

## ***Jury Report KPMG - RSM Sustainability Master Thesis Award 2014***

### **Introduction**

The RSM Sustainability Forum 2014 is the logical moment to present the winner of the best Master Thesis on a sustainability related topic of the year. The full name is: KPMG-RSM Sustainability Master Thesis Award. The award recognizes a business student whose master thesis does not only demonstrate academic excellence, but also contributes to business and society alike by advancing applicable knowledge to address an important environmental or societal pressing issue like poverty, bribery and corruption or resource scarcity.

The Thesis Award covers the period September 2012 until June 2013. Of the 895 theses that were defended during this time, 42 (4.7%) deal with a sustainability-related topic and passed the academic qualifier requirement.

Identifying the best theses among these potential candidates can be challenging. The RSM working group surrounding the KPMG-RSM Master Thesis Award has developed a comprehensive and rigorous framework to complete this task. The four selection-criteria that are used in the framework are:

- **Academic excellence (qualifier)**  
A grade of 8.5 or higher was set as a minimum requirement
- **Possible reception by companies (40%)**  
How practically relevant is the thesis for companies?  
Can they use the results of the thesis in their business?  
Will the findings of the thesis encourage sustainable behavior of managers?
- **Potential environmental/social impact (40%)**  
Topic and findings of the thesis should be of importance to society at large.  
The thesis may influence policy makers or civil society leaders to drive change.
- **Originality (20%)**  
In an outstanding thesis the author impresses with independent thinking, a critical attitude and innovative ideas.  
To which extend does the candidate develop fresh and creative ideas or an unconventional approach regarding the research question, method, process and/or conclusions?  
Furthermore, strong candidates discuss the contribution of their own research to the current debate.

A jury of practitioners from the area of Business and Sustainable Development has reviewed the selected top 5 theses. The jury-members have many years of experience due to the fact that they are already in place since the year 2006, when it all started with the KPMG Business Society Master Thesis Award.

The jury members are:

Jan Bom, Chief Editor of the CSR magazine P+

Elfrieke van Galen, partner with the Rock Group and former Director CSR with KLM

Tim van Kooten, former Issue Manager with Shell in the Netherlands

Jan van den Herik, Chairman of the jury, Director Strategy & Innovation with KPMG

The five selected excellent Sustainability Master Theses were written by the following five students:

- Daphne Blokhuis
- Joost Boer
- Sophie Gaarenstroom
- Britt de Lange
- and Laura van de Ven

The five students are not only competing for the honor and recognition ladies and gentlemen, but also for a financial prize. Since 2006 KPMG provides the winner of the Master Thesis Award with a prize of EUR 1.000 and the runner-up with a prize of EUR 500. Before I will announce the runner-up and the winner, two of my fellow jury members will provide you with some brief insights regarding the different theses. I therefore would like to hand over to Elfriek van Galen en Tim van Kooten.

### **Observations of the jury:**

#### **Joost Boer on 'In conversation with people at the Base of the Pyramid'**

This thesis combines academic studies of the Base of the Pyramid literature with knowledge from personal interviews with the poor people themselves.

In search of BoP success and failure Joost argues that any multinational company that wants to operate in a BoP environment must have an understanding of the local social characteristics and people's needs first. So the people or target group should be the starting point in BoP ventures.

Joost developed a case study by exploring a concrete situation by doing field research in rural Vietnam. Joost describes the local situation in Hoa Son's community very well. The community comes really alive while reading the thesis. Especially when you read the collected data and the different quotes.

In his description of the people's needs and characteristics and comparison with the BoP literature phrases and assumptions, a new image of stakeholders is offered to the reader. Joost Boer has a fundamentally social approach to the sustainability debate and explains how multinational companies could influence the Capability Development and Social Capital of poor communities.

That is why this thesis is highly relevant for companies considering BoP ventures.

#### **Sophie Gaarenstroom on 'Socially Responsible Purchasing'**

This is a well written and business oriented thesis. The management summary is to the point and crystal clear.

The research question guiding this thesis is: "What is the effect of socially responsible purchasing on operational and relational efficiency of a buyer-supplier relationship and does geographical distance influence the strength of this relationship.

