

The role of business schools in an increasingly urban, populist world

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Much has been made of the disconnect between rural voters supporting right-wing populist candidates and city folks who vote overwhelmingly more liberal. In the United States, Trump supporters are those who have been left behind by globalization and digitization. They are stranded in small communities unmoored from enterprises that would support gainful employment or in smaller cities that have been left out of the 'new' economy. While some argue populist politics are on the decline, we would be foolish to ignore the tensions that lie behind the surface of any Western society.

The 'left behind' narrative

Urban elites are corrupt and self-dealing, says the 'left-behind' narrative, while urban pundits point to the positive effects of 'contagion' in people embracing immigrants once they get to know them. According to that same narrative, universities are polluting the minds of unsuspecting youth and setting young adults on a new course, brimming with new ideas at odds with their pasts. This supposed liberal hegemony of ideas masks the differences within universities, sometimes amongst faculties. Many of the executives who adopted offshoring of manufacturing jobs and the massive scaling of industrial agriculture are the very same youth whose urban views alarm their families.

Business schools provide great opportunities for youth from all parts of the developed world, from the urban to the rural. Since economic opportunity is concentrated in our global cities, they will continue to play a role in launching careers and providing a path out of underemployment or limited opportunities for rural youth. The premium placed on talented human capital underpins the welcome given to educated immigrants, and the transformation of cities and suburbs toward an ever-increasing ethnic mix seems to alarm those left behind.

How business schools contribute to the divide between urban and rural areas

Along with the great opportunities that business schools provide, they also play a role in contributing to the divide that has resulted in the 'left behind' narrative. Financial analysis taught by business schools clearly supports decisions by corporations to seek the cheapest labour and the most complex labour-saving technologies, while ignoring more complex issues associated with the loss of gainful employment in many parts of the developed world.

Business schools around the world teach that market forces are a mechanism that will efficiently allocate economic activity. Students in Economics 101 dutifully learn that governments intervene in markets to lower overall outputs and raise prices, with glancing consideration of how governments enable markets to function. Financial models, adopted by the business world, converge because of these intellectual underpinnings. Yet these same models are less effective at measuring how interactions between individuals and organizations lead to innovation or how social capital supports efficiency.

Curricula are remarkably silent on how stable societies filled with prosperous families and governments that analyze problems using science perform better than societies with very few wealthy individuals and a majority of poor people leading unstable lives. The global financial crisis also bears the imprint of the business school, and the types of rational financial incentives and flight from regulation, while buffering most of the middle and upper ranks from its consequences.

Business and business schools must change

The new populist movements challenge business schools to ask new questions and evaluate their quantitative models to address the messy complexity of communities, regions and loss of opportunity within prosperous corporations. Our learning tools have implicit assumptions and to ignore or marginalize them will perpetuate the growing divide between those who know better and those who have watched their quality of life erode.

We must change or be judged complicit. If we consider also the challenges to industrial corporations posed by technological change, the need for a re-evaluation of our core assumptions and models becomes clear. Many within business schools have called for an emphasis on corporate social responsibility, sustainability and commitments to upright behaviour.

Failing to adequately address the root of populist movements in the West would not only ignore the context that surrounds business; more consequentially, it would fail to train the next generation of leaders in how to navigate the challenges of a new reality where corporations' prosperity is tied to making a positive impact on their communities. Doing otherwise may threaten the prosperity of corporations as well as developed, Western, democratic societies.

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