deputy member in the board

@6 years in the board

@7 professional backgrounds

- Private business,
- Organization or trust,
- Municipal or county agencies,
- Government activities,
- Other public sector
- Other

@8 any experience as a representative

- Board experience in the private sector
- Board experience in other governmental activities
- Board experience in the trade union, political party or other types of organizations
- Experience as Member of Parliament
- Experience as a Minister or Secretary of State
- Experience in municipal or county
- Other

@9 how important do you think business goals are compared with sector political goals?

@10 how often does the Board make tradeoffs between conflicting sector political goals?

@11 to what extent would you say that the achievement of sector political tasks to be measured and quantified?

@12 how satisfied or dissatisfied are you with the achievements of sector political goals and business goals?

@13 in your mind how satisfied or dissatisfied is the superior authority with the achievements of sector political goals and business goals?

@14 Governments can use various instruments to reach the so-called sector political goals. How important do you think each of the following instruments is when it comes to achieve sector political goals?

- Requirements of legislation, regulations, and any licensing requirements
- "earmarking" of state spending on specific assignments
- Priorities of the Ministry's Letter of Commitment
- Regulation of prices or fees for business products
- Competition for government contracts.
- Corporate governance of the Ministry through meetings, etc
- Control through direct contacts and outside the formal practice channels
- Control signals through the media
- The Ministry's approval of important decisions
- Orders from state supervision and control organs
- Notes / instructions from the Office of the Auditor
- Board composition and expertise

@15 agree or disagree to the following statements about the corporate governance of the sector

- Ministry's governance is limited to General Assembly
- The Ministry's management in addition to Annual General Meeting takes place through Grant /implements settings / Letter of Commitment.
- Ministry's governance through formal meetings with the Chairman /Board.
- Major issues are presented to the Ministry before decision
- Ministry's rules through informal contact with Chairman / Board
- The Ministry manages the direct contact with President
- The Ministry's control is invisible because management adapt to changing political signals)

@16 which of these descriptions of the Ministry's corporate governance do you think is best?

- Owner Ministry is too passive (too much responsibility is left to the enterprise)
- Owner Ministry is neither passive nor active
- Owner Ministry is active (too little responsibility left to the enterprise)

@17 which of these descriptions of the Ministry's competence and the exercise of corporate governance seems to fit best?

- Corporate governance is competent and contribute greatly to improving the achievement of objectives in the activities
- Corporate governance is competent and contribute something to improve the achievement of objectives in the activities
- Corporate governance is not very competent and contributing nothing to diminish the achievement of objectives in the activities
- Corporate governance is not very competent and contributing greatly to undermine the achievement of objectives in the activities

@18 Where to agree or disagree to the following statements about role conflicts as a director?

- If there is a conflict between public interests and business interests, I choose to represent public interests
- If there is a conflict between the sector interests and public interests, I choose to represent the sector interests
- If there is a conflict between business interests and sector interests, I choose to represent the business interests

@19 there may be various opinions about what it means that the board is responsible for the organization's objectives. Where agree or disagree to the following statements about how such liability is asserted to the Board?

- If lack of achievements, the Board will be criticized public for not having done its job
- If lack of achievements, the Board will not be re-appointed .
- If lack of achievements, the Board will be thrown
- If lack of achievements, the Board will be addressed litigation against the directors
- If lack of achievements, the Board will in reality never be held responsible