Article:
Ormrod, RP, Zaefarian, G, Henneberg, SC et al. (1 more author) (2015) Strategy, market orientation and performance: the political context. Journal of Public Affairs, 15 (1). 40 - 55. ISSN 1472-3891

https://doi.org/10.1002/pa.1494

Strategy, Market Orientation and Performance:

The Political Context

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Submitted for Review

Journal of Public Affairs

September 2013

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The authors would like to thank Aron O'Cass for his comments on a previous draft of this paper, Jan Bracke for his assistance with data collection, and to the members of the four Belgian parties who took the time to fill out the questionnaire.

Abstract

This paper investigates the fit between the strategic posture of a political party and its political market orientation, and analyses the impact of this fit on party performance. For this purpose, a configuration theory logic is applied to the context of the political market; in particular, we develop strategic profiles (i.e. strategic postures and political market orientation) of four Belgian political parties represented in the Flemish Parliament. By comparing the strategic profiles derived from a questionnaire administered to 3148 party members with those of 'theoretically ideal' profiles, we uncover the 'strategic misfit' (or 'misalignment') for each party, and then relate this misfit to party performance. Results indicate that there is a strong, negative relationship between the misalignment of actual and perceived strategic profiles on the one hand, and performance on the other. However, the 'ideal profiles' differ with the strategic posture of a party. Thus, our findings show that it is not so much the strategic posture itself which will determine superior performance, but it is the strategic posture that the party aligns with implementing a particular political market orientation that is the most important factor.

Keywords

Configuration theory, strategic profile, strategic postures, political market orientation, political marketing, party performance, Belgium

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1. Introduction

Marketing concepts can be used to explain political exchanges (Henneberg and O'Shaughnessy, 2007; Henneberg and Ormrod, 2013) and to optimize the political management of parties, candidates, or governments (O'Cass and Voogla, 2011; Lilleker and Lees-Marshment, 2005), e.g. relating to strategic issues of positioning (Dean and Croft, 2001). For example, between early 2002 and mid-2004, the British Labour Party and its leader and Prime Minister, Tony Blair, changed their strategic posture with regard to political marketing, particularly how they related to public opinion and developed market offerings such as political stances, leadership characteristics, and their political brand. It has been argued that Blair and the Labour government moved from 'spin-obsession', a focus group-driven approach to policy-making that followed public opinion, to an approach based on core principles, that is, an assertive leadership orientation even in the face of a large scale parliamentary revolt by back-bench Labour members of Parliament (Henneberg, 2006a). The trigger for this change in strategic posture was clearly Tony Blair's decision to send British troops to participate in the Iraq war in 2003 (Kramer, 2003). However, in terms of political marketing, this change in the strategic posture – how Labour 'competed' in the political market (Henneberg, 2002) – provided only the context for more structural and operational political marketing decisions. Thus, the question was whether such a general change in the strategic intent would mean that Labour also needs to change the party's organisational characteristics in order to align these with this new strategic context. In other words, Labour was faced with the issue of whether such strategic posture shifts had implications for organisational aspects of its political marketing management.

One way of dealing with such issues of strategic posture shifts in management research is by using configuration theory. Configuration theory holds that the fit between an organisation's strategic posture and certain structural and organisational aspects of management determines its performance (Ketchen *et al.*, 1993, Vorhies and Morgan, 2003); thus, the better this strategy-structure fit, the more aligned are the organisation's capabilities with the success criteria for a given competitive environment. Whilst this issue has been investigated widely in the commercial management context (e.g. Vorhies and Morgan, 2005, Hult *et al.*, 2007), this is not the case in the context of strategic political marketing. Thus, the motivation for this paper is to investigate whether the context of strategic political postures relates to issues involving the political organisation, and ultimately to organisational performance.