Sophie had a sound project design starting with a pilot study to develop and test her questionnaire first amongst two multinational companies and one mid-sized company. The response rate was very high 20.3% with an effective sample of 257 purchase managers.

Socially Responsible Purchasing requires a warm cooperation all through the supply chain, but one always has to be aware of the potential downfall (The dark side of close relationships, according to Erin Anderson and Sandy Jap).

This thesis opens a view on the broader benefits of Socially Responsible Purchasing. The findings show that buyer-supplier collaboration has a strong positive effect on both operational efficiency and relational efficiency. Geographical distance is not found to influence the strength of the relationship.

Purchasing stands central to value creation for manufacturers and traders.

Optimization of better cooperation and decision-making in the value chain is in itself a learning process between business partners.

Little research has been conducted in the field of SRP and its effects on buyer firm benefits. Sophie's thesis is therefore a very welcome piece of work for the real world of Socially Responsible Purchasing.

### **Daphne Blokhuis on 'Scaling inclusive Business'**

This study provides insight into the current state of inclusive businesses and the challenge of scaling. Inclusive businesses or perhaps better known as Base of the Pyramid business initiatives are recognized as instruments for alleviating poverty in many parts of the world. Inclusive business can make a development impact and meet the needs of millions of people.

However, in reality it appears that a majority of these initiatives have resulted in limited success as they remained small, did not generate profits or sometimes did not succeed at all. In search of explanations the scaling strategies of these projects came into play.

Daphne Blokhuis' thesis is digging deep into this phenomenon, by selecting 70 so called 'exemplary inclusive initiatives' and studying them in detail.

She found that while 80% showed intent to scale, the majority of initiatives resulted in limited success. The preferred way of scaling focuses on using existing products or services by scaling wide or scaling up.

The findings of Daphne's study can help companies and other stakeholders in the field of BoP to get better insight on how to make more impact with inclusive business.

### **Britt de Lange on 'Microfinance over-indebtedness, truth or myth?'**

Written in a flowing, practical and readable style, this thesis is helping us to see the difference between the model world and the real world application of micro financing as a development tool.

Microfinance is examined in the mature Kenyan/Nairobi market and Britt is clearly able to elaborate on the downside of microfinance (over-indebtedness), whereas the results will enable MFIs to spot early warning signals of over-indebtedness

Actually, it is really shocking how Britt is able to unravel the downside of a highly competitive and target driven mature MFI market. This study provides an image of what happens in such a market. Participants saw outreach increase, competition intensify, clients increasingly borrow from more than one organization, clients diverting credit to non-business purposes such as household expenses, and they perceived over-indebtedness to become more common.

It appears that literature has failed to investigate the phenomenon of maturing microfinance markets. Secondly, literature has been looking for increasing outreach of financing, and overlooking higher outreach, which may lead to increased multi-borrowing.

Thirdly the thesis describes the process of over-indebtedness and over-funding of clients.

Micro Finance Institutions may be kindly advised to read this thesis and the 11 propositions in the concluding advice to MFI's.

### **Laura van de Ven on 'Fair Play via Fair Pay: A Pay What You Want Pricing Strategy for Fairtrade'**

This is one of the first studies to apply a PWYW pricing strategy to ethical products. PWYW is a novel, psychological pricing strategy that allows the consumer to pay any price they want for the product that has to be accepted by the seller without exception.

For decades Fairtrade products so far have not realized their market potential.

Too much lip service has been rendered in their real world marketing. Chances have been missed.

Novel approaches are needed to bring so-called 'ethical' products to their markets.

Application of Pay What you Want pricing strategies may well be an answer.

This thesis investigated the use of a pay-what-you-want (PWYW) pricing strategy to increase the sales of Fairtrade hot chocolate at the Coffee Corner at the Erasmus University. The results of this experimental case study show that a purchase price premium of 15% for the Fairtrade label is possible. Of course the experiment was limited in its market coverage and target group, but Laura's study is inspirational and can stimulate new marketing initiatives. Innovative, original and well performed studies like Laura's are welcomed by the jury: we would like to see more of them!

And now for the announcements of the runner-up and the winner of the KPMG-RSM Sustainability Master Thesis Award we like to hand over again to the chair of the jury Jan van den Herik:

Runner-up is:           Britt de Lange

Winner is:              Sophie Gaarenstroom