

Research Workshop on Business and Economic Inequality

On Friday, September 28th about 20 faculty and graduate students from the I.H. Asper School of Business at the University of Manitoba met in the afternoon to share their ongoing and emerging research concerning economic inequality and business. The event was kicked off by [Michael Benarroch](#), Dean, Asper Business School, who underscored the importance of research and education on the topic of economic inequality and business.

First up, was [Lukas Neville](#), who presented preliminary evidence that suggests generalized trust plays a mediating role in the relationship between inequality and ethical behaviour. For instance, employees are more likely to commit unethical behaviour if there is a large amount of inequality in pay between employees. Lukas explores this relationship and wonders if this relationship is about our trust in others, or about others' trust in us? And, can trust-building at the organizational level moderate the negative effects of inequality at the societal level? Finally, what methods and contexts might be productive to further explore these relationships?

Next, [Nathan Greidanus](#), began his presentation by outlining the two pathways to economic development for developing countries, one through the growth of local small and medium enterprises (SMEs) and one through the expansion of foreign multinational corporations (MNCs) to developing countries. As there are unfavourable aspects to each, Nathan proposes that both pathways be integrated to foster sustainable economic development and curb economic inequality in developing countries.

Further exploring the dilemma of large and small approaches, [Bruno Dyck](#) presented an interesting examination of the problem of increasing agricultural productivity on small-scale farms. Approximately 500 million of the world's chronically hungry people live on small-scale farms. Productivity in agriculture can be increased in two ways: the first is through 'industrial agriculture,' which includes plant breeding, the use of fertilizers, and increasing the size and mechanization of farms. The problem with industrial agriculture is that it is too expensive for a small-scale farm; it is also environmentally unfriendly. Another way to increase productivity is through 'multifunctional agriculture,' where productivity is increased by crop rotation, cover cropping, and by using minimum tillage. Although multifunctional agriculture seems to be preferred over industrial agriculture, it is not widely adopted due to risk averse farmers and the lack of profit incentives to promote it. Bruno investigates this problem and uses two approaches to resource based theory (RBT), conventional and radical, to analyze the organizational capacities of NGOs who have developed best practices in this field. He underscores the need for management theory to balance multiple forms of wellbeing for multiple stakeholders in order to provide solutions to this modern day problem that is directly related to economic inequality in developing countries.

Marilyn Brennan, a recent Ph.D. graduate, presented her research that investigated the changing landscape of financial services in Manitoba. In particular, Marilyn sought to answer whether payday lenders arise in poor neighbourhoods to fill the void left by traditional banks or whether they locate alongside banks to complement their services. Critics argue that payday lenders charge usurious rates and strategically locate in areas vacated by traditional banks. As a result, users who are outside the banking system become dependent on payday lenders and suffer more

financial and social problems resulting in economic inequality. Marilyn performed a location analysis of payday lenders, banks, and credit unions to find that payday lenders adopt a dual strategy – act as complements as well as substitutes – based on location and context.

Continuing on the access to financial services, **Kevin Morris**, a M.Sc. student presented research that shows that the location of financial institution branches (FIBs) affects neighbourhoods, while the removal of FIBs increases poverty and abandons the poor. By drawing on research that shows that FIBs contribute to the development of small and medium enterprises, he seeks to show how the location of a branch reduces economic inequality in the neighbourhood and spurs economic growth.

[Hari Bapuji](#) presented arguments to show that economic inequality at the societal level can affect the level and nature of innovations at organizational level. Extrapolating the effects of societal level economic inequality on human development (education, skills, and attitudes), he argued that innovations, particularly substantial and team-based innovations, get hampered in organizations operating in highly unequal societies.

The presentations followed by a broad ranging discussion on various research questions as well the challenges in pursuing research that examines the relationship between business and economic inequality. These challenges were succinctly summarized by **Tom Lawrence** as (i) the conceptual difficulties in linking phenomenon and outcomes that exist at multiple levels, (ii) developing theories that can help to link multiple analytical levels, and (iii) methods and data required to convincingly explain proposed relationships. These challenges present exciting opportunities to business scholars.