Therefore, the contribution of this paper is to expand the conceptual and descriptive work on the impact of commercial marketing strategy concepts to include an understanding of the empirical relationship between party strategy, party organisation, and party performance. As we investigate the novel political context, our paper also has the potential to test and enrich the concepts of the commercial marketing literature (Henneberg and O'Shaughnessy, 2007). This is important as in a broad definition of marketing (i.e. including non-traditional exchange situations such as social and political markets), concepts need to be robust enough to cross market-domain boundaries (Baines and Lynch, 2005; Ormrod *et al.* 2013). Our research furthermore provides guidance to the practical political manager as to which organisational aspect to focus on in a specific situations (i.e. within a chosen strategy framework), and which to de-emphasise to free resources that can be redeployed in other organisational areas. This is important as it provides a strategy-oriented understanding of organisational resource and capability development within political parties. A particular insight relates to the fact that simply including a wide range of stakeholders in strategy formulation – i.e. emphasising all aspects of political market orientation – is not optimal in all situations. These findings qualify previous research that found that political parties in the same political system prioritise different stakeholder orientations (Ormrod and Henneberg, 2006, 2011)

We first develop the conceptual framework that will be used in this paper, grounded in *configuration theory*, and then demonstrate how the two aspects of strategic intent on the one hand, and organisational structure on the other, can be applied to the political context in the form of *strategic political postures* (SPPs; Henneberg, 2006b) and organisational *political market orientation* (PMO; Ormrod, 2005, 2011). Following from this, we integrate the political marketing literature and utilise qualitative and quantitative methods in order to assess the fit of theoretically derived *ideal strategic profiles* (i.e. the best possible fit between a given strategic posture and characteristics of political market orientation) with the actual organisational profile of a party. This fit (or misfit) is to impact on party performance. Finally, we discuss the implications of the results of our investigation for the academic and practitioner communities.

2. Conceptual framework

2.1. Configuration theory and strategic postures in the political market

Configuration theory logic asserts that organisations can adopt alternative strategic postures, each of which can be successful in a given competitive environment (Mintzberg, 1979, 1983; Miles and Snow, 1978). However, simply embracing any of these specific strategic postures will not necessarily

guarantee success; for each posture specific capabilities that must be implemented in order for the strategic posture to be effective in a market environment (Walker and Ruekert, 1987; Doty *et al.*, 1993; Ketchen *et al.*, 1997; Ruekert *et al.*, 1985; Van de Ven and Drazin, 1985). Thus, the chosen strategic posture provides the context or framework in which the organisation implements these capabilities. Configuration theory also assumes that there exist different 'ideal' capabilities for each of the strategic postures (Drazin and Van de Ven, 1985; Doty *et al.*, 1993). The interplay between these organisational capabilities, and the chosen strategic posture for an organisation provides a specific *profile*. The fit between organisational capabilities and the strategic postures is argued to be a key determinant of the success of an organisation (Ketchen *et al.*, 1993; Vorhies and Morgan, 2003).

An organisation adopts a strategic posture as part of a wider decision concerning its competitive position within its environment. Thus, a strategic posture implies an intended configuration of capabilities that are an element of the way in which the organisation intends to compete in the various markets in which it is present (Aaker, 2001; Hooley *et al.*, 2001). Various strategic postures exist, based on the extent to which the organisation attempts to uncover and fulfill explicit or latent customer needs and wants. An organisation can choose to be 'market-driven' (Slater and Narver, 1998, 1999) and *follow* the market, that is, conduct market research and subsequently develop appropriate market offerings to meet these explicit customer needs (Davis and Manrodt, 1996). Alternatively, the organisation can decide to be 'market-driving' (Slater and Narver, 1998, 1999) and *lead* the market by developing market offerings based on unfulfilled, latent needs (Hellensen, 2003; McDonald and Wilson, 2002). Finally, an organisation can decide to balance the explicit and latent needs of customers by pursuing a relational strategy (Conner, 1999; Slater and Narver, 1999).

In the context of political marketing, Henneberg (2006a, 2006b) developed and operationalised four strategic political postures (SPP) that a party can adopt in order to achieve its short- and long-term aims, derived from the extent to which the organisation leads and/or follows the political market (Figure 1). Political organisations which follow the market are analogous to commercial organisations in that they attempt to uncover the explicit needs and wants of stakeholders to develop an offering to fulfill these needs and wants. A political organisation that leads the market, on the other hand, prioritises the needs and wants of party members when developing its offering, based on deeply held convictions regarding ideology or policy positions. Once the offering has been developed, the political organisation then uses marketing tools and concepts to convince key voters and other key stakeholders of the utility of the offering.

