

Name

Course

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City and state

Date

FRAUD RISKS IN SUPPLY CHAIN MANAGEMENT IN FIELD MISSION OF HUMANITARIAN MEDICAL AID ORGANIZATION _____

Participants

As indicated by chart 1, the study evaluated thirty participants who were divided into five categories: seventy three percent of the respondents identified themselves as logistic coordinators, and 14 percent as expatriate project logistician (second mission and further). Expatriate project logistician (first mission) represented 7 percent of the respondents while the national staff logistician and capital expatriate logistician shared 3 percent of the respondents each.

According to the survey, logistic coordinators reported to have had done the highest number of missions, with 16 of them reporting to have participated in more than five operations. As indicated in Chart 2, six of the logistics coordinators reported to have participated in between two

and five missions in their careers with Medecins Sans Frontieres. In terms of participation, logistics coordinators were followed by the expatriate project logisticians with one of them reporting to have participated in more than five missions. Two of these coordinators indicated that they participated in between two and five missions during their careers in NGOs, while one reporting to have participated in two missions. One national staff logistician, as well as three expatriate project logicians, reported to have taken part in only one mission during their career at MSF.

Nature of the Field Missions

Participation appeared to have been greatly influenced by the budget allocated to missions. Fifty percent of the participants reported to have participated in missions whose budgets were over 3,000,000 Euros. More respondents indicated to have participated in operations with enormous budgets. In fact, some respondents consider missions with smaller budgets to be difficult than those whose budgets are enormous. With regard to this, chart 3 indicates that reported participation declines with the reduction on the size of the budget.

Moreover, the study indicated that the nature of a mission plays a significant influence on the level of participation. Although stability appears to be a major influence to participation, it is notable that more participation is reported in hyper insecure missions than in the missions of post emergency nature which may be presumed to have adequate security measures. Chart 4 indicates that thirteen of the surveyed participants reported to have worked in stable environments where there were no major security concerns. This was the highest number of participation in any of the categories considered. Seven participants

indicated to have taken part in emergency missions. Participation could have been inspired by sympathy for the victims of adverse circumstances.

The chart indicates that five of the participants took part in missions that were of hyper insecure context. This is a significantly high number, considering that three participants reported to have taken part in post emergency missions that could have been probably secure. However, the missions could have been critical, thereby necessitating a considerable number of workers and volunteers to have the initiative of presenting themselves. Only two reported to have taken part in projects that had remote or semi-remote controls.

Like in any form of engagement, the level of security is a major determinant of participation in aid missions. As it can be anticipated, this study indicates that as security declines, the level of participation reduces. In this case, thirteen participants reported to have taken part in environments where concerns for security were at medium levels. This means that missions with substantial level of security appeals to aid workers, probably due to sizeable budgetary allocation coupled with some assurance of safety. As par the figures in chart 5, nine of the participants reported to have worked in environments with low levels of security concerns. This is an indication that participation reduces with deterioration of security in the ground. As such, five participants reported to have worked in highly insecure areas which could have necessitated security officers to accompany them, at least during some of their missions. As for situations with hyper levels of insecurity, the acknowledged participation drops to three, with none of the respondents indicating to have worked in an area that was absolutely insecure.

Market Structure of the Country of the MSF mission

Monopolistic competition is the most favored of all market structures. Sixty percent of the participants reported to have worked in monopolistic competition market structures. Even with the free entry to and exit from the industry, product differentiation enables each company in a monopolistic competition to have a market access that resembles a small 'monopoly'. This situation, coupled with increased number of sellers and buyers could be the reason behind the large participation by the aid workers. Such a market setting means that they do not face much challenge while securing supplies for their aid programs. Ease of operations is likely to have motivated active participation amongst the respondents. Chart 6 indicates that 20% of the participants reported to have worked in oligopoly structures. As indicated in the following chart, participants who worked in monopolies and perfect competitions represented ten percent of the participants each.

In terms of market restrictions, the biggest portion of the participants reported to have worked in markets that were restrictive on importation as well as the importation and sales of certain products. Eleven of the respondents indicated that the markets of their operations restricted importation but not importation and sales of products. The figure for restricted markets indicates that the regulation of importation is a boost to participation. Four of the participants suggested that the markets they have been working in restricted the importation and sales of certain products. As for three of the participants, the markets of operations had no market restrictions. Locations with no restrictions appears to be the least favored, and as per chart 7 below, restrictions on sales appeared to

be a challenge to operations, and hence attract little participation.

With regard to market distortions, most participation was recorded where distortions were reduced. As such, they can hardly contribute towards the creation of the black market in the local economy. According to ten of the participants, the markets of operations have had big distortions which have the capacity to influence the growth of the local black market. Chart 8 indicates that four of the respondents reported to have worked in markets with no distortions, and as such, there was a likelihood that black market would thrive.

Awareness of the corruption in humanitarian organizations & MSF

Most of the respondents identify corruption as being a major issue in Humanitarian organizations. However, the number of those who considers corruption as a challenge to the operations of MSF is reduced. In terms of delivering aid, nine of the respondents indicate that they did not regard corruption a major hindrance to the operations of aid organizations in general. However, the number of those who thought that it impacted heavily in terms of aid delivery in MSF increases from 10 to 15. Incidentally, the number of those who report to have witnessed corruption in their missions increases from 10 to 16. Chart 9 indicates that very few people consider corruption as a frequent occurrence. In this regard, only three regarded the humanitarian industry as corruption ridden. All the same, five believed that MSF was a corruption ridden organization, with four reporting to have witnessed it in their missions.

Responses relating to the awareness of corruption in humanitarian

organizations can be represented by the chart 10 below.

According to the chart above, sixty percent of the respondents identified corruption as being a major problem. Thirty percent thought it was not a major problem in terms of aid delivery in the entire humanitarian industry while 10 percent believed that corruption did not affect the manner in which aid organizations operated.

When asked to comment in the context of MSF, only 33 percent recognized corruption as a major problem. Fifty percent of the respondents thought that corruption could not affect the manner in which aid was being delivered. A mere seventeen percent believed that corruption did not happen much often during the missions being undertaken by MSF. These views are presented by chart 11 below.

For those with firsthand experience of the vice, 53 percent recognized that corruption is rife, but does not impact heavily on the operations of MSF. Thirty four percent, however, thought that corruption was an issue of grave concern with regard to the operations of MSF. According to the following chart, only thirteen percent of respondents seemed to believe that corruption did not happen much often.

Although 34 percent recognized corruption as a major problem, only 28 MSF staff members are reported to have been fired on corruption related cases during the last mission that the surveyed participants participated. This is represented in chart 12.

Most of the respondents who have engaged in operations worth more than EUR 3,000,000 million recognize the existence of corruption, but they do not think that it can affect aid delivery missions. As for the

respondents who have worked in programs valued from 2,000,000 to 3,000,000, those who recognized corruption as a great impact equalled those who see corruption a modest impact on programs' effectiveness. That number was four in the two instances. The same scenario is repeated as the budget size falls. Nevertheless, the number of those who regarded corruption as a major issue fell to two and then to one as the budget range declined from between 1,000,000 and 2,000,000 to between 500,000 and 1,000,000.

The type of mission does not determine the prevalence of corruption. With regard to missions of all types, its only less than five participants recognized corruption as a major concern. Reports of corruption in emergency missions were the highest at four cases. This is followed by post emergency missions where three participants reports corruption as being a major concern. As for hyper insecure missions, only two participants recognized corruption as a major concern. Generally, corruption is not recognized as a major hindrance to aid delivery.

With regard to security, corruption was recognized as a major concern in situations with medium levels of security with a remarkable 20 percent of respondents acknowledging it as a major derailment to the delivery of aid. However, in missions associated with low levels of security, respondents did not report corruption to be such a major issue of concern. In fact, as much as 20 percent of the respondents recognized the prevalence of corruption in such situations, they did not see it as a major hindrance to the delivery of aid to the affected communities. In most cases, respondents appeared to be indifferent on matters relating to corruption. As such, few respondents gave their views with regard to the manner in which they recognize the impact of security on corruption.

Chart 13 indicates the level of corruption awareness as per the nature, security context, and the budget of the missions.

