Management Working Papers

2014-03

Political Market Orientation and the Network Party Type: Understanding Relationship Structures in Political Parties

Robert P. Ormrod
Political Market Orientation and the Network Party Type:
Understanding Relationship Structures in Political Parties

Robert P. Ormrod Ph.D
Institute for Economics and Management
Aarhus University
Introduction

The conceptualisation of a political market orientation (PMO) draws on current marketing thought by focussing on the relationships that exist between the party\(^2\) and relevant internal and external stakeholders (Ormrod 2005, 2011a). However, the specific way in which the PMO model is linked to the political science literature has until now not been made explicit. The aim of this paper is therefore to demonstrate how Ormrod’s (2005, 2011a) conceptualisation of a PMO can contribute to understanding political science models of party organisation, specifically the ‘Network Party’ developed by Heidar and Saglie (2003). This is motivated by the growing need to integrate the current political science and marketing literature in order to provide a deeper understanding of the behaviour of political actors and their relationships with relevant stakeholder groups. Whilst the underlying conceptualisation draws on the management-based ‘relationship marketing’ approach (Bannon 2005; Henneberg and O’Shaughnessy 2009), by striving for contextual sensitivity it is hoped that the fears noted by political scientists that political marketing is solely concerned with applying standard management models to political parties with the resulting emphasis on communication tactics at election time (Henneberg 2004; Ormrod et al. 2013) and a more general ‘commodification’ of politics (Savigny 2008) can be assuaged.

Political Market Orientation

Levitt (1960) was the first to coin the term ‘market orientation’ when arguing for a change in commercial focus from the products the business manufactured to the markets the business served. This general idea was developed in the early 1990’s into an understanding of a market orientation as being either a set of managerial behaviours focused on gaining and responding to the explicit and latent needs and wants of customers (e.g., Kohli and Jaworski 1990; Deshpandé 1999; Jaworski and

---

\(^1\) Heather Savigny was later asked to join me on preparing a revised version of this paper for submission to a political science journal; the result of this collaboration with Heather was an article in *Party Politics* that is based on the ideas originally developed in this paper.

\(^2\) In the current paper, the ‘political party’ is the core focus but in most cases the general approach can be extended to be applicable to individual party candidates, see e.g., Ormrod et al. (2007).
Kohli 1993; Kohli et al. 1993) or as an organisational culture that supported a focus on the contribution of relevant stakeholder groups in the internal and external environments (e.g., Narver and Slater 1990; Slater and Narver 1995, 1998, 1999), especially customers, competitors and employees. Finally, at the turn of the millennium, the two approaches have been integrated, the argument being that without the support of a market oriented organisational culture, managers will find it difficult to implement initiatives that would respond to the explicit and latent needs and wants of customers, and vice versa (Gray et al. 1998; Deshpandé and Farley 2004; Gainer and Padanyi 2005; Griffiths and Grover 1998; Harrison-Walker 2001; Hult et al. 2005).

Since the first article by O’Cass (1996), research into the market orientation of political parties has followed three main paths, those originally proposed by O’Cass (1996), Lees-Mashment (2001a) and Ormrod (2005) (Ormrod 2007). O’Cass (1996, 2001a, 2001b) investigates senior party officials’ perceptions of marketing practices, Lees-Mashment (e.g., 2001a, 2001b) proposes a process model that reinterprets the marketing literature (Henneberg and O’Shaughnessy 2007) and Ormrod (2005) develops the commercial understanding of a market orientation in order to take the idiosyncracies of the political context into consideration (Ormrod 2007). Lees-Mashment’s (e.g., 2001a, 2001b) approach has achieved the widest exposure in the political science literature, despite criticisms from both political scientists (e.g., Coleman 2007; Lees 2005; Rudd 2005; Strömbäck and Nord 2005) and marketing academics (e.g., Ormrod 2006, 2011b; Henneberg and O’Shaughnessy 2007).

Ormrod’s (2005, 2011a) conceptualisation of a political market orientation consists of elements that represent the behaviours of party members and the orientation of party members towards specific stakeholder groups in society. This conceptualisation follows the integrated approach to understanding a commercial market orientation (e.g., Gray et al. 1998; Griffiths and Grover 1998; Harrison-Walker 2001), but rather than assuming that all internal and external stakeholders are necessarily important, a political market orientation is argued to be a matter of degree rather than an either-or proposition (Ormrod 2011a). Ormrod (2005) defines a political market orientation as the following:

“It is proposed that a political market orientation exists when all members of a party are sensitive to internal and external stakeholders’ attitudes, needs and wants, and synthesise these within a framework of constraints imposed by all stakeholders to develop policies and programs with which to reach the party’s objectives”

Ormrod (2005: 51)
Whilst Lees-Marshment (2001a) states that “If the party is the most market-oriented of its main competitors, it then wins the election” (Lees-Marshment 2001a: 211), Ormrod’s (2005, 2011a) conceptualisation implies that high levels of political market orientation towards all stakeholder groups is not necessarily a panacea for waning political influence. Ormrod’s (2005) definition also identifies the achievement of political aims as core to a market orientation rather than simply participating in government. Due to resource constraints inherent to all organisations, Kohli and Jaworski (1990) argue that high levels of market orientation towards all stakeholder groups are not necessarily the best use of resources because of the nature of the organisation or the industry. For example, pharmaceutical companies may prioritise investing in internal competencies (highly qualified researchers) over using resources to involve customers in the initial stages of developing a new drug. A similar situation is argued to exist for political parties; small parties with a specific focus (such as Green parties) may prioritise uncovering the views of party members and selected interest groups, whilst large parties (such as the Labour Party in the UK) may prioritise understanding the views of voters. Resources are still used by both types of party to understand other stakeholder groups, but it is the prioritisation of resources that determines the level and nature of party political market orientation.

With the ability to prioritise resource use comes the ability to adapt the marketing tools and concepts that are used to take into account the dynamic nature of the electoral cycle. In the run-up to an election the focus of the vast majority of parties is arguably on the voter; however, in the mid-term period the resources used to generate information from, and respond to, voters may be reduced as the strategic focus of the party turns to discussing more general policy positions internally and to developing long-term relationships with other stakeholder groups (Ormrod and Henneberg 2009). Other parties may follow a ‘permanent campaign’ strategy (Steger 1999; Sparrow and Turner 2001) by continuously using resources to adapt the offering (i.e. the policy portfolio, party symbols, the image of political personalities and party events; see e.g. Lock and Harris (1996), Henneberg (2002) and O’Cass (2003) for more detailed treatments) to reflect voter and media opinions.

**PMO as Member Behaviours**

The four elements of Ormrod’s (2005, 2011a) conceptual model of political market orientation that represent the behaviour of members that are labeled Information Generation, Information Dissemination, Member Participation and Consistent Strategy Implementation. These four elements are arranged in a chain that represents the flow of information through the party in the offering
development process. The chain should not be understood as implying causality; for example, a party can be poor at generating information from stakeholders yet be proficient at disseminating that information which is generated throughout the organisation. The four elements are developed from the ‘managerial behaviours’ approach to commercial market orientation (e.g. Kohli and Jaworski 1990. Harrison-Walker 2001), but with important differences. Rather than being by definition the responsibility of party professionals, all members can potentially exhibit behaviours that aid in integrating information from relevant stakeholder groups in the offering development and implementation process.

The first stage in the strategy development process is Information Generation. This is based upon the intelligence generation construct first proposed by Kohli and Jaworski (1990) and is defined as “The party-wide generation of formal and informal information regarding all internal and external stakeholders” (Ormrod 2005: 54). Formal information is that which is generated through activities such as the focus groups and surveys that are carried out by the party, and also by tracking public opinion polls and other written sources. Informal information is generated through social interactions between party members and those members of the stakeholder groups that they meet; this is of course not appropriate in all circumstances, and not all members have the same contact with all stakeholder groups – elected members have regular contact with competitors but arguably have less frequent contact with citizens, whilst volunteer party members are in the opposite situation.