>Insert Figure 1 about here<

The four strategic political postures are labeled the *Convinced Ideologist*, the *Tactical Populist*, the *Relationship Builder* and the *Political Lightweight*. It is important to note that the labels should be understood as descriptive and do not represent a normative judgement (Henneberg, 2006b). A political organisation that adopts a strategic posture that emphasises ideology over public opinion is leading the market, and is labelled by Henneberg (2006b) as a Convinced Ideologist. The opposite strategic posture, a Tactical Populist, emphasises public opinion over ideology and follows the market. A political organisation that attempts to integrate both leading and following elements in its market offering is termed a Relationship Builder. Finally, a political organisation that does not (or cannot) lead or follow the political market is labelled a Political Lightweight strategic posture; this strategic posture is arguably not viable in the long term (Ormrod and Henneberg, 2010a); a party that does not listen to stakeholders, irrespective of whether these are internal or external to the party, will arguably *ceteris paribus* lose support to those parties who are more atuned to their environment. Overall, these four strategic postures are in reality a matter of degree and are dynamic in that a political organisation can choose to gravitate from one posture to another over time (such as Labour and Tony Blair did in 2003) if changes in the competitive environment make this necessary (Miles and Snow, 1978; Slater and Narver, 1998, 1999; Henneberg, 2006b).

2.2. Capabilities as organisational structures: political market orientation

Capabilities are the second element of a configuration theoretic framework, after strategic postures. In the context of this study, capabilities refer to the political market orientation of a party. Market orientation (MO), a core concept in the commercial marketing literature, was first popularised by Kohli and Jaworski (1990) and Narver and Slater (1990), and the concept has steadily developed over the last twenty years from a focus on the *behaviour* of managers or the underlying organisational *culture* that enables timely responses to the explicit and latent needs and wants of customers (e.g., Jaworski and Kohli, 1993; Slater and Narver, 1995, 1998; Harrison-Walker, 2001; Lafferty and Hult, 2001; Langerak, 2003; Deshpandé and Farley, 2004), to an approach that argues that rather than being antagonistic, the behavioural and cultural components represent different facets of the organizational market orientation and are in fact *interdependent* (e.g., Gray *et al.*, 1998; Griffiths and Grover, 1998; Homburg *et al.*, 2004; Gainer and Padanyi, 2005; Hult *et al.*, 2005). Taken together, these different facets of MO can be used to form organisational capabilities that can be used to develop and implement appropriate strategies (Doty *et al.*, 1993).

The concept of MO was first applied to the political context in the mid 1990's (O'Cass, 1996) and since then various approaches have developed: with a focus on the organisation or the environment (internal/external); with a focus on the process (Lees-Marshment, 2001); with a focus on a proactive or reactive organisational orientation (O'Cass and Voogla, 2011); or as capabilities comprising of the interplay of managerial behaviours and the organisational culture (Ormrod, 2005, 2011). Of these approaches to PMO, Ormrod's (2005, 2011) conceptual model of PMO is most closely related to the interdependence conceptualisation of a commercial market orientation in that the behaviour of party members is linked to the underlying orientation of the party towards a wide range of stakeholder groups in society (Ormrod, 2007). Building on an integration of the conceptualisations of a MO as an organisational culture/orientation (Narver and Slater, 1990) as well as a set of managerial behaviours (Kohli and Jaworski, 1990), information about the needs and wants of key stakeholder groups is gained from formal (market research, opinion polls) and informal (social interactions of individual party members) sources and then used in the development of the party's market offering.

The relevant key stakeholder groups in the context of a PMO are voters, competing parties, the media, party members, and society at large. Each of the stakeholder constructs contain manifold relationships that can be initiated, developed, maintained or, if necessary, terminated according to the strategic posture of the party. For a PMO it is the extent rather than the content of the relationship that is in focus (Ormrod and Henneberg, 2011). A focus on voters (*Voter Orientation*) is analogous to the customer orientation construct of Narver and Slater's (1990) conceptualisation of a MO, and an orientation towards party members (*Internal Orientation*) reflects the role of this group in decisions concerning the party offering that legitimise this offering (Bille, 2003) as well as reflecting the more hierarchical structure of political parties in contrast to the majority of commercial organisations (Dean and Croft, 2001). More fundamentally, the emphasis on the centrality of party members reflects the nature of political parties as vehicles for political participation and aggregators of different shades of political opinions into a limited number of political offerings (Bille, 2003; Lilleker, 2006; Granik, 2005).