The responses by the participants indicated that market structure have got great impact on the prevalence and level of corruption during the MSF aid delivery activities. The research indicated that the perfect competition had the lowest levels of corruption. This means that despite the market having high number of buyers and sellers where dealer preference does not exists, firms do not engage in corruption in an endeavour to influence entry and prices of their merchandise. Managements of the firms may have recognized the futility of offering kickbacks as it has negligible impact on the operations of others in the business. According to the respondents, the levels of corruption where monopolies operated are low. In this regard, only one respondent recognized corruption as a major problem. Two others indicated that despite its presence in the market, it rarely affected the manner in which MSF engaged in its aid delivery activities. The reason behind this could be the fact that output and supplies are firmly controlled. Furthermore, such markets have strict entry barriers and customer choices are limited. This, therefore, eliminates the necessity of having to engage in corrupt dealings as the firm has, in fact, nothing to compete with in the long run. Monopolistic competition recorded the most serious levels of corruption in terms of market structures. However, while 20 percent of the participants recognized it as a major concern for the activities of MSF, 33 percent indicated that they do not see it as major impedance to the operations of MSF. A further six percent of the participants believe that corruption does not happen often. Corruption index in a monopolistic competition may be influenced by a number of factors. Firstly, having a high number of buyers and sellers in a situation where products are differentiated may prompt corrupt deals. Organizations

may engage in corruption in an endeavour to win more and more customers as this would mean increase in profits.

Although respondents reserved their views on restriction instigated corruption, the manner of restricts has some influence on corrupt dealings. The highest level of corruption in this category of factors is observed where importation restrictions are imposed. As much as ten percent of the respondents recognized corruption as a major concern where importations are restricted. The same case applies where importation and sales are restricted. Nevertheless, 30 percent of respondents indicated that corruption where importations are restricted did not impact heavily on the operations of MSF. A much lower percentage of respondents concurred with that view in cases where there are importation and sales restrictions. In cases where importation restrictions existed, just a mere three percent believed that instances of corruption did not have often occurrence. Respondents who saw corruption as a major impediment equalled those who regarded it a none-issue in places where restrictions on sales were rife. However, this was only a mere 6 percent. According to chart 14 below, places with no market restriction recorded the least instances of corruption.

The chart above indicates that market distortions have an impact on the level of corruption awareness in MSF missions. In situations where there are big market distortions, corruption awareness is at 20 percent, which is a remarkably high value as compared to where distortions are at the minimum. Nevertheless, it is only about 13 percent of respondents who see corruption as a hindrance to MSF missions. The situation is completely different with regard to locations with minimal market distortions. Which only about 16 percent of respondents recognize corruption is a major concern, 30 percent of them do not consider the

vice to be a major hindrance to the MSF's aid related activities. Similar situation is repeated, though at a smaller scale, in cases where market distortions do not exist. In such cases, a mere 3 percent considers corruption to be a major problem while 10 percent report not to consider the vice as detrimental to the aid operations of MFS.

As per chart 15 below, corruption as per the nature of the market can be summarized in three main points. Firstly, large budgets prompt a significant number of volunteers to be corrupt. As such, there are a high number of dismissals as a result of corrupt practices. However, it is interesting that more volunteers are dismissed in stable missions than those whose services are terminated in emergency missions. Additionally, there are a high number of terminations in missions with low or medium levels of security risks. Termination of the staff can lead to the security problems for organization especially in hyper insecure context missions or missions with high level of security risks. These missions are, therefore, prompted to tolerate corruption so as to avoid the derailment of operations.

Dismissal figures as per market structure seem to follow those of awareness with monopolistic competition recording the highest number of sackings. Sackings were at the lowest for monopoly and perfect competition market structures. As with the figures for market restrictions, markets with importation as well as importation and sales restrictions have, according to the respondents, the highest number of dismissals. Where only sales are restricted, there are fewer instances of dismissal as is the case where there are no market restrictions. Markets with least instances of distortions record the least numbers of dismissals. However, it is interesting to note that the highest number of dismissals happens in markets with minimal distortions, as opposed to

those with big distortions.

As par this study, ninety percent of logistics coordinators seem to regard corruption as an unavoidable vice in the aid industry. Similarly, one in six Expatriate Project Logisticians believes that corruption is unavoidable in humanitarian emergency, and as a consequence, MSF has to deal with its effects. If the views of the respondents of this study are assumed to represent those of everyone in the humanitarian industry, then nearly all national staff and capital expatriate logisticians regard corruption as being unavoidable. In total, about 83 percent believes that corruption is inescapable with regard to humanitarian efforts. These figures can be presented as follows:

Table 17. Unavoidability of the corruption and frauds in humanitarian interventions.

	YES	NO
Logistics Coordinator	20	2
Expatriate Project Logistician (first mission)	2	0
Expatriate Project Logistician (second mission and further)	3	1
National Staff Logistician	0	1
Capital Expatriate Logistician	0	1
Total	25	5