The second stage in the strategy development process, Information Dissemination, emphasises that members are able to receive information about stakeholder groups from other members and to disperse this information to those who need it in their work for the party (Ormrod 2005, 2007). Whilst members do not always do this, are not necessarily encouraged to carry out these activities by the dominant party culture, or supported in these activities by the organisational structure of the party (Ormrod 2011a), information can be disseminated formally and informally to those who need it in their work for the party, and information can potentially flow from top to bottom and vice versa, thus emphasising the role of political parties as facilitators of participation in the democratic process (Bille 2003).

The third stage – Member Participation – represents the depth and breadth of debate within the party (Ormrod 2005, 2011a). The depth of debate refers to the extent to which each area of policy is discussed, whilst the breadth of debate refers to how comprehensive discussions are with regard to each overarching policy area. The increasing use of web-based technologies enables rich discussions
on specific areas of the offering (depth of debate) in virtual space (i.e., independent of the geographical location of the member), which complements the more traditional discussions at local party meetings (breadth of debate) (Heidar and Saglie 2003; Gibson and Ward 2009).

The final stage, Consistent Strategy Implementation, is concerned with how the party integrates the diverse opinions of members into a cohesive party offering (Ormrod 2005, 2007, 2011a). In this case, the offering is not just the policy portfolio but also consists of, for example, changes to the voting structure within the party or agreement on the interpretation of specific party symbols. As all members have the potential to be ambassadors for their party, a consistent knowledge of the nature and content of the party’s offering is essential. The communication of the offering can occur via formal and informal channels (e.g., manifestos and social interactions), and directly and indirectly (e.g., public meetings with local representatives and through the mass media). This does not imply that all members must ‘toe the party line’ or that open intra-party discord is by definition undesirable, only that members are able to distinguish between their own opinions and those of the party when asked.

PMO as an Orientation Towards Stakeholder Groups

The second group of four constructs represent the orientation of party members towards various stakeholder groups in society. Stakeholders can be understood as any actor that claims the legal and/or moral right to influence the offering development process as a result of being directly affected by it (Carroll 2005). In the context of a political market orientation, relevant stakeholder orientations are Voter Orientation (the electorate), Competitor Orientation (competing parties both inside and outside of the specific legislative body), Internal Orientation (party members) and a more general Societal Orientation (such as the media, interest groups and citizens) (Ormrod 2009). An orientation towards the latent and explicit needs and wants of competitors (Competitor Orientation) has a direct equivalent in the commercial market orientation literature (Narver and Slater 1990. Slater and Narver 1998, 1999), whilst a Voter Orientation is analogous to an orientation towards customer needs and wants (Henneberg 2002). Narver and Slater’s (1990) Interfunctional Coordination construct must be developed to to take into account that political parties are not arranged as functions (e.g., marketing, research and development, human resources) but as a hierarchy (Dean and Croft 2001) where the importance of the individual member is comparatively higher (Ormrod 2005, 2011a) – an Internal Orientation. Finally, a wider orientation towards society has not received much attention in the commercial market orientation literature (Kang and James
yet is essential to a PMO given that political parties have the potential to affect all areas of society through, for example, legislation.

A Competitor Orientation emphasises the importance of understanding the activities and offerings of other parties in the political system as this may be necessary to achieve the party’s own long-term aims (Ormrod 2005, 2011a). In the case of first-past-the-post electoral systems such as the UK, this can consist of an ‘arms-length’ assessment of the strategic market positions adopted by competitors and then positioning the party accordingly (Butler and Collins 1996), although limited cooperation is necessary for long-term investments such as in infrastructure or defence systems and as the last parliament has shown, coalition governments can occur. However, in party systems such as Denmark and Germany that are characterised by coalition and/or minority government it may be necessary for parties to collude (Detterback 2005) and modify their election rhetoric to allow for post-election cooperation (Bowler and Farrell 1992).

A Voter Orientation is defined as “The party-wide awareness of voter needs and wants and an acknowledgement of the importance of knowing these” (Ormrod 2005: 58). Voters are a central component of political science research, with a comparable importance placed on the analogous customer in commercial marketing research. As voters are the primary interaction partner at election time (Henneberg and Ormrod 2013) and hold the key to legislative responsibility, political marketing research continues this focus, with some extending the importance of voters throughout the electoral period in a ‘permanent campaign’ context (Steger 1999; Sparrow and Turner 2001).

An Internal Orientation was developed from Narver and Slater’s (1990) concept of an interfunctional coordination (i.e., ensuring interdepartmental communication in the offering development process) and refers to the extent to which party members recognise that their co-members can contribute to the success of the party, irrespective of their position in the party hierarchy or their activity level (Ormrod 2005, 2011). Whilst the role of members in political parties is a common theme in the political science literature, this is not the case in the political marketing literature, with few articles dealing specifically with members (exceptions are e.g., Granik 2005, Lilleker 2005).

The final construct, Societal Orientation, represents member orientations towards specific stakeholder groups in the wider society and is divided into macro-, meso- and micro-level elements (Ormrod and Henneberg 2010). Whilst not well researched in the commercial market orientation literature (Selnes et al. 1996; Kang and James 2007), the inclusion of an explicit orientation towards society makes it possible to understand the interplay of member orientations towards the media, interest and lobby groups, and citizens, respectively, whilst retaining a wider focus. So rather than an
orientation towards society as a whole as originally proposed by Ormrod (2005), the developed conceptual model of political market orientation considers an holistic interpretation of ‘society’ to be conceptually exogenous to the model, with the specific stakeholder groups forming the elements that are endogenous to the model.

The conceptualisation of a political market orientation presented in Figure 1 does not mean that certain tools are unworkable in the realm of political marketing management, and neither is the PMO model limited in its explanandum to the structural boundaries delineating the party offering or to a professional focus towards marketing this offering. Instead, understanding of the nature and extent of the party’s level of political market orientation towards each of the four stakeholder groups and the effect this has on member behaviour can be used to construct a strategic profile (Ormrod and Henneberg 2010). The profile can in turn be used to inform on organisational decisions regarding the development of the party’s offering rather than being the reason for them (Ormrod and Henneberg 2010).

The PMO of a Network Party

Figure 1: Political Market Orientation (with expanded Societal Orientation construct)
The discussion in this paper has until now focused on the derivation of the concept of a political market orientation. In order to demonstrate its potential contribution to political science, the elements of the conceptualisation of a PMO will be discussed in the context of Heidar and Saglie’s (2003) Network Party together with the derivation of a PMO profile for active members of a hypothetical network party. Heidar and Saglie’s (2003) Network Party has been selected as it emphasises that parties are embedded within an environment characterised by dynamic relationships of different strength, duration and intensity, and where relationships with stakeholder groups outside of the party can directly impact upon internal offering development processes. It also provides a stark contrast to the more common perception of political marketing as being most appropriate for understanding the behaviour of parties that exhibit characteristics of Panebianco’s (1988) Electoral/Professional party model, that is, a focus on those activities of party professionals and elected members that support the sole aim of winning elections.

Heidar and Saglie (2003) develop Koole’s (1994) ‘modern cadre party’ and to a lesser extent Duverger’s (1954) ‘mass party’ by integrating the internal and external environments within a single party model, acknowledging that party tradition is as essential to a party’s identity as its responsiveness to the technological and social dynamics of the political sphere. Heidar and Saglie (2003) label this the ‘Network Party’ and state that it has seven core characteristics that centre around the relationship between the party top and wider membership, the way in which the party is organised and financed, and the party’s relationships with internal and external stakeholders. When developing the party’s offering, the network party is arranged around ‘thematic network structures’ that enable a greater inclusion of external stakeholders in internal discussions (Heidar and Saglie 2003). The network organisational structure also enables members and non-members to be more selective in the issues to which they contribute, thus enabling interest and knowledge to drive participation in thematic networks (Heider and Saglie 2003).

For the members of a Network Party, the ICT-based organisation of the party facilitates the dissemination of generated information to those members who want to participate in developing the party offering (Gibson and Ward 2009), which in turn supports a consistent interpretation of the offering (Shapiro 1988). Integrating thematic networks into the organisational structure of the party therefore supports the Internal Orientation of party members. By extension this is also valid for other, sympathetic stakeholders in the political sphere (Heidar and Saglie 2003); it is acknowledged that selected citizens and interest and lobby groups (the Micro- and Meso-level elements of a Societal Orientation, respectively) can be invited to contribute with their knowledge and opinions on elements of the offering.
The actions of competitors are also in focus (Competitor Orientation); whilst this stakeholder group does not actively contribute to the internal discussions surrounding the development of the offering, their positions can be taken into consideration, especially those with whom the party has a close working relationship. The extent to which the electorate (Voter Orientation) and the mass media (macro-level Societal Orientation) figure in internal discussions is dependent on the culture in the party towards focussing on the next election, i.e a ‘permanent campaign’ approach (Nimmo 1999; Sparrow and Turner 2001). Finally, whilst only the specific meso-level stakeholders described above have the opportunity to contribute in general to the development of the Party offering, members would see the importance of asking other organisations to provide expertise; for example, specific lobby and interest groups may possess detailed knowledge about a particular issue that is central to a workable policy but would otherwise be expensive to uncover for the party itself.

The PMO profile described above demonstrates that for a typical Network Party, specific stakeholder groups are prioritised and there is an explicit emphasis on the importance of information in the offering development process via thematic networks. As a PMO is not an ‘either-or’ proposition, members can be market oriented to a greater or lesser degree depending on, for example, their level of activity or position in the party heirarchy. This enables the PMO profile to function as a ‘map’ of the strengths of the interrelationships between member behaviours and their orientations towards stakeholder groups (e.g., Ormrod and Henneberg 2007; 2009). The PMO profile can therefore provide information regarding the differences between the party top and volunteer membership.

Finally, the PMO profile can be used to integrate the existing behaviour and orientations of party members into the strategic plan for achieving the party’s long-term aims. Ormrod and Henneberg (2010) demonstrate how specific PMO profiles can be related to different strategic political postures (Henneberg 2006). These strategic postures are developed from the configuration theory literature (e.g., Vorhies and Morgan 2003) and emphasise the importance of a good ‘fit’ between the aims of the organisation and the strategic plan. Once the PMO profile has been identified, the party can decide whether it wishes to develop certain stakeholder relationships whilst reducing the resources that are used to maintain others; a good example of this is the loosening of the ties between the British Labour Party and the trade unions as a result of a change in organisational emphasis. In addition to this, the PMO profile can provide information about the way in which information is used in the party; for example, Pedersen and Saglie (2005) found that inactive members did not use the party intranet for participation, indicating that other methods could be more efficient at including the rank-and-file in the offering development process.
Conclusion

A central concept in the commercial marketing literature is market orientation. In its political manifestation, a PMO consists of behavioural elements that map how information is integrated within the strategy development process, and links this to the wider orientation of party members towards key stakeholder groups within society, namely voters, competing parties, other party members, citizens, the media and interest groups. The levels of each of the behavioural and stakeholder orientation elements provide a PMO profile that can be used as a framework for organisational analysis. The PMO profile of a party is dependent on the nature of the past and present relationships between internal and external stakeholders, together with party history and aims (Ormrod 2005, 2011a; Coleman 2007).

Heidar and Saglie’s (2003) Network Party type was selected as an example in this paper to demonstrate that political marketing research is not restricted to understanding party professional behaviour at election time, but that it also emphasises the development and management of a wide range of relationships with different stakeholders, characterised by different intensities. The conclusion of both Heidar and Saglie (2003) and Gibson and Ward (2009) is that parties are increasingly embracing network organisational structures, but that the extent to which they do this will vary according to existing organisational structures and party goals (Gibson and Ward 2009). This paper has argued that these organisational structures can be modeled using the PMO profile, which in turn can inform on the appropriate strategic posture and marketing tools with which to achieve the party goals (Ormrod and Henneberg 2010).