The focus on competing parties (*Competitor Orientation*) is based on the work of Narver and Slater (1990) but is extended to take into account the necessity in some electoral systems of cooperation between competitors after an election, for example in coalition governments, thereby affecting the behaviour of parties both before and after elections (Bowler and Farrell, 1992; Henneberg and Ormrod, 2013). The final two constructs, *Societal Orientation* and *Media Orientation* have no equivalent in the commercial MO literature: society has been merely considered to be an

environmental moderator (Kohli and Jaworski, 1990; Narver and Slater, 1990). Media and society are, however, integrated into the PMO model due to the significance of citizens, lobby and interest groups (e.g., Andrews, 1996; Dean and Croft, 2001; Heidar and Saglie, 2003, Newman, 2005; Ormrod and Henneberg, 2010c) and the ubiqutous media (e.g., Dean and Croft, 2001; Róka, 1999) as important shaping forces of the political market (Henneberg, 2002).

A PMO emphasises that all party members are able to contribute to information generation activities from different stakeholders dependant on their social network. This extends the emphasis of the commercial MO literature that tends to assign these activities to managers (Shapiro, 1988; Narver and Slater, 1990; Harrison-Walker, 2001; Ormrod, 2005; Gounaris, 2008). The behaviour of party members is conceptualised as comprising four constructs, arranged in a chain of different activities, that represent the flow of information about various stakeholder groups through the organisation (Ormrod, 2005; Ormrod and Henneberg, 2010c). These four constructs are *Information Generation*, *Information Dissemination*, *Member Participation* and *Strategy Implementation,* and have close links to the commercial MO literature (e.g., Daft and Weick, 1984; Kohli and Jaworski, 1990; Jaworski and Kohli, 1993; Griffiths and Grover, 1998; Harrison-Walker, 2001; Lafferty and Hult, 2001). It is noteworthy that the chain represents the flow of information rather than a dependence relationship between these constructs; for example, it is possible for party members to be adept at generating information from important stakeholders, but the party organisation may not have the structures in place to disseminate this information to where it is needed (Ormrod 2005).

2.3. Integrating strategic postures and political market orientation: strategic profiles

Configuration theory argues that organisational performance is affected by the extent to which there is a fit between the strategic posture of the organisation and the capability structure (Yarbrough *et al.*, 2011), as capabilities directly affect the ability of the organisation to successfully implement a chosen strategy (Teece *et al.*, 1997). As specific capability structures are argued to be a better fit with the competitive environment for a chosen strategic posture, it is possible to derive an 'ideal' strategic profile, that is, a matching capability structure for each strategic posture (Doty *et al.*, 1993). Such an ideal strategic profile represents a configuration that enables the best performance for an organisation. It is of course a question of the extent to which an organisation possesses the capabilities necessary to develop the ideal strategic profile, and so it is necessary to examine the fit, or rather the 'misfit' in terms of the lack of alignment, between the *ideal* and *actual* capability structure in order to investigate the effects of the strategic posture/organisational structure interaction on performance.

In this context, Ormrod and Henneberg (2010a) argue that it is possible to conceptually derive ideal profiles for political organisations by integrating the PMO and the SPP frameworks, resulting in four ideal PMO structures for each of the four SPP's. Within the ideal PMO structure, each of the relationships between constructs in the PMO model representing party member behaviours and organisational orientations towards stakeholders can be scored as 'high' or 'low', depending on the importance of that relationship for a specific SPP (Ormrod and Henneberg, 2010a).

A Relationship Builder political organisation considers relationships with all stakeholders to be important, even though the actual offering will reflect a bias towards specific groups due to the aggregation of a number of different perspectives into one offering (Connor, 1999; Heidar and Saglie, 2003; Narver *et al.*, 2004; Henneberg, 2006a). At the other extreme is the Political Lightweight; this posture is not considered to be viable as there is no explicit strategy and so no relationships will be important (Ormrod and Henneberg, 2010a). A Tactical Populist emphasises relationships with the media and voters at the expense of other stakeholders, and adopts a top-down approach to offering development, with the rank-and-file members assuming a more passive role (Panebianco, 1988). Finally, central to the Convinced Ideologist strategic posture are members (Lilleker, 2005) and affiliated external organisations (Cordier, 1996; Leopold, 1997), with a high priority placed on openness and the inclusion of as many members as possible in the offering development process. The resulting relative strength (high/low) of each of the relationships between the PMO constructs in a Relationship Builder or a Convinced Ideologist strategic posture is represented in Figures 2 and 3, respectively. These are ideal strategic profiles; deviations from these increase the misfit.

