**Introduction:**

Powell’s Books is a large, independently-run used and new bookstore chain with locations in and around Portland, Oregon. Its first and largest location lies within the formerly gritty and industrial, but now more commercial Pearl District. In addition to its physical locations, Powell’s also buys and sells books from around the world via Internet. In many ways, it can be considered an independent business, but it has grown to the point where it can no longer be defined as a small business, and has introduced some global elements since it was first founded in 1971. In this way, Powell’s represents an intermediate between two extreme forms of business model: localism, in which businesses are locally owned and have a greater responsibility to serve their surrounding community and globalism, in which businesses are owned by a large, multinational corporation that generally focuses more on profit and economic growth. In this report, I will be investigating how Powell’s books has reconciled these competing interests over time in order to determine whether or not it is a healthy and beneficial balance that can be used as a model for other modern independent businesses. The goal of this is to help readers, specifically the average citizen and potential owners of small businesses, understand how to build healthier communities that serve both economic and social interests.

notes: mention materials and procedures in here somewhere.

**Method: How should businesses balance the goals of social responsibility and financial gain?**

In order to examine this question, I investigated the viewpoints of David J. Hess and Henry Ford II. (I have decided that the source by Timothy Fort, and Cindy Schipani concerning the connection between big businesses and world peace may not be sufficiently relevant to my investigation. For future drafts, I will examine this source more closely to see whether or not it is worth including. If not, I may either replace it with a new source, or just focus on Hess and Ford).

Hess and the limits of modern localism:

Hess argues that localism, a counter-force against globalization, itself doesn’t fit into one broad category, but rather a sort of sliding spectrum which varying levels of efficacy in terms of bringing about positive social change. He also distinguishes terms and concepts such as localism vs. localization and ideal localism vs. practical, modern localism. According to Hess, ideal localism is defined by four key traits: 1) The materials needed to produce goods come from local sources 2) goods produced by locally-owned business 3) sales made through locally-owned organizations 4) goods marketed and sold to locals. However, he concedes that meeting all of these qualifications is most likely unrealistic in an increasingly global world; so at the least, a business should be locally owned and serve local clients in order to be considered an example of localism. He also mentions that while a local business has a responsibility to its community socially and ecologically, there is only so much that it can do. With this in mind, he suggests the idea of a an “alternative global economy” in which local businesses do business globally, but only with other socially responsible local businesses in order to build a new, non-corporate infrastructure that better serves the people as a whole.

relevant quotes:

Ø “The primary social address of localism is not the hippie farmer who wants to return to a simpler way of life but the local retailer, credit union, restaurant, city, government department, radio station, or non-profit organization”(14)—shows contrast between extreme, outdated version of localism and modern, modified examples.

Ø “I [Hess] am optimistic about the possibilities of localism, but I also see it as a complex social phenomenon that has some strands that are more able than others to contribute solutions to global problems of sustainability and justice”(17)

Ø “The redevelopment of locally owned independent businesses can contribute to solving environmental and equality problems, but such contributions are uneven, and I am skeptical that localism alone can provide complete solutions” (14)

Ø “The localist model of privately held companies with a mission of community stewardship and an ability to choose environmental and social values over growth provides one pathway for restructuring the global economy in the era of environmental limits” (15)

Henry Ford II on the compatibility of business and society:

According to Henry Ford II in two speeches given in 1969 to the Yale Political Union and the Harvard Business School Public Affairs Forum, businesses can bring about change, but there is only so much that they can realistically do. Essentially, they can only help a community in terms of employing citizens and economic growth. Furthermore, he argues that while a business should address social issues, profit and social change are not mutually exclusive goals, and that there are negative consequences for leaning too heavily in either direction. He also says that citizens should have a role in controlling how businesses are run and in keeping their power in check. This source refers to big, rather than local businesses but I believe that a lot of what Ford says still applies to my investigation.

relevant quotes:

Ø “To the extent that the problems of society can be solved by providing more and better jobs, higher incomes for more people and a larger supply of goods and services, the problems can be best solved by relying heavily on business. On the other hand, business has no special competence in solving many other urgent problems” (30)

Ø “Business can and should do something [in terms of social change], but far from everything”(30)

Ø With regard to the social issue of contemporary racial inequality and discrimination (1969): “I agree with the right that business *should* concern itself primarily with profit. I agree with the left that business *does* concern itself primarily with profit. But neither premise supports the conclusion that business has no role in promoting equal opportunity. On the contrary, even if there were no other reason, business should have a role because equal opportunity is profitable” (32).—specific example shows that it is actually in a business’s best interest to serve social causes, illustrates idea of profit and social change not being mutually exclusive goals. Ford later elaborates that profit as a result of supporting social concerns will result in longer-lasting positive change.

Ø After mentioning a previously-workable business model of making minor sacrifices for the public good in his Harvard speech: “We [businessmen] can no longer regard profit and service to society as separate and competing goals, even in the short-run. The company that sacrifices more and more short-run profit to keep up with constantly rising public expectations will soon find itself with no long run to worry about. On the other hand, the company that seeks to conserve its profit by minimizing its response to changing expectations will soon find itself in conflict with all the publics on which its profits depend. There is, however, a third alternative and that is to stop thinking about the pursuit of profit and the pursuit of social values as separate and competing business goals. ” (55)

**Results: Case Study: Powell’s Books**

Examples of globalism

Expansion both spatially and online (The latter is a more recent development: for a while Powell’s resisted internet expansion and kept a card catalogue according to a 1991 New York Times article)

Partners with large businesses such as amazon in order to distribute, market their goods to a larger audience

Sells new books from mainstream, big name publishers in addition to used books

No longer fits definition of “small business” (about 530 employees in total, small business definition capped at 500)

Has found a way to profit more than other independent used book stores, even in hard times (source: Poets and Writers interview with Michael Powell

Workers generally happy with work environment, but they still found reason to unionize in 1998: Bookstores such as Powell’s faced economic difficulties/ decline in profits and as a result, Powell’s placed a limit on employee raises, but somehow still found the money to spend millions on expansion. Some workers concerned by this—instance of putting growth over social good?

Workers also frustrated with limited control over larger business decisions. (Farmanfamain)

Possibly uses elements of inauthentic localism (localization) to attract tourists. Ex: hyperlocalism: Powell’s features Portland best-sellers list vs. national best seller list online (use of local knowledge/reccomendations to market books), has a section of store that sells Portland & Oregon goods that may be aimed more at tourists than locals

Examples of localism

Local/ family owned business: Founded by Portland natives Walter and Michael Powell, currently owned by Michael’s daughter, Emily who also lives in Portland. Local ownership is one of the key traits of localism according to Hess.

Business operations are centered in Portland. Powell’s even has its own distribution center and delivery truck fleet (despite assistance from larger companies for more long-distance deliveries)

Edgy, industrial design reflects character of surrounding Pearl district. In an interview, Michael Powell mentions that he tried to mimic the clean, clinical design of large bookselling chains such as Barnes and Noble, but this was not successful, as it made the local people feel unwelcome.

In response, Powell soon changed the design to be less formal.

The surrounding neighborhood is now more developed, and Powell likes to think that he played a role in this transformation.

The used book portion of Powell’s inventory comes partly from local customers who bring them in (used books from out-of-state customers may fit into Hess’s definition of modified localism?)

Powell’s has been involved in political movements and is involved in its community. Examples include donating to a local library, and dedication to freedom of speech, as demonstrated by rebelling against Prop 9 measures to remove gay-related literature from Oregon library shelves.

Hires local employees and contributes to the local economy

Has become a major part of Portland’s local identity

note: In future drafts, I may just stick to a few points for each of the above categories to better focus my argument.

Also worth noting: Alternatives to accepting elements of globalization?

Other small bookstores have used other, less global methods of staying in business such as appealing to local businesses and non-profits for assistance and additional patronage, holding events with authors, and going online as Powell’s has, but to a lesser extent: providing links to their websites through the American Bookseller’s association. As Kevin Smoker writes in an article for Poets& Writers Magazine, “Just as authors can no longer publish and wait for sales to roll in, more and more booksellers have begun actively finding readers instead of waiting for readers to show up.” Here, he acknowledges that bookstores need to expand their audiences in order to stay viable in these modern times, but there might be ways of doing this that are alternative to the Powell’s approach.

**Discussion:**

What can we conclude from all of this?

Overall, Powell’s Books does a good job of balancing the goals of profit and growth with the goals of social responsibility, even if it does not quite adhere to Hess’s definition of “ideal” localism. It has made profit a priority, but has stayed local and continues to contribute to the Portland community.

How can this information be applied in other contexts?

Perhaps other local businesses can employ some of Powell’s methods to be successful, while still being socially responsible. Something that I would like to explore in future research is the ecological impact of Powell’s books, and how this compares to other booksellers, including global chains stores and smaller independent businesses.

Bigger lesson learned here?

Based on this case study, it appears that independent businesses such as Powell’s, and perhaps businesses in general don’t have to prioritize social issues over profit, as Hess suggests, but rather a healthy balance can be found that is beneficial to both parties. With this knowledge, citizens can work together with local industries (and perhaps even global chains in their area) to build stronger communities.