

Ethics, Power and Communities: Corporate Social Responsibility Revisited

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ABSTRACT. Ally-building can be an ethical pursuit in developing sources of power for the business manager. The commitment to social responsibility is a source of power, as well as an ethical practice for corporate endeavors. Pfeffer promotes a business manager's ability to develop effectiveness with ties to powerful others in an *intra*-organizational environment. This paper advances an analysis about how individuals in corporations may use an *inter*-organizational approach to developing sources of power through a notion of corporate social responsibility. As such, a more meaningful qualitative reciprocity between corporations and the communities in which they operate can be developed. And, this relationship develops a source of power for the individual involved in this effort. In other words, relationships with powerful others in the community could develop by revisiting CSR based on reciprocity and exchange of sustainability in a community, rather than on a notion of paternal responsibility to some particular construct in society.

KEY WORDS: ally-building, communities, Corporate Social Responsibility, ethics, inter-organizational, reciprocity, Nissan, Starbucks, Pfeffer

Introduction¹

The cultivation of coffee beans as a commitment to an ethical business practice seems an unlikely enterprise. Rural agricultural communities have the capacity to generate a source of power corresponding to corporate efforts in social responsibility. This course of action imbues power through the creation of allies in the community, an important stakeholder concern. An *inter*-organizational ally-building process by executive and management leaders has a distinct reciprocity related to corporate community involvement, yet is also similar to various concepts of corporate social responsibility. The notion of corporate social responsibility and its practice is an ethical concern in which power may also be a factor. Sources of power within organizations are reflected in Jeffrey Pfeffer's arguments in *Managing With Power: Politics and Influence in Organizations* (1994) regarding obtaining control over resources, ties to powerful others, and one's position in the network of communications and social relations in an organization. First, Pfeffer's notions related to sources of power require further definition. Second, one aspect of his notion of a source of power – ally-building – requires additional consideration. The notion of power in these two respects is not portrayed as authoritarian or self-serving, but rather as a source of effective ethical leadership. But, could an individual be more effective as a manager, by leading an ethical course of socially responsible endeavors, if sources of power *outside* the organization were also developed through ally-building? An analysis of the sources of power related to the effectiveness of individuals' motives for decisions in an *intra*-organizational environment may be connected to corporate 'intention' in referring to the organization's mission

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as being 'good'. The purpose of this analysis is based on a revisited notion of *Corporate Social Responsibility (CSR)*, as a reciprocal relationship for ethical corporate practice. This paper advances a concern about how individuals in corporations may use an *inter-organizational* approach to developing sources of power and ethical business practice in communities.

Corporate practice development in communities of relationships

Whereas it would seem that the 'ability' to exercise influence through relationships with others in an organization and getting things done are the products of "the consequences of [one's] actions, measured against an objective standard of correctness," Pfeffer (1994, p. 144), disputes this view. He states that the consequences of individual actions are inappropriate measurements of the effectiveness of an individual. Rather, he focuses on the *motivation*, or intention, of the individual by looking at the respective capability of that manager or professional to solve problems. In other words, an individual's accomplishments ought to include the effective control over resources, the ties one has to others – particularly powerful others, and the individual's formal position in the organization. An individual's formal position in an organization will itself be a source of power "because of what [it] implies about an individual's *ability* to perform his or her job effectively" according to Pfeffer (1994, p. 142). Further, this ability involves 'performance', or functioning, within the organization. This may be likened to an Aristotelian notion of an individual's development of an ethical practice, or functioning, in society based on character and reputation (*Nicomachean Ethics*, II, 3, 1105a.30, 1106a.20). Moreover, performance is an important source of power in that it "helps to build one's formal authority and reputation [and] thus, position, reputation, and performance are interrelated" in Pfeffer's (1994, p. 142) view. But, there are several views on how this interrelationship should be evaluated in terms of success for the individual.