>Insert Figure 2 about here<

>Insert Figure 3 about here<

Using a configuration theory logic from the commercial context, we argue that certain strategic profiles are more appropriate than others (Slater and Narver, 1998, 1999). Thus, a misfit between the ideal and actual PMO capability profile will have a negative influence on the performance of political organisations (the reverse logic applies: the better the fit, the better the performance). The resulting conceptual model used in our study is presented in Figure 4.

Based on these considerations, hypotheses for the strategic postures of politial parties can be derived. As only the Convinced Ideologist and Relationship Builder strategy types were uncovered in the expert self-typing investigation for our Belgian dataset (discussed below), our hypotheses are restricted to them:

Hypothesis H_1: *A misfit between the ideal and actual PMO for a Convinced Ideologist strategic posture will have a negative impact on performance.*

Hypothesis H_2: *A misfit between the ideal and actual PMO for a Relationship Builder strategic posture will have a negative impact on performance.*

>Insert Figure 4 about here<

3. Method and Research Design

To investigate the extent to which the alignment of the strategy types with impacts on the success of an organisation, we empirically analyse the differences (misfit) between the ideal and actual PMO structure by strategy type (Powell, 1992; Slater and Olson, 2000; Venkatraman, 1990). In order to reduce the effects of common method bias in our empirical design, our study used multiple methods and respondent groups (Podsakoff *et al.*, 2012). As there are only eight organisations (parties) represented in the Flemish Parliament, we assessed the strategy type of a political party by using a *self-typing paragraph* study amongst experts on the Flemish political system (Gresov, 1989; Venkatraman, 1989; Yarbrough *et al.*, 2011). We also asked party members to assess their own party on the same paragraphs to provide an alternative source for triangulation (Podsakoff *et al.*, 2012). The actual PMO for the parties was derived from a survey of members of each of the four participating parties; these four parties make up half of the total number of parties in the Flemish parliament and given the oligopolistic nature of the political marketplace (Ormrod and Henneberg, 2010c), we consider this sufficient for the purposes of our investigation. Finally, members were asked to provide their perceptions of the performance of their party over the previous electoral period of the Flemish Parliament (five years) on three criteria relating to the ability to influence public opinion, influence legislation and achieve party aims. These three questions reflect the three interaction markets proposed by Henneberg and Ormrod (2013) that make up political exchanges, namely the electoral market, the parliamentary market and the governmental market. Our selection of a time period of five years was designed to reduce the risk that responses to the performance

variables would be biased due to an imminent election during the data gathering phase; five years was considered suitable for the purposes of our investigation by the experts.

3.1. Capturing strategy type

In order to assess the strategic posture of each of the four parties, we conducted a self-typing paragraph study amongst experts (following e.g., James and Hattan, 1995; Shortell and Zajac, 1990; Snow and Hambrick, 1980). Ormrod and Henneberg's (2010) three descriptive paragraphs, corresponding to the three viable SPP's (Convinced Ideologist, Tactical Populist and Relationship Builder), were double back-translated into Dutch and then administered to 16 experts in Belgian politics (the English language versions of the paragraphs are provided in Appendix A). The experts were asked for their opinion on the three viable SPP's of all eight biggest parties in Belgium to disguise the four parties for which we had quantitative data. Finally, in order to triangulate the assessment from the small group of experts, we also asked party members to assess their own party using the same self-typing paragraphs.

