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Review

The funding—Humanitarian supply chain interface

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A B S T R A C T

Humanitarian organizations (HOs) supply goods and services to people in need, using funds provided by donors supporting their mission. Funding systems, funds, and their characteristics have a very strong impact on the success of HOs in fulfilling their and donor needs. A wide variety of articles exists on humanitarian supply chain management (HSCM) and on managing and raising donations. However, a limited, yet growing, branch of literature explores topics in the new field of the interface between funding and HSC. This article provides an overview of research in this field and tries to capture how it has been developing. We achieve this overview through structuring the core issues discussed in the literature into a funding—humanitarian supply chain (HSC) interface framework. The framework leads to the identification of research gaps and promising areas for future research. The article raises awareness of the importance of carefully evaluating decisions related to funding systems and provides researchers and practitioners interested in this topic with guidance with respect to the core issues to be considered.

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1. Introduction

Improving the efficiency and effectiveness of humanitarian action is essential to better meet needs. At a time when available resources are failing to meet urgent humanitarian requirements within appeals

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International Humanitarian Assistance 2015

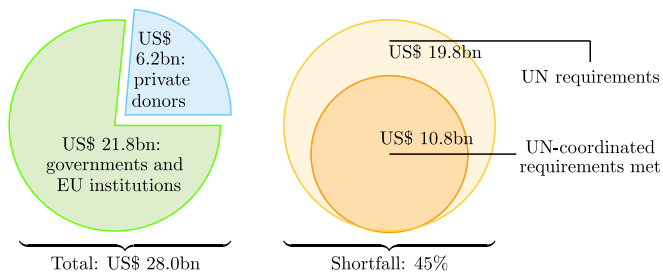


Fig. 1. International funding amounts 2015.
Source: [1].

[...], it's inevitable that questions are being asked about how to improve the impact of financing.

Excerpt from the "Global Humanitarian Assistance Report 2016" [1, p.75].

Statements like the above demonstrate the diverse characteristics of good practices in donor funding of humanitarian activities and their link to efficient and effective operations. The need for changes has been formulated in 2003 as "[...the] strive to ensure flexible and timely funding, [...] recognizing the necessity of dynamic and flexible response to changing needs in humanitarian crises, striving to ensure predictability[...] and of introducing longer-term funding arrangements." in the Principles and Good Practices of Good Humanitarian Donorship [2]. Humanitarian organizations (HOs) are characterized by their principles of humanity, neutrality and impartiality in fighting human suffering [3]. Their goals thus include aspects of equity alongside pure economic or operational objectives like efficiency and effectiveness [4,5]. HOs witness the impact of funding in all aspects of their operations. Funding not only determines the scope of humanitarian actions, but has crucial impact on their speed, effectiveness and efficiency [6]. However, research on the connection of funding and humanitarian operations is limited [6] and has been identified as a major research gap [7,8]. The need for survey papers focusing on specific functions in disaster management has recently been highlighted as well [8]. This paper, positioned at the intersection of different research fields, thus investigates multiple research needs.

This paper is dedicated to the analysis of the impact of funding on humanitarian supply chain management (HSCM). We rely on the definition of Thomas and Kopczak and understand HSCM as "[...]the process of planning, implementing and controlling the efficient, cost-effective flow and storage of goods and materials, as well as related information, from the point of origin to the point of consumption for the purpose of alleviating the suffering of vulnerable people" [9]. For Van Wassenhove, HSCM is effective if it is "[...] able to respond to multiple interventions, often on a global scale, as quickly as possible and within a short time frame" [10].

International humanitarian assistance received a total of 28.0 billion US\$ in 2015, from which the majority was contributed by governments and EU institutions (21.8 billion US\$), while private donors contributed 6.2 billion US\$, as can be seen in Fig. 1. Even if the amount of assistance is impressive due to its ungraspable scale, comparing contributions to needs helps in seeing the bigger picture: While a laudable 10.8 billion US\$ have been contributed to UN-coordinated appeals for funding for humanitarian operations, an even higher 19.8 billion US\$ have been identified as required by the UN. This translates into an unprecedented shortfall of funding of nearly 45% [1]. These numbers shed some light on the importance of the amount of funding for humanitarian operations. However, the amount of funding is only one aspect in which funding has an impact on the humanitarian supply chains (HSC), as this research is about to show.

Funding poses severe constraints and creates challenges for HOs [6]. In addition, sudden and unpredictable spikes in demand, uncertainty with respect to infrastructure and human resources, as well as urgency of response create a unique environment of HSCs. The problems become even more severe due to the multitude of stakeholders with diverging objectives involved [9–11,3].

The focus of this paper is on understanding the interface of funding systems and HSCM as a recent field of research. This is achieved through presenting the core issues identified by the literature review on HSCs, with a thorough analysis that led to the formulation of a framework for the field. While there exists very broad and well developed research in public and behavioral economics on fundraising for non-profit organizations ([12] for a review on the dynamics of donation accountability, [13] for a review on studies on charitable giving), we did not consider this type of research, as these papers lack a clear HSCM orientation. The paper also supports practitioners and researchers in HSCM by providing research findings valuable for decision support and increasing the awareness for the implications of (sometimes unconscious) funding system decisions.

Looking at the literature reviews used in the meta-analysis of humanitarian logistics research of Kunz and Reiner [14], as well as additional recent literature reviews, provides insight into the perception of funding-related aspects in HSC research. While funding related aspects are excluded from a number of reviews on humanitarian supply chain management (HSCM) [15–18,14], others [19,20] refer to the topic and some [21–23] define research gaps pointing to this new research field.

The absence of funding in many literature reviews of HSCs can be explained through diverging views of the scope of HSCs. Overstreet et al. [19] consider funds and goods just as secondary inputs to HSCs and not as a core concern. Other authors, like Özdamar and Ertem [15], see a strong focus on post-disaster phases in HSC research. These phases are characterized by their urgent needs, leaving little room for funding-related operational considerations.

However, this focus on disaster response does not inhibit research and also does not pay tribute to the central importance of funding for HSCs. Caunhye et al. [24] argue that humanitarian logistics itself is overshadowed by fundraising, as it crucially depends on it. Therefore, it comes as no surprise that many authors (e.g. [23,7]), directly and indirectly, consider funding-related operational issues as important research gaps.

This literature review addresses researchers and professionals alike, working in the area of HSCs and humanitarian operations in general that want to look more into the importance of funding systems for HSCs. To the best of the authors' knowledge, this is the first review on literature focusing on the impact of funding systems on HSCs. These two research areas, fundraising and HSCs, are typically considered by different disciplines, economics and marketing on the one hand and operations management on the other hand, respectively.

The findings of the paper comprise a theoretical framework structuring the existing research on funding-related aspects in HSCM and highlighting existing research gaps. The paper identified the need for more research employing a holistic view of the topic rather than focusing on short-term decisions in case of response or following a donor-centered approach. We discovered that funding systems could be analyzed along a set of defining categories, including the nature of funding, the source of funding and the restrictions imposed on funding. Furthermore, the mode of acquisition of funding as well as the allocation of the received funds determines funding systems together with further basic characteristics like amount or speed of donations. We identified the flexible use of funding to be of high importance to a HSC and its performance. Regarding the methods used, as a relatively young research field, exploratory research methods are often used but are complemented by diverse modeling approaches.

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