

A discussion on

**«The Role of Board's Competences and Processes
in Shaping an Effective Grant-Making Strategy»**

**By Boesso G., Cerbioni F.,
Menini A., Parbonetti A.**

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Paolo Balduzzi

The Paper: general outline

- This paper investigates the importance of some boards characteristics in non profit foundations.
- This is a promising area of research as, until recently, economic literature has mainly focused on **incentives, goals and voting rules in corporate boards or in other committees with clear-cut economic objectives**. On the contrary, the literature on NPOs has been mainly focused on **organizational issues**.
- Nonetheless, the basic economic problem, namely **obtaining a goal (effectiveness) by minimizing effort (efficiency)** is obviously proper of foundations as well as of firms.
- But what is "effective"? (and what is "efficient"?) What is a "strategy"? We need a thorough discussion on these terms.

The Paper: content

- In particular, this paper tests a number of hypothesis on what drives effective governance;
- the database: 110 Italian foundations (out of 169), who responded to a submitted questionnaire;
- strategy definition: Porter and Kramer;
- variables definition: board diversity, process, effectiveness and CEO leadership.

The Paper: results

- Board diversity and process are both (positively) related to more complex philanthropic strategies;
- CEO's leadership (as a proxy of the richness of internal debate) is (positively) related to less evolved philanthropic strategies.

Comments and questions

- A deeper discussion on the choice of variables (*why these variables?*) and their dimensions:
 - diversity: is it just a matter of background and ability? What about heterogeneity of preferences/goals?
 - aren't processes endogenous to the goals?
 - are CEOs all the same? Is the peculiar way used to appoint them relevant?

Comments and questions

- This an empirical paper... but a “simple” theoretical model may be used to underpin each hypothesis.
- It may also help to suggest *casual relations* rather than *correlations*.
- What about possible self – selection problems?

Comments and questions

- Isn't it the "influence of national and cultural effects on the tested association" itself an hypothesis to test rather than an exogenous limit?
- Also: if there are national effects, would the nationality of directors be relevant?
- ...references!