Pfeffer is concerned with relationships within organizations. In his view, these individuals ought to be effective, goal-oriented, and capable of developing a variety of relationships with others in the organi-

zation. But, what does he mean by 'effective'? First, an individual, "to be effective, [will] also need to know how to develop sources of power," according to Pfeffer (1994, p. 71). In other words, individuals within an organization cannot work in isolation, but will need to use 'tools', or skills, in working with other individuals in the organization. Second, these skills involve developing a command of something – in the case of an organization this would be 'resources'. Pfeffer (1994, p. 87) defines a resource as, "anything perceived to be valuable – from building contracts to press exposure to control over systems and analysis." Moreover, this control over resources is the result of engaging in interrelationships with others in the organization. These relationships will dictate how an individual gains access to these elements, or resources, either by the individual alone or through a particular work unit or department. Moreover, these relationships are resources in themselves. One of the most valuable and effective mechanisms for developing ethical business practice is through the social ties we have to others.

However, in order to establish ties to others in the organization, Culbert (1996, p. 14) states one must be able to have a sense of "the view of the world that the other person actually lives." In order to be an effective manager, an individual needs to be able to identify the needs of those who would be likely sources of support and the likely outcomes of building an ally network with those individuals. Additionally, decisions within an organization, more often than not, require support from others in a reciprocating social network in order to be implemented and perceived as effective. This model may be applied to an individual's *inter-organizational* relationships in such a way as to build a source of power through ally-building in communities based on working with community-others, rather than in isolation, and developing a command of its resources as well as reciprocal support through social ties. Moreover, these social ties will be sustained based on corporate community involvement.

The notion of Corporate Social Responsibility is based on an organizational effort to take responsibility for a particular perceived need or correction in a stakeholder relationship. But, this is accomplished by decision-making on a corporate level. This paper promotes *revisiting* this notion of CSR

by developing a model of relationships between individuals in an organization and direct ties to others in the community who may be stakeholders to the organization. These community relationships are based on reciprocity in developing powerful networks that tie the community and the individuals to shared goals of *corporate community involvement*.

Additionally, as Pfeffer (1994, p. 144) points out, the consequences of particular managerial decisions and actions are rarely known immediately, and the “responsibility for decisions is often collectively shared.” Further, it is impossible to predetermine or foresee the future outcomes of any decision or action, thus the *motives* for any manager’s decisions must bear the determination of what constitutes a right action. As a result, these motives impact one’s reputation, which is honed based on how one’s intentions for decisions are evaluated. One’s intentions bear on what Pfeffer is concerned with *in* an organization – reliability. This is a long-term view of *how* an individual solves problems, rather than “correctness as a measure of performance” (1994, pp. 144–145). Thus, how an individual perceives her reputation within an organization may shape both her motive to establish ties to the community and her view of how she may establish *inter-organizational* sources of power.

This *how* is key – to obtaining control over resources, ties to powerful others, and one’s position in the network of communications and social relations. Pfeffer argues that one’s reputation in this respect is based on individuals’ abilities to develop power in organizations. Further, Pfeffer (1994, p. 166) lists a number of important characteristics of individuals who have developed the reputation for the capacity to obtain power in organizations:

- (1) energy, endurance, and physical stamina;
- (2) the ability to focus one’s energy and to avoid wasted effort;
- (3) sensitivity, which makes it possible to read and understand others;
- (4) flexibility, particularly with respect to selecting various means in order to achieve one’s goals;
- (5) the willingness to engage, when necessary, in conflict and confrontation;

- (6) the ability to submerge one’s ego, at least temporarily – to be a good subordinate or team player

These characteristics develop one’s reputation, thereby gaining what Pfeffer (1994, p. 166) views as ‘social approval’ and the ability “to acquire and wield substantial power.” An individual’s capabilities to develop ‘social approval’ are from early notions found in Aristotle (1115a) in that “the particular steps in their development” towards voluntary actions are thus applicable to corporate community involvement through community ties as well.