3.2. Capturing actual PMO structure

In order to uncover the actual PMO of the political organisations, we operationalised our nine constructs (four PMO behaviours, five PMO stakeholder orientations) in a similar way to previous investigations in the commercial (Schlosser and McNaughton, 2007) and political marketing literature (O'Cass, 2001; Ormrod and Henneberg, 2011) using 48 items with Likert-type scales (seven response categories, anchored in strongly agree – strongly disagree) derived from Ormrod and Henneberg (2011; see for item wordings Appendix B). The items were pre-tested by asking five academics with experience in politics and quantitative methodology to check the items. The questionnaire was subsequently back-translated into Dutch. The questionnaire was administered to party members in the four Flemish parties which agreed to participate in our investigation; this was used as a proxy for the single, expert informant approach across a large number of organisations within a specific industry that is most common in the commercial literature (Langerak, 2003). This procedure was necessary as the political 'market' only accommodates a very limited number of players in each party systems, which does not allow for enough variance for quantitative studies.

The Partial Least Squares (PLS) approach to structural equation modeling was selected as the appropriate statistical procedure to understand the relationships between the manifest variables (questionnaire items) and the latent constructs (the nine constructs in the PMO model), following Ormrod and Henneberg (2011). PLS is a suitable procedure in that the PMO model is complex and our investigation is exploratory in nature (Wold, 1982; Bagozzi and Yi, 1994; Fornell and Cha, 1994;

Chin, 1998; Hair *et al.*, 2011). All nine constructs were operationalised using 1st-order, reflective measurement models (Bagozzi and Baumgartner, 1994; Diamantopoulos and Siguaw, 2006; Diamantopoulos and Winklhofer, 2001; Jarvis *et al.*, 2003). We followed Hulland (1999) and used a two-stage approach to evaluate the PMO profiles, first by inspecting the individual item reliabilities in the measurement model and then the convergent validity, discriminant validity and predictive relevance of the structural model, using SmartPLS 2.0 (Ringle *et al.*, 2007).

3.3. Performance indicators

To date, performance data as dependent constructs has not been included in studies that concentrate on market orientation in the political sphere. In order to arrive at a suitable measure of perceived performance, we developed three performance indicators corresponding to the three main political interactions identified in Henneberg and Ormrod's (2013) triadic interaction model of political marketing exchange, namely the electoral interaction (influence over public opinion), the parliamentary interaction (influence over legislation), and governmental/oppositional interaction with stakeholders (implementing policies and achieving general aims). We asked the party members to state on 7-point, Likert-type scales (from 'strongly agree' to 'strongly disagree') their perception of the extent to which the party 1) had been able to influence public opinion over the preceeding electoral period, 2) had been able to influence legislation over the preceeding electoral period, and 3) had achieved its general aims over the preceeding electoral period. The items were phrased to take into account the fact that some of the parties had not participated in government during the preceeding electoral period. Finally, we averaged the three indicator scores, giving a composite score for each respondent. The use of the preceeding electoral period (5 years) as a specific time frame was designed to reduce the impact of any recent events on members' perceptions (following Yarbrough *et al.*, 2011). We did not use objective party performance data in this study as measurement of such variables is too infrequent (such as share-of-vote in the last parliamentary election) or would be restricted to political actors which were in government (such as number of laws passed).

3.4. Ideal versus actual profiles: strategic fit and performance

The strategic management literature suggests both theoretical and empirical approaches to assessing the extent to which a misfit between the ideal and actual organisational PMO impacts on performance (Doty *et al.*, 1993); the theoretical approach to finding ideals is used where precise numerical scores are available for the constucts under investigation, whilst the emprical approach is used when theory is not advanced enough to provide such numerical information (Vorhies and

Morgan, 2003, Hult *et al.*, 2006, Zaefarian *et al.*, 2012). In our investigation, the assessment of a party's strategic posture is indicated by expert opinions of the strategic posture of each of the parties, whilst the actual PMO profile for this posture is represented by the scores of the indicators in the measurement model. To calibrate the ideal PMO by posture, the following method was applied (derived from Ormrod and Henneberg, 2010a): where the theoretically-derived PMO construct score is deemed to be *unimportant for a particular SPP*, we calibrated this to represent the mean of the lowest 10% scoring respondents on this construct, whilst when a PMO construct score is deemed to be *important for a particular SPP*, we calibrated this to represent the the mean of the highest 10% scoring respondents. This gave us ideal scores for each of the nine PMO constructs for each of the two relevant SPPs. We then calculated the misfit (between ideal and actual scores) using the Euclidean distance of all cases from the respective ideal profile for their strategy posture across the nine PMO constructs using the following formula (Vorhies and Morgan, 2003, Zaefarian *et al.*, 2013, Yarbrough *et al.*, 2011):

