

Day 2: Exchanges, relationships and stakeholders

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Agenda

Recap from yesterday: wide and narrow interpretations of political marketing

Interactions in political marketplaces

Relationships and stakeholders

A definition of political marketing

Recap from yesterday

Yesterday, we talked about wide and narrow interpretations of the scope and nature of political marketing

A wide interpretation sees the contribution of political marketing on the societal level and on management activities

A narrow interpretation focuses on management activities only

I argued that it is necessary to adopt a wide interpretation of the scope of political marketing

The political exchange

The concept of exchange is central to understanding marketing

Initially, the commercial exchange was seen as a transaction

In the 1990's, the exchange was seen as part of a wider relationship management exercise

In the last ten years, the focus has moved to the *value* that the exchange facilitates, rather than the exchange itself

Dyadic exchange

In commercial and nonprofit marketing, the exchange is seen as *dyadic*

The exchange is between two actors who both bring something of value (e.g., a product and money) to the marketplace

The actors exchange what they have brought to the marketplace, and both are better off

What about political marketing?

The exchange in political marketing is normally seen as the vote for the promise of good government

But does this capture the unique characteristics of the political marketplace?

You can vote for a candidate, but will the candidate keep their promise...?

Can the candidate keep their promise at all...?

The political exchange

The unique aspect of the political exchange is that it is not necessarily possible for the candidate to keep their promise

They may not get elected

They may not be part of the ruling government

Environmental factors may mean they cannot fulfill their promise

One cannot both have Texan taxes and Scandinavian welfare benefits...

Interactions

We need another way of understanding what happens when voting occurs

We can understand this as an interaction – not an exchange – between the voter and the candidate/party

So where does the exchange of value take place?

Interaction marketplaces

Instead of exchanges taking place in single marketplaces, we need to look at the process that is involved from the election to the realisation of the promise

1. The candidate/party must be elected to parliament
2. The elected member/party must be able to influence legislation
3. External factors (such as the economy, social climate, public opinion) must allow the legislation to be passed

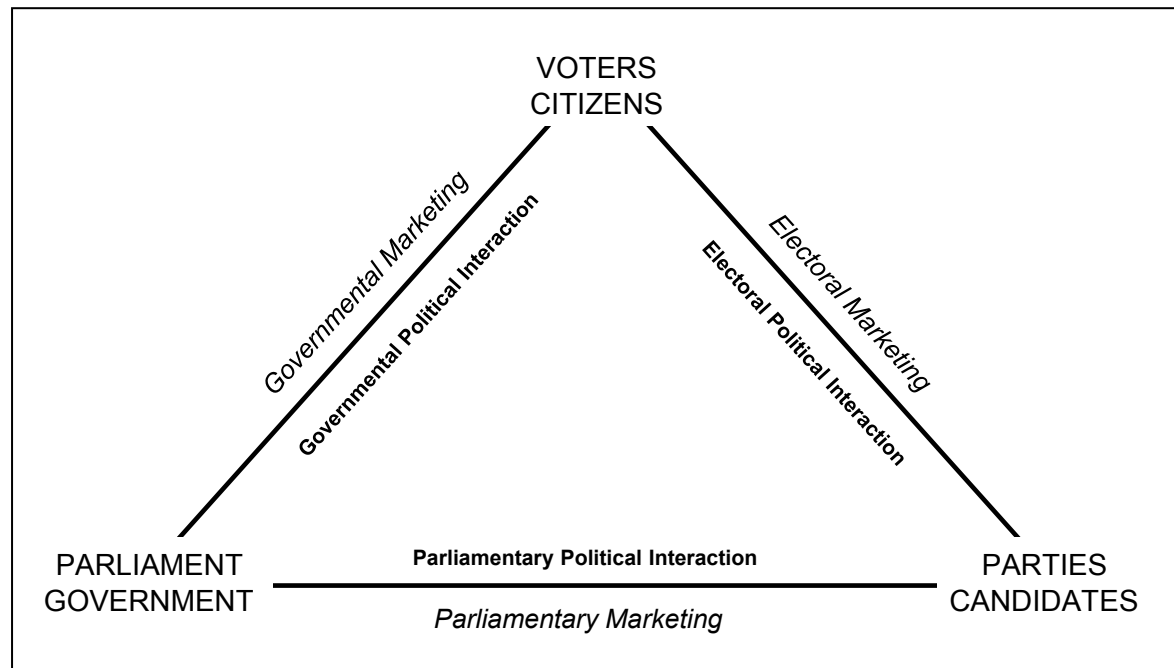
The triadic exchange

So there are three marketplaces involved in each exchange of value in the political context:

1. Electoral marketplace (voter – candidate/party)
2. Parliamentary marketplace (elected members – other elected members)
3. Governmental marketplace (government – citizens)

Interactions in each of these three marketplaces must be successful for one exchange of value to occur!

The triadic model of political exchange



Voter – candidate/party

The interaction between the voter and the candidate/party can be seen as the *proto-interaction* – it has to occur before any political exchange process can begin

Of course, candidates/parties that stand for re-election have to deal with their history...

Electoral interactions

Electoral interactions are between voters and political actors

The interaction consists of a vote for the promise of good government

The voter may not get anything in return if the political actor cannot influence legislation – thus it is *not* an exchange!

The political actor does not have to fulfill the promise even if they *do* have the influence

Parliamentary interactions

Parliamentary interactions are between political actors within the parliament

If the political actor has the ability to form a government, then the actor can have influence over the development of policy

Sometimes the actor cannot affect policy – this means that the second interaction is not possible and the promise given in the electoral interaction is broken

Governmental interactions

If the parliamentary interaction is successful then the political actor is in a position to fulfill the promise given in the electoral interaction

The interaction between the government and citizens is mediated by the implementers of policy – teachers, doctors, police and so on

But what happens if environmental factors mean that the policy cannot be implemented?

...and back to the electoral marketplace

Towards the end of the electoral cycle, citizens can assess whether the candidate they voted for last time has fulfilled their promises

Promise fulfillment in the governmental marketplace may influence the interaction in the subsequent electoral marketplace

So it is not enough to look at one interaction marketplace on its own!

The triadic interaction model can help structure our understanding of the impact of previous events on current behaviour

...but what if your
candidate/party wasn't elected?

Better luck next time...!

The political exchange: a wide or narrow interpretation?

Each political exchange is the result of interactions in three marketplaces

Each marketplace has focal actors with different characteristics, and interactions can occur simultaneously

There are also other actors that directly affect the political marketing strategies and tactics that are appropriate in each marketplace

A wide interpretation is necessary!

Now it's your turn!

The first part of today's lecture focused on the exchange in the political context

Now you are going to apply the triadic interaction model of political exchange to the real world (testing theory through empirical investigation)

Download one of the election manifestos from the course website

To what extent do you find evidence of the three marketplaces in the manifesto?

Do you think that a triadic structure can tell us more than a dyadic structure, or is the triadic structure just an unnecessary complication?

Political relationship marketing

Interactions are repeated over time

These repeated interactions lead to the formation of relationships

Long-term relationships are built upon trust and reduce the likelihood of a customer choosing a different product

What are the characteristics of relationships in the political context?

How are these relationships related to the triadic exchange structure?

A relationship approach to political marketing?

Yesterday, we compared three approaches to political marketing:

- the sales-based approach
- the instrumental/managerial approach
- the relationship-based approach

I argued that the relationship-based approach was most useful in the political marketing context

Recap: the relationship-based school of political marketing

- Strategy: wide focus on stakeholders rather than specific voter groups
- Interaction: two-way dialogue to uncover stakeholder needs and wants
- Activities: management of relationships throughout the electoral period (although focal stakeholders can change over time)

Political relationship marketing at the macro and micro levels

Political relationship marketing can be understood on two levels:

- Macro: the relationship between the political actor and the structural and systemic characteristics of the political marketplace
- Micro: interactions and exchanges are between the political actor and individual stakeholders

As with commercial organisations, relationships have to be managed

Relationships can be short- or long-term, actor-specific, dynamic and vary in intensity

Political relationship marketing: a wide interpretation

Political relationship marketing emphasises the importance of relationships at two levels, the macro (system) and micro (individual) levels

This means that it is necessary to have a wide focus – what happens at the individual level affects the system level, and vice versa

One cannot be understood alone – the other level is always affected!

Advantages of political relationship marketing: the macro level

- stabilises the party's core support
- reduce the number of swing voters
- reduce the volatility of the party system
- deepen democracy by including citizens in the development of legislation
- broaden democracy by involving citizens in the implementation of legislation

Advantages of political relationship marketing: the micro level

- increases citizen inclusion
- decreases the distance between the governors and the governed
- enables the meeting of like-minded individuals
- reduces the use of resources on voter identification (voter self-select rather than have to be segmented)
- increases relevance as members can 'opt-in' to those policy areas that interest them
- increases the resource base (included members are loyal members – and paying members)

Now it's your turn!

Look at the advantages for the adoption of political relationships marketing at the macro and micro levels

Do you see evidence of this in the election manifestos?

Are the advantages realistic in practice? Why/why not?

Political marketing and stakeholders

Commercial marketing emphasises the importance of co-creating value with the customer and consumer

However, we have to take other influencers – stakeholders – into consideration (opinion leaders, opinion formers etc.) when we co-create value with customers and consumers

This is even more important in the political

So a good understanding of stakeholders is important!

What is a stake?

Before we can understand what or who a stakeholder is, we have to know what a stake is

There are many different ways of understanding a 'stake' in the political context

For example: A personal interest in legislation
A moral right to comment on legislation
A legal right to affect the design of legislation

So stakes can vary greatly in formality, reciprocity and enforcability

So what or who is a stakeholder?

Simply put, a stakeholder has some form of stake in an organisation

...but there are many definitions of 'stakeholder'...

These definitions vary from very narrow (specific stakeholders) to very broad (just about everything)

Definition: Freeman (1984)

“any group or individual who can affect or is affected by the achievement of the organization’s objectives”

Key words: Affect and affected by
 Organisational objectives

Definition: Gray et al. (1996)

“any group or individual that can be influenced by, or can itself influence, the activities of the organisation”

Key words: Influence and influenced by
 Activities (not objectives) of the organisation

Definition: Starik (1994)

“any naturally occurring entity which affects or is affected by organisational performance”

Key words: Naturally occurring entity (not manufactured)
Affect and affected by
Organisational performance

In addition to being organisations/individuals, entities can be:
Symbols, images and archetypes
Living, dead, yet-to-be-born
Memes (units of culture)

The stakeholder perspective

Which actions and strategies can stakeholders use to influence political organisations, their policies and legislation?

Do we want stakeholders to have this influence?

The impact of stakeholder inclusion in the policy development process can be constructive or destructive to the success of legislation

After all, including stakeholders in the development of legislation can change the legislation to the advantage of the stakeholder

Understanding stakeholders

Who identifies who or what is a stakeholder - the organisation or the stakeholder?

Strategic/instrumental: which stakeholders *are necessary* for the organisation to consider to achieve its goals?

Normative: which stakeholders *should* an organisation take into consideration?

...and how does this affect the definition of a 'stakeholder' that we use?

Strategic/instrumental approach

Stakeholders vary between those that have a measurable influence over the ability of the organisation to meet its goals and those stakeholders that are recognised by societal institutions

Easy to implement in an organisational context...

...but is it too specific?

Normative approach

A normative understanding concentrates on which stakeholders *should* or *ought* to be taken into consideration

Stakeholders vary between those owed responsibility on the one extreme, to including *all* stakeholders at the other extreme

The normative approach allows for cultural norms to influence the identification and treatment of key stakeholders

Too diffuse?

Convergent stakeholder theory

Joins the normative and analytic stakeholder approaches

Takes human nature into consideration

Focuses on relationships and interactions

Provides concrete guidelines for political managers (rather than a focus on stakeholders in general)

Categorising stakeholders

There are several ways of categorising stakeholders:

- Whether they are **internal** or **external** to the organisation
- Whether they are **primary** or **secondary**
- Whether they are **core, strategic** or **environmental**
- The stakeholder's level of **power** relative to the political actor, the **legitimacy** of the issue and the **urgency** with which the issue needs to be addressed

Stakeholder attributes

The **power**, **legitimacy** and **urgency** attributes are most useful when deciding which stakeholders to focus resources on

- Power:** can the stakeholder force a reaction from the organisation?
- Legitimacy:** the right of the stakeholder to make a specific claim
- Urgency:** the speed at which the claim of the stakeholder needs to be addressed

Stakeholders can score highly on one, two or all three attributes, but the levels of power, legitimacy and urgency can change across the three interaction marketplaces

Stakeholder management

Stakeholders can affect the ability of organisations to achieve their goals

So how can a political organisation manage stakeholders to their advantage?

What questions can we ask in order to embed stakeholders in the very core of political marketing management?

Stakeholder management process

There are many different ways of analysing stakeholders, although there seems to be some agreement in the academic literature on the following questions:

- What/who are the organisation's stakeholders?
- Which coalition do the organisation's stakeholders belong to?
- What are the stakeholder's stakes?
- How much power do the stakeholders have?
- Is their claim based on legislation or on moral grounds?
- How should each stakeholder be treated?
- What are the dynamics of relations with the stakeholder?
- Can conflicting stakeholder goals be resolved?
- How similar are the stakeholder goals to ours?

Now it's your turn!

We have also seen how a stakeholder-based approach is more detailed than simply voters

Using the manifesto:

- identify five stakeholders
- categorise the stakeholders using power, legitimacy and urgency (I want your reasoned opinion, it doesn't have to be 'correct')
- do you think that this categorisation changes over the electoral cycle?
- do you think that this categorisation changes in each of the three interaction marketplaces?

So what is political marketing?

We have seen that political marketing:

- focuses on the wider political context rather than just elections
- has a more complicated exchange structure than commercial marketing
- emphasises long-term relationships rather than discrete transactions
- focuses on multiple stakeholders rather than just voters

So how can we define 'political marketing'?

A definition of political marketing

Political marketing can be defined as:

“...a perspective from which to understand phenomena in the political sphere, and an approach that seeks to facilitate political exchanges of value through interactions in the electoral, parliamentary and governmental markets to manage relationships with stakeholders.”

Deconstructing the definition of political marketing

The definition of political marketing consists of several elements:

- A wide interpretation of political marketing as a research field
- the triadic exchange structure
- the centrality of relationships
- the importance of stakeholder management

What do these mean for empirical research...?

Element 1: A wide interpretation

Yesterday, we learned that a wide interpretation of the scope of political marketing is necessary to understand the political context

Empirical research needs to take this breadth into consideration

The wide interpretation enables political marketing research to inform on a wider range of topics

It also means that research designs need to be more specific about their aims

Element 2: Exchange as a triad

The definition of political marketing emphasises that there are three interaction marketplaces

This raises several questions:

- Which marketplace does your research focus on?
- What does this mean for which stakeholders are in focus?
- What are the implications of your research for the other interaction marketplaces?
- What are the implications of the other interaction marketplaces on your research?

Element 3: A relationship-based approach

The definition of political marketing includes both the micro and macro levels of political relationship marketing

At the micro level, interactions between the political organisation and individual stakeholders in each of the three interaction marketplaces

At the macro level, more general relationships between the political organisation and society

So which level is your investigation at?

Element 4: The centrality of stakeholders

Relationships are important – but with what or whom?

The wide interpretation of political marketing includes multiple stakeholders in the three interaction marketplaces

How do we understand these stakeholders?

Which stakeholders are relevant to your investigation?

What you have learned today

The political exchange is different to the commercial exchange; in the political context, one exchange is the results of successful interactions in three marketplaces

Relationship management and a relationship-building organisational philosophy are essential for political marketing activities

Stakeholders are not just voters and other parties; there are many different ways of understanding the groups that influence political actors

The definition of political marketing consists of four elements that can each contribute to a rigorous research design

Tomorrow's lecture

Tomorrow I'll be looking at the integrated model of political marketing strategy and its impact on party organisational structure

I will use the integrated model of political marketing strategy to demonstrate how political marketing in theory can influence the development of conceptual models

I will focus on how the integrated model of political marketing strategy is grounded in the definition of political marketing, and critique the model

Any questions?