The PMO profile can arguably be used to understand other party organisational typologies. For example, Panebianco’s (1988) Electoral/Professional party type emphasises the role of the party top and the estrangement of the volunteer membership; in this case only the party top would exhibit high values of market orientation focused on the importance of voters and the media at the expense of the membership, with information being disseminated to volunteer party members on a need-to-know basis. With Katz and Mair’s (1995) ‘cartel party’ type, the emphasis would also include the importance of competing parties in order to maintain the parliamentary status quo (Detterbeck 2005).

The PMO profile is limited in that it cannot provide answers to normative questions regarding what constitutes the good society, to what extent should parties strive to act as facilitators of citizen
participation in the democratic process, or which party structure is the most appropriate to enable
the desired level of participation. However, the PMO profile can provide a way of understanding the
interrelationships between members and important stakeholder groups, together with providing an
analytic foundation for integrating the organisational structure with appropriate strategies and
tactics with which to achieve party aims. In short, that a concept developed in the commercial
marketing literature can be used to help understand – not replace – existing political science models
of party organisation.

Future Research

Future research using the PMO profile of a party can help provide answers to some of the more
pertinent questions in the political science literature. For example, is there a characteristic PMO
profile of interrelationships for those parties that follow the trend towards a reduction in the
importance and number of volunteer members identified by numerous authors (e.g., Bille and Elklit
2003; Gibson and Ward 2009; Mair and van Biezen 2001)? Secondly, is the high level of external
stakeholder inclusion in internal offering development concurrent with a low perceived importance
of the rank-and-file party members (Heidar and Saglie 2003)? Finally, is the concern of less active
members that the leadership will use the information generated from stakeholder groups outside of
the party to justify a greater influence over the development and interpretation of the offering
warranted (Hansen and Saglie 2005)?
Bibliography


Management Working Paper

2009-2: Kristina Risom Jespersen: Information source exploitation/exploration and NPD decision-making

2009-3: Ken L. Bechmann and Johannes Raaballe: Danske bankdirektørers aflønning – Incitamentsaflønning eller tag selv bord?

2009-4: Ken L. Bechmann and Johannes Raaballe: Manglende bremselodser i danske banker

2010-1: Claus Thrane & Per Blenker: A network analysis of the individual – opportunity nexus: Convergence in entrepreneurship research?

2011-1: Robert P. Ormrod: Political Market Orientation: An Introduction

2011-2: Robert P. Ormrod: Product-, Sales- and Market-Oriented Parties: Literature Review and Implications for Academics, Practitioners and Educators

2011-3: Kristina Risom Jespersen: Decision making effectiveness in NPD gates

2011-4: Ken L. Bechmann and Johannes Raaballe: Bad Corporate Governance: When Incentive-Based Compensation Identifies Dangerous CEOs

2012-1: Robert P. Ormrod and Heather Savigny: Election Marketing to Young Voters: Which Media is Most Important?

2012-2: Robert P. Ormrod: Defining Political Marketing

2013-01: Johannes Raaballe: Forøget egenkapital i banken – en ulempe for banken og dens kunder?

2013-02: Ken L. Bechmann, Anders Grosen and Johannes Raaballe: Højere kapitalkrav løfter krav til indtjening i den finansielle sektor – en replik

2013-03: Tom Engsted and Johannes Raaballe: Den finansielle krise i Danmark: Diskussion af rapporten fra ”Udvalg om årsagerne til finanskrisen”

2014-01: Tom Engsted and Johannes Raaballe: Den finansielle krise i Danmark: Diskussion af rapporten fra Udvalget om årsagerne til finanskrisen: Duplik

2014-02: Johannes Raaballe, Mathias Hesselund Jeppesen og Sait Sahin: Danske børsnoterede bankers indtægts- og omkostningsstruktur under forvandling