$$ED = \sqrt{\sum_{j=1}^{N} (X_{sj} - \overline{X}_{ij})^2}$$

where X_{sj} is the actual score of each case *s* on the *j*th construct, and $\overline{X}_{ij}$ is the score of the ideal profile *i* for the *j*th construct. Calculating the misfit provided the deviation (ED) for each case from the respective ideal profile. We then regressed the misfit against performance. The rationale is that if the ideal profile is associated with higher performance, then the regression model will show a significant, negative relationship between the misfit (as the independent variable) and performance (as the dependent variable).

4. Results and analysis

4.1. Ideal PMO profiles

The results of the expert self-typing study demonstrated that for three of the four parties it was clear which strategy posture the party could be assigned to (i.e. a clear majority of the experts agreed on the particular strategy type of a party), whilst for the fourth it was slightly ambiguous. In this instance we additionally inspected the self typing scores of the party members which provided a clear indication regarding which of the two possible party strategic postures was most appropriate; members selected the same party type as the majority of experts. Consequently, of the four parties, parties 2 and 3 were categorised as Convinced Ideologists (strategic posture SP-A), whilst parties 1 and 4 were classified as Relationship Builders (strategic posture SP-B). This results in none of the

parties being categorised as Tactical Populists or Political Lightweights, and therefore our configuration theory investigation will proceed with only two strategy types.

4.2. Actual PMO structure

We calculated the actual PMO scores using data from our questionnaires. Data was collected immediately before the Flemish Parliamentary Election of 2009. The Flemish Parliament is responsible for a broad range of government activities in the Dutch-speaking area of Belgium, including welfare, infrastructure, technology, education and tourism, and is able to conduct its own foreign policy and ratify international treaties independently of the Federal Government in Brussels on areas of its domestic competencies (Flanders Federal Website, 2012). Of the eight parties that were contacted, four agreed to participate in our investigation, representing 60.3% of the total share of the vote at the 2009 Flemish Parliamentary Election. We attempted to increase the credibility of the request for participation by asking the parties to send an e-mail with a link to an online questionnaire using Inquisite 9 (Inquisite Inc., 2008) via the party's internal mailing list to their members, rather than sending the questionnaires directly from the authors. Whilst this contact method does not enable us to check response rates, the number of responses received from each of the four parties is large enough to minimise any potential bias. The useable responses were as follows: Party 1: n = 513 (SP-A), Party 2: n = 944 (SP-B), Party 3: n = 1051 (SP-B), and Party 4: n = 640 (SP-A). Therefore, the number of responses for the two strategy types were SP-A: n = 1153 and SP-B: n = 1995.

In order to ensure the quality of the measurement model we used an iterative process to remove those items from the total dataset (n = 3148) that did not possess a factor loading (individual item reliability) above .60 (see Table 1); most of the items exhibited a factor loading above the .70 threshhold recommended by Hulland (1999) and Hair *et al.*, (2011). Following this, we assessed the quality criteria for the overall structural model. Convergent validity was assessed using the Average Variance Extracted (AVE) score. In order to achieve convergent validity, half the variance of each construct has to be explained and therefore the AVE score should be above .50, which was the case for all constructs. In addition to this, the score for the Composite Reliability (CR), related to the Cronbach's alpha score, demonstrated values above the .70 level recommended by Hair *et al.*, (2011). Table 1 provides the theoretical assessment of the relevance of each construct by SPP (based on Ormrod and Henneberg, 2010a), as well as the calibrated highest/lowest 10% score which was used for the ideal profile derivation.

>Insert Table 1 about here<

We assessed the extent to which the items for each construct explain the variance of the assigned construct more than other constructs (discriminant validity) using the Fornell-Larcker criterion (Hair *et al.*, 2011) by comparing the AVE score for each construct to the squared construct correlations (see Appendix C). This criterion is fulfilled except for one relationship: the AVE score is slightly lower than the squared construct correlation between the Member Participation and Strategy Implementation constructs (AVE = .59; squared construct correlation = .62). This indicates that the items may in fact explain the same underlying construct; it is beyond the scope of the current paper to investigate this result, but provides an important avenue for future research. The last quality criterion investigates the predictive relevance of each of the constructs, using the Stone-Geisser Q^2 statistic (Geisser, 1975; Stone, 1974). All Q^2 values were positive, indicating that all nine constructs are relevant in our structural model.