Further, Karl E. Weick provides insight into how one may exercise these characteristics. He advocates ‘small wins’ – in other words, problems to be solved may appear to be overwhelming, and of such magnitude as to preclude getting involved with any hope of achieving an effective outcome, particularly those with social implications such as unemployment or scarcity of raw materials. In these respects, Weick (2001, p. 427) states, “This strategy of small wins addresses problems by working directly on their construction and indirectly on their resolution.” Pfeffer’s and Weick’s notions extend to a particular source of power in ally-building. These characteristics are important to the further development of *inter-organizational* influence; thus, these models may be applied to inter-organization relationships in the community based on Pfeffer’s (1994) definition and application of ally-building.

In Pfeffer’s account, ally-building provides a number of avenues for developing and acquiring power in other areas because it is a critical resource in itself. One’s ability to develop what Pfeffer (1994, p. 101) refers to as ‘coalitions of support’ built on trust and loyalty in organizations is crucial to navigating what he refers to as “large interdependent, and complex systems” known as organizations. In fact, the community in which an organization operates also affords the opportunity to develop sources of power through external ally-building. He gives the example of the troubled years of labor unrest at Nissan in its early founding period in Japan. Taichi Minoura, then-president of Nissan, secured a financial advisor, Katsuhi Kawamata, from the Industrial Bank of Japan to assist in developing a process of ally-building. Kawamata became adept at building networks outside of Nissan’s organization, as well as

internally among the managers of the organization. His development of banking and business ties between Nissan and IBJ, the government of Japan, and other manufacturers and automobile companies, garnered his reputation internally and externally as having access to sources of power and having successful strategic planning capabilities. Further, Kawamata's process to developing power was based on "building long-term relationships" by developing allies into coalitions of loyal, supportive networks within and outside the organization according to Pfeffer (1994, pp. 101–104). This model of external ties within the community of economic stakeholders for Nissan provides inspiration and groundwork for developing a framework for *corporate community involvement* through ally-building.

Ethical considerations of corporate community involvement

Is there a model for thinking about others in the community that fits with Pfeffer's account of effectiveness? It may be possible to develop a *diffuse, generalized obligation* to the well-being of others through an individual's community efforts as a corporate extension of ethical concern. But, what needs to be determined is whether a more meaningful qualitative reciprocity between corporations and the communities in which they operate can be developed. And, if so, how this relationship develops a source of power for the individual involved in this effort. In other words, a corporation could develop a scenario akin to *Corporate Social Responsibility*, but distinct in its formulation through ally-building based on reciprocity and exchange of sustainability in a community, rather than on a traditional notion of paternal responsibility to some particular stakeholder in society.

The notion of CSR may result in ally-building, and therefore serve as a source of power for a corporate manager. This paper suggests developing allies based on more than *direct economic* ties in a stakeholder model. In fact, the formulation of a model that includes various obligations to society is based on the social ties to stakeholders in the market, and particularly in the community, based on ethical concerns for others rather than merely 'responsiveness' to issues (Freeman and Gilbert 1988, pp.

89–90). Moreover, a further distinction between the uses of external allies as strategic economic ties to resources is found in the strategies that bear on the qualitative aspects of ally-building. The ethical concerns of community well-being underpin motives for CSR. These concerns have application to developing sources of ally-building power inter-organizationally in communities. In Pfeffer's account, 'coalitions of support' (Pfeffer, 1994, p. 101) are requisite for individuals to develop effectiveness in their roles in an organization. According to Pfeffer (1994, p. 140), "we are known by the issues we are associated with, and by what happens to those issues when they are decided." Pfeffer's earlier work with Gerald Salancik (Pfeffer and Salancik, 1978) points to organizational effectiveness as a sociopolitical concern. This concern is the organizationally-recognized endeavor of individuals within an organization who seek sources of power externally, regardless of motivation, which is a component of ethical practice in communities. In this sense, organizations socially cultivate their position, reputation, and performance based on community perceptions of ethical corporate practice in corporate community involvement.

Moreover, these motives, or 'good intentions', can be based on duty and responsibility to others, or as Culbert (1996, p. 105) would describe as a need to function based on 'personal competence'. Personal competence is "the core ulterior motive for the self-interested perceptions people have" but this translates to not only notions of self-respect and performing responsibly, but also to "want[ing] key others to view them as performing competently" according to Culbert (1996, p. 105). This process results in his notion of mind-set management, rather than results-oriented evaluations of what are good consequences. Culbert's (1996, p. x) examination of motives and how they relate to intra-organizational effectiveness, leads him to state, "*Mind-Set Management* asserts that before you can lead, manage, or team up effectively you must comprehend the mind-sets of the people with whom you deal. When you don't, your success is limited." Pfeffer's theme in his *Managing With Power: Politics and Influence in Organizations* (1994) is based on the notion of cultivation in terms of developing and building allies through the seeding of relationships and interrelationships based on reciprocity in organizations.

The idea of cultivation bears an ethical consideration. The notion involves a process, yet it also seems to be imbued with something else – perhaps a qualitative sense such as ‘concern’. Nevertheless, it may also establish a metaphorical notion of seeding social, political, or economic ties to others in the nurturing of relationships in an organization. Further, this nurturing within the cultivation of relationships must be borne from some sort of motivation, or particular intention, of sincerity as referred to by Kant’s formulation of moral decision-making and practice. Kantian perspectives of human acts include the notion of cultivation – in his references to morality and duty – that is both participative and cooperative. This reciprocity is reflective of Kant’s (1797, pp. 50–51) second expression of the categorical imperative. But, what if Pfeffer’s (1994) notion of cultivation were applied outside the organization to the community as a motivation to solve social problems through the development of a reciprocating relationship that allies the community with a corporation? Could this cultivation of allies in the community eventuate in a source of power as an adequate representation of corporate social responsibility?

There are twin aspects of management practice: both sources of power and ethical concerns inform the motives of business managers for solving problems in the community in which an organization operates. The motives of individuals who seek sources of power in the external community pose interesting consideration. These motives are related to what Pfeffer (1994, p. 144) accounts *intra-organizationally* as an individual’s performance *in* an organization – or, “the ability to exercise influence and get things done.” In using his arguments we can formulate a model that illustrates a transition from individual to collective *inter-organizational* performance in the community as corporate community involvement, which is related to CSR, as a reciprocating ethical practice.

Corporate Social Responsibility and community allies

Corporate Social Responsibility is a process of cultivation and reciprocation. Ally-building is a process of using resources and doing professional

favors for others – according to Pfeffer. But, the importance is in *how* alliances are built by engendering support by doing favors for others. Pfeffer uses the notions of ‘reciprocity’ and ‘exchange’ to capitalize interpersonal relationships based on loyalty. These notions make use of a feeling of obligation to repay a debt based on gratitude. These notions underscore qualitative examples of moral implications for relationship building in corporate ‘communities’. Moreover, he differentiates these actions of favors and return favors based on norms, which may be based on ethical constructs of what is ‘good’ for others and oneself, rather than rules. Pfeffer (1994, pp. 106–107) comprised the following components:

- 1) the favors are not necessarily sought or even desired by the individual receiving them;
- 2) the extent of the obligation is not specified at the time the favors are granted;
- 3) the gift therefore creates, not a specific expectation (such as a vote in return for money), but a *diffuse, generalized obligation*.

There is more than a development of business ties in this notion of Pfeffer’s ally-building – specifically, social ties are created that would extend beyond standard professional business courtesy or guidelines based on a *diffuse, generalized obligation*. In other words, Pfeffer’s (1994, pp. 106, 109) concern is that reciprocity in doing favors to build allies is distinct from traditional exchange relationships found in market transactions: “What distinguishes the development of allies through reciprocity... [is] making sure they feel important and secure.” This notion of reciprocity bears an ethical concern related to respect for others, a Kantian conception, in the use of ally-building in communities along the lines of corporate social responsibility.

In addition, Weick’s use of ‘small wins’ seems to lend itself to application of ally-building in honing these two notions – importance and security – rather than resolution of specific decision-making events. When an individual encounters a problem, he becomes aroused in terms of how to proceed with what needs to be resolved by perceiving a wide scope of its occurrence, rather than looking at the incremental aspects of the situation. In Weick’s

(2001, p. 431) words, ‘patterns’ characteristic of what is perceived as a problem can be deciphered as a series of smaller tasks, thus ‘small wins’ can be accomplished using allies to support “concrete, complete, implemented outcome[s] of moderate importance.” This scenario builds support from allies because it underlines the importance of the ally to a shared task while it provides a sense of security in decision-making. There is an intention of building community and commitment in an organization. Further, these small wins cultivate the patterns of tasks, with the next solvable problem becoming more ‘visible’ per Weick (2001, p. 432) as the problem is nurtured.

While a reputation for integrity and a commitment to long-term relationships were the hallmark of Kawamata’s ties to external organizations according to Pfeffer (1994, pp. 101–104), these sources of power are based on *direct economic* stakeholders in the marketplace. Pfeffer (1994) believes that sources of power develop an effective management strategy. This is supported by his example of Nissan and Kawamata’s *intra-* and *inter-*organizational allies. This effectiveness benefited each of these organizations, as well as Kawamata as an individual, in terms of economic power using position, reputation, and performance. There was a reciprocal relationship among the organizations. Although Kawamata’s approach of inter-organizational ally-building for developing sources of power through his use of eliciting IBJ loans for Nissan is a valid model, it is not a source of developing ethical business practice in the form of corporate social responsibility. Moreover, I see a further distinction between the use of external allies by Kawamata’s strategy and the qualitative aspects of strategy in ally-building. This distinction illustrates an argument regarding use of the community ally-building as a source of power. Using Culbert’s management models, the traditional approach to exerting influence by taking control of resources is seen more clearly in the Kawamata’s strategy.

Pfeffer’s account of an effective manager supports the argument that sources of power outside an organization – the community – are possible through ally-building. Furthermore, although he considers an individual’s position in an organizational structure, he seems to lend support to the consideration of external sources of power in that

Pfeffer (1994, p. 76) states, “We sometimes overlook the importance of situational factors over which we may have more direct influence...[such as]...one possesses power simply by being in the right place – by being in a position of authority, in a place to resolve uncertainty, in a position to broker among various subunits and external vendors.” There is a market interest in the motivation of corporate individuals and managers who seek sources of power through ally-building in their communities, and whether these sources may reflect on what we would consider an ‘effective manager’ in an organization.

This paper has developed considerations regarding Pfeffer’s account of the sources of power *in* organizations. The particular focus in this paper has been on ally-building, ethical practice, and its application to the effective development of this source of power in the community in which a corporation operates. The key factors are contingent on how position, reputation, and performance hang together – all of which seem to be applicable to an organization and its members as they function in the community. These are factors related to individuals within an organization and how sources of power – in particular ally-building – develop effective professional endeavors along the lines of CSR.

In addition, it is important to briefly describe the transition from individual to collective effectiveness intra-organizationally. Pfeffer and Salancik (1978, p. 11) state: “Organizational effectiveness is an *external* standard of how well an organization is meeting the demands of the various groups and organizations that are concerned with its activities”. In other words, organizations may attempt to define successes and failures, but these are perceptions that come from within the enterprise and have more to do with notions of *efficiency* rather than *effectiveness*. Certainly, an organization’s position, reputation, and performance are evaluated – by external entities – much as an individual’s assessment on these same factors is determined internally by her organization. But, an argument has been made that an individual may seek sources of power in the community that reflect on these same factors in terms of personal effectiveness as a manager in an organization. This awareness comes from community alliances and does reflect on an individual’s organization.

The modes of functioning may vary, but the ability to develop allies with stakeholders beyond the economic correlations seems to point to these key factors. For example, “Not only does the reputation for having power change our own behavior and the way others interact with us, but it also affects how real resources are allocated, thereby transforming reputation into reality” according to Pfeffer (1994, p. 136). Furthermore, R. Edward Freeman et al. (2006, p. 613) point to the qualitative aspects of doing business as a source of power in developing one’s reputation – “by asking the question, what do you stand for?” This question has benefits for an organization because the response not only develops a perception in terms of effectiveness, but builds allies both internally (employees of all strata begin to believe in these values) and externally (suppliers to consumers seek businesses based on integrity).

A further consideration of the idea of cultivation is imbued with ‘concern’. This notion involves a process, yet it also seems to involve a qualitative nurturance based on aspects of care, competence, and development. Cultivation is a practice. It bears social, political, or economic implications. But, there is more – it serves as simile in tying others in the nurturing of relationships in an organization. Some sort of intention is inherent. Pfeffer’s notion – cultivation – if applied outside the organization to the community could serve as motivation to solve social problems through the development of allies and as a source of power for the business manager. When we think of cultivation as a practice, agriculture comes to mind. This consideration is a reminder of Starbucks Coffee Company.

Starbucks Coffee Company

Howard Schultz, chairman of Starbucks, refers to the process of ally-building among the company’s stakeholders – including the communities in which the company procures coffee beans (Schultz, 1997). Further, he aspires to ‘Striking a Balance’ among stakeholders as an ethical mission in the organization’s brochure, *Corporate Social Responsibility Fiscal 2004 Annual Report* (Schultz, 2005). The goal, or intention, of Starbucks is one of integration of stakeholder concerns, and thereby an ethical ‘good’. Further, as an individual representing his corporation

in the market, Schultz establishes an *inter-organizational* ally in the communities in which his small, independent supplier-farmers reside and work towards coffee bean farming. Moreover, Schultz (2005), suggests that Starbucks’ “ongoing success will be measured by how well we balance our fiscal responsibility with our goal to enhance the lives of those whom we serve and who serve us” based on notions of reciprocity and cooperation. This is the kind of measurement of social approval Pfeffer (1994) sought in his analysis of the sources of power related to the effectiveness of individuals’ motives for decisions in an *intra-organizational* environment.

‘Schultz’ development of a diffuse, generalized obligation to others through Starbucks’ extension of “affordable credit to small-scale farmers” (Schultz, 2005) has a meaningful qualitative reciprocity. He has developed allies based on more than *direct economic* ties in a stakeholder model. Further, Schultz (1997, p. 293) expresses the company’s mission as “contributing positively to our communities and our environment.” This effort is analogous to some elements of William Clohesy’s notion that businesses account for necessary social practices, serving the public good through a *public market*: “Business people are on the scene, know what is happening, can predict what could result from their products and practices” (1998, pp. 5–6). Clohesy states that this is a call for social responsibility. Schultz has developed something related to CSR, but distinct in its formulation through ally-building based on reciprocity and exchange of sustainability in a community, rather than a notion of paternal responsibility to some particular construct in society. In fact, in 1997 he eschewed the traditional terms, ‘corporate social responsibility’ and ‘corporate social responsiveness’ because each imply paternalistic, and possibly coercive, aspects of effecting change on some particular stakeholder (Schultz, 1997). Rather, the focus of his efforts has been in ally-building through reciprocal dialogue and practice based on a company mission of inclusiveness in decision-making in communities. This has been the hallmark of Starbucks’ corporate community involvement.

However, Schultz has used a model similar to what Culbert (1996, p. 9) describes as the ‘new model’ – “relinquishing control, increasing your spheres of impact, and getting involved in influencing people over whom you have no formal

authority, [which] requires that you find persuasive ways to make your view known.” This latter strategy bears qualitative notions of understanding the mind-set of a community in advance of decision-making about support and ally-building. Starbucks establishes influence through loan offers, community development endeavors, etc. These are powerful sources for Schultz and Starbucks, of which Weissbrodt and Kruger (2003, p. 901) have considered of the efforts by multinational organizations:

Transnational corporations evoke particular concern in relation to recent global trends because they are active in some of the most dynamic sectors of national economies, such as extractive industries, telecommunications, information technology, electronic consumer goods, footwear and apparel, transport, banking and finance, insurance, and securities trading. They bring new jobs, capital, and technology. Some corporations make real efforts to achieve international standards by improving working conditions and raising local living conditions. They are certainly capable of exerting a positive influence in fostering development.

Moreover, Starbucks seems to have developed a source of power by building alliances within the communities in which they not only operate stores, but in which they have established suppliers. The first three stakeholder relationships discussed in their 2004 annual report are – in this order – partners (employees), customers, and coffee farmers. Shareholders are mentioned last. But, the coffee bean farmers garner first discussion in terms of ally-building. Schultz (2005) and his management team have developed an “integrated approach to building mutually beneficial relationships with coffee growers and their communities” by not only paying premium prices for and preferential purchasing of coffee beans grown by community-based farmers, but also investing in “housing, health clinics, schools, and other projects in coffee-growing communities.” Further, Starbucks’ fiscal report states that they committed \$6 million in 2004 in loan funds at low interest rates to small-scale coffee farmers. This action enables the farmers to remain economically viable, as well as serving as a stabilizing force for the community. In this way, Schultz

is creating long-term relationships with the farmers as allies in the coffee trade. Further, this constitutes ethical practice as a business partner with consideration of these particular stakeholders – the suppliers and communities. This constitutes an individual source of power for Schultz based on his stated motives. In other words, using Pfeffer’s (1994) sense of ally-building based on developing feelings of importance and security among allies, in the 2005 Annual Report, Schultz has emphasized these values in his relationships with coffee bean farmers and the communities in which the company operates. These activities imply that Starbucks’ position in these communities takes a central role in terms of developing community enhancement and well-being. Further, these forms of community development engender a sense of exchange, or reciprocity, by creating a sense of security and commitment to this well-being. This would appear to be a source of power using *inter-organization ally-building* for Starbucks’ position in the community, and in the world market in terms of market perceptions of ethical practice as a ‘good neighbor’.

Although caution may be in order in some cases of the development of social ties based on loyalty, as Pfeffer (1994, p. 108) states “networks of allies can obviously be misused, they are nevertheless essential in order to get things done.” Further, social ties to others assists both individuals, and their organizations, in terms of viewing their roles in the market “because what an organization does is significantly affected by who it is connected to and what they do,” according to Pfeffer (1997, p. 56). Moreover, the notion of ‘effectiveness’ in terms of corporate strategy is determined by ‘interfirm ties’ per Pfeffer (1997, p. 57). But, Pfeffer stops short of a reciprocal relationship based on social aspects, referring directly to the market contacts in an economic sense of a resource dependence theory. Further, his view is that of the benefits of inter-organizational ties based on mergers, joint ventures, interlocking boards of directors, and other transactional interdependencies (Pfeffer, 1997, p. 59).

It seems to be the case that Schultz is effective based on the interrelationship between position, reputation, and performance in the communities in which Starbucks develops social ties on indirect approaches. Using Pfeffer’s view, these ties would

establish legitimacy, which is power for the individual manager, as well as for the organization (Pfeffer, 1997, pp. 58–59). Further, Pfeffer (1997, p. 60) does admit to the need for “understanding inter-organizational as well as intra-organizational behavior [because] benefits from explicit attention to social influences [are] activated through network structures.” In analyzing Starbucks, one could make the argument that Schultz has found the notion and practice of CSR to be a viable source of power itself as a result of building allies with the local coffee bean growers in places such as Costa Rica. Although his argument would also be one of practicing sustainability in the coffee communities in which Starbucks derives its supplies of coffee beans, this practice appears to be a considerable source of power through reciprocally-oriented ally-building. Further, these relationships create and develop a particular reputation of integrity for Schultz. Moreover, this ally-building is a project entailing long-term relationships built on shared responsibilities in inter-organizational local networks.

There is something more in the particular endeavors of ally-building used by Schultz as sources of power. He doesn't pursue sources of power only in relation to ally-building with what would be referred to as his *direct economic* stakeholders. Rather, he encourages an inter-organizational model of ally-building that managers may emulate. In this respect, Schultz commits to both *indirect economic* and *non-economic* ally-building sources of power in terms of measuring effectiveness for Starbucks and his managers and partners (employees). The respective sources of ally-building power are found in the communities in which Starbucks operates, with allies developed through the community efforts of their partners (employees) and customers. For example, Starbucks donates \$10 for every volunteered hour (up to \$1,000 per project) to nonprofit organizations in which their employees and customers volunteered their time under a program called ‘Make Your Mark’ (Schultz, 2005). Starbucks has over 97,000 partners (employees) worldwide. Although 21% of Starbucks' U.S. partners (employees) participated in this program by volunteering their personal time in 2003, and while this percentage dropped to 14% in 2004 (Key Performance Indicators Summary 2005), this is the sort of organizationally-recognized

endeavor of individuals within an organization who seek sources of power externally, regardless of motivation. In Pfeffer's account, these ‘coalitions of support’ (1994, p. 101) are requisite for an individual to develop effectiveness in her role in an organization. The external coalitions provide the same sort, perhaps even a greater determinate in many cases, of support for building a reputation as an effective and ethical business professional.

Starbucks seems indicative of this sort of model. With reported net revenues of \$5.3 billion ending fiscal year 2004 (Starbucks Annual Report 2004, Form 10-K/A), this organization has developed success in just over 30 years as “the leading retailer, roaster and brand specialty coffee in the world” (Schultz, 2005). In just a year's time, from 2003 to 2004, Starbucks' purchases of coffee beans from alliances with small coffee farmer networks amounted to 14.5% of their total purchases and rose from 13.5 million pounds to 43.5 million, surpassing their goal of 30 million for the year (Starbucks Key Performance Indicators Summary 2005).

What is important in this respect is more than the mechanics in terms of how an individual develops sources of power. An argument may be developed that the motives of individuals may be different than those of a company chairman. A company may build from coffee beans to worldwide distribution of brewed products based on a perception of balanced, ethical corporate endeavors inclusive of community enhancements. For example, Schultz (2005) states, “We believe our growth and success are the result of our unwavering commitment to offer the highest-quality coffee and an exceptional customer experience while conducting our business in ways that produce social, environmental and economic benefits for the communities in which we do business.” Whether Schultz' motivation is more or less than traditional views of corporate social responsibility for its own sake, rather than as a tool or commodity to further the effectiveness of his leadership and market position, this concern will not be pursued for the purpose of this paper. What is important to consider is the ethical effectiveness of ally-building as part of his ‘new model’ of corporate community involvement as a corporate social responsibility.

Conclusion

A 'new model' of corporate community involvement incorporates a revision of traditional notions of Corporate Social Responsibility. This paper has argued the use of Pfeffer's *intra*-organizational ally-building model as a source of power that is effective as an external *inter*-organizational community source for leadership. According to Pfeffer (1994, p. 140), "we are known by the issues we are associated with, and by what happens to those issues when they are decided." The relationships found in ties to powerful others in the community may be surprising – allies have been found in rural farming communities such as those of developing countries by Schultz. Moreover, Starbucks shares the perception that their organization ought to develop reciprocal relationships with the community farmers based on a perception of the company's social involvement. Schultz has developed a reputation of personal interest in the well-being of the communities in which Starbucks has developed supplier relationships – a revisited notion of CSR using *inter*-organizationally developed relationships.

Further, this paper has included Culbert's (1996, p. 75) conclusions that individual competence is based on how one frames or stages particular situations – which is a source of power in ally-building. In fact, Pfeffer (1994, p. 136) states that, "the reputation for having power brings more power." Ally-building is an effective model of corporate community involvement based on reciprocal relationships

In this sense, organizations and their stakeholders socially construct their position, reputation, and performance based on perceptions of the roles individuals play *intra*-organizationally and *inter*-organizationally through socially responsible ally-building. The notion of Corporate Social Responsibility is socially constructed, yet it is further enhanced by applying Pfeffer's notion of ally-building. The revised model of CSR advocated in this paper suggests individuals engaged in corporate endeavors develop ties to community stakeholders in reciprocal relationships to develop an ethical approach to effective corporate practice in communities. In this respect, community ally-building

is an effective source of power, and an ethical practice for business professionals.

Note

¹ A previous version of this paper was presented at the 14th International Symposium on Ethics, Business and Society: "Towards a Comprehensive Integration of Ethics Into Management: Problems and Prospects", held by the IESE Business School, University of Navarra, May 18–19, 2006.

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