Discussion of

Corporate Governance and Social Impact of Non-Profits: Evidence from a Randomized Program in Healthcare in the Democratic Republic of Congo (October 14, 2019). HEC Paris Research Paper No. SPE-2019-1354.

by

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Keywords

- Randomized Control Trial (RCT)
- Non-Profit organization
- Healthcare
- Democratic Republic of Congo (DRC)
- Governance
- Social impact

Governance of Non-Profits

- No shareholders
- Agency issues between donors and managers of non-profits
- “non-distribution constraint” (Hansmann 1980)
- US literature comparing for profit with non-profit hospitals
- Yermack on museums

Governance “Treatment” Variables

- Pro-social incentives
- Auditing

Outcomes

i) higher operating efficiency

ii) improvements in social performance (measured by a reduction in the occurrence of stillbirths and neonatal deaths)

Figure 3. Examples of health centers

Figure 4. Location of treatment and control health centers

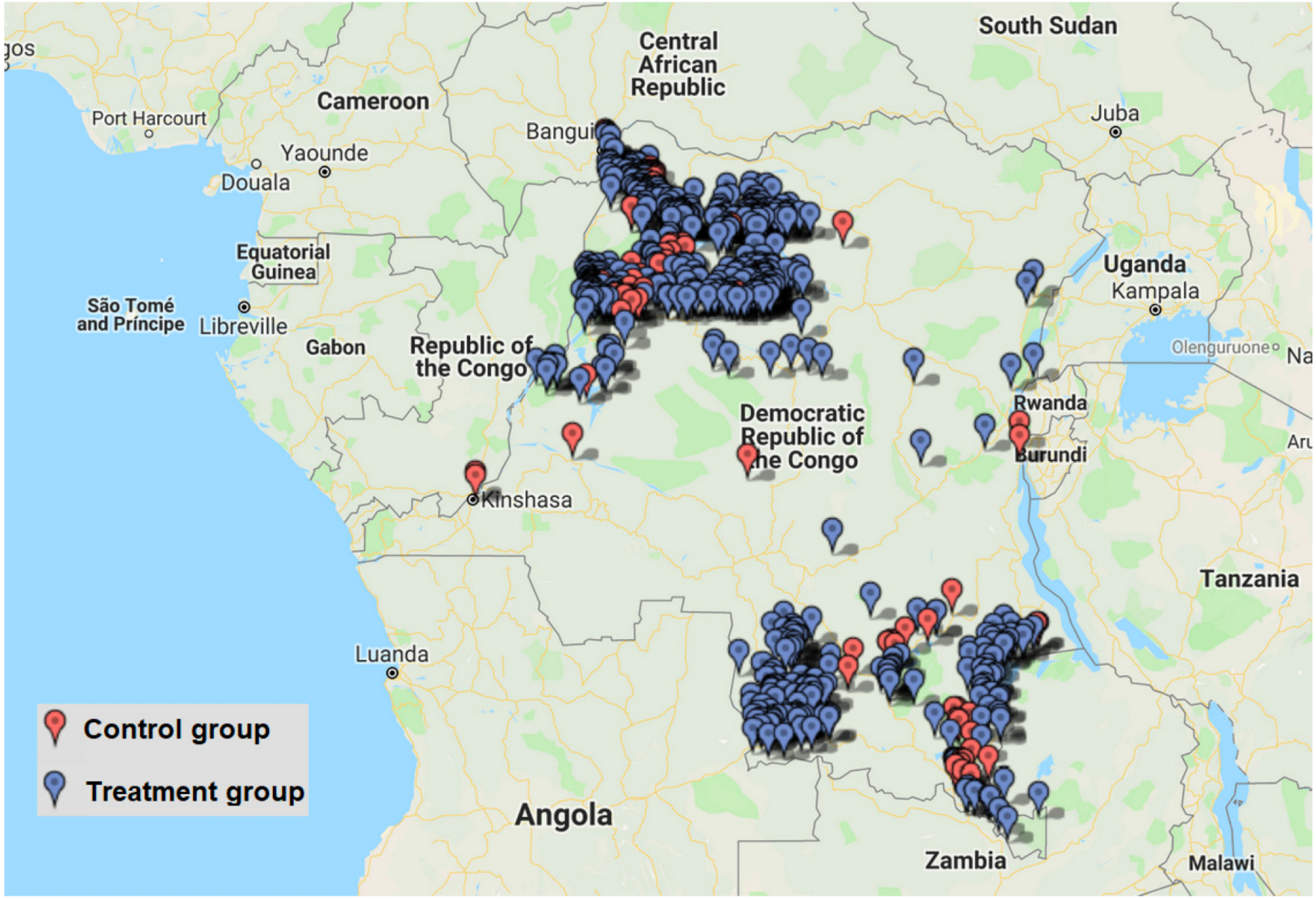

Table 3. The impact of improved governance on health center outcomes

	Health center operating efficiency	Health center employees				Volume of healthcare services			Quality of healthcare services		
	Δ Primary healthcare services per employee	%Δ Emp.	%Δ Doctors	%Δ Nurses	%Δ Admin. employees	%Δ Primary healthcare services	%Δ Maternal and childhood healthcare services	%Δ Births	Δ Share of stillbirths	Δ Share of neonatal deaths	Δ Share of live births
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Treatment	93.075***	-0.085	0.013	0.001	-0.099*	0.134	0.069	0.128	-0.345***	-0.276**	0.621***
	(31.022)	(0.089)	(0.016)	(0.075)	(0.056)	(0.261)	(0.253)	(0.169)	(0.108)	(0.138)	(0.209)
Province fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R-squared	0.198	0.055	0.018	0.046	0.028	0.162	0.155	0.080	0.016	0.017	0.021
Observations	999	999	999	999	999	999	999	999	999	999	999

Notes. For each dependent variable we compute the change between the initial quarter (Q1) and the tenth quarter (Q10) after the treatment. When the dependent variable is a ratio—i.e., in columns (1) and (9)-(11)—Δy represents the difference in y from Q1 to Q10. When the dependent variable is a level—i.e., in columns (2)-(8)—$\%\Delta y$ represents the percentage change in y from Q1 to Q10. In column (1), the units are in number of primary healthcare services per employee; in columns (9)-(11), the units are in percentage points. Standard errors are clustered at the health district level. *, **, and *** denotes significance at the 10%, 5%, and 1% level, respectively.

What Works?

- Usual criticisms & advantages of RCT
- Clear question, setup and straightforward statistics
- Clear results (hopefully)
- But where is the theory? (here there is some)
- Can it be generalized? Would it work in e.g. Burundi?