4.3. *Performance indicators and misfit calculation*

We collapsed the three performance variables into a single, composite performance indicator for each strategy type (SP-A: n = 1153, mean = 3.28, s.d. = 1.32, skewness = .57, kurtosis = -.26; SP-B: n = 1995, mean = 3.52, s.d. = 1.28, skewness = .49, kurtosis = -.41). Using a single performance indicator enabled us to model the results of three interactions involved in a single political exchange (Henneberg and Ormrod, 2013), and therefore the three performance variables were equally weighted. Thus, for both of the strategy types there was a positive perception of the performance of the party, with members of the Relationship Builder parties being more positive about the performance of their parties than the Convinced Ideologist parties.

The results of misfit calculations for the two strategy postures can be seen in Table 2. The regression coefficients of the Ideal Profile Model for both SP-A and SP-B were negative and significant. For SP-A, the Convinced Ideologist, the profile deviation score was -.35 ($p < .00$) with an adjusted R^2 of .12. Thus H_1, that strategy misfit will have a negative impact on performance, is supported by our results. An even stronger result was found for SP-B, the Relationship Builder – here, the profile deviation score was -.49 ($p < .00$) with an adjusted R^2 of .24. Thus H_2 is also supported by our results.

We then tested the robustness of our results. We randomly selected cases in our dataset within strategy types (Random Non-ideal Model) and tested whether these random profiles for each strategy type could provide superior results when compared to the respective ideal profile model.

This was carried out in order to verify (1) that only a unique set of ideal profiles can result in higher performance, and (2) that our approach for selecting the ideal profile was appropriate. As illustrated in Table 2, the results of our non-ideal models are low and insignificant, thereby confirming our findings and the appropriateness of our approach to selecting the ideal profile.

>Insert Table 2 about here<

In addition to testing for non-ideal models, we also examined the assumption that internal consistency of PMO profiles is more important when the relative emphasis on different constructs matches those of the ideal types for a given strategy posture. In other words, we tested whether splitting the sample according to different strategies would enhance our results. We therefore compared two different ideal profiles. We juxtaposed the 'within strategy model', our initial ideal profile, with an 'across strategy model' which identified one overall ideal profile for the entire sample and then conducted the profile deviation analysis. We again regressed the misfit on the performance variable. As illustrated in Table 3, our within-strategy model provided more rigourous results (Profile deviation = -.44, Adjusted R^2 = .19) than the across-strategy model (Profile deviation = -.19, Adjusted R^2 = .04). This indicates that strategy posture does make a significant difference to the ideal PMO structure of political parties, and hence we benefit from calibrating the ideal profile based on the cases that represent a certain strategy posture.

>Insert Table 3 about here<

5. Conclusions, limitations and implications for future research and practice

Research into the link between PMO structures and their contextual appropriateness, i.e. whether they fit with certain strategy postures, is still very much in its infancy. In our paper we used multiple methods to investigate the strategic misfit between the ideal and actual PMO profiles and its impact on party performance. Our results indicate that there is a strong, negative correlation between the strategic misfit and party performance. Thus, the more the actual PMO profile fits with the ideal PMO profile for the chosen strategy posture of a political party, the greater the success of the party.

Such a finding is important as it qualifies (and partially contradicts) some of the literature on political market orientation, which presumes that 'more' political market orientation is better than less (Lees-Marshment, 2001, 2010). Thus, in line with *equifinality* assumptions of configuration theory which state that all relevant strategic postures can equally provide superior performance outcomes (Katz and Kahn, 1978), our findings show that it is not so much the strategic posture that the party chooses that will determine a superior performance, but it is the strategic posture that the party chooses *and aligns with its organisational structures*, in our case its political market orientation, that is the most important factor. For certain strategic postures, some aspects of politial market orientation need to be present, while others can be de-emphasised (and consequently resources which may have been used to manage these aspects can be re-deployed). Thus, actionable insights for the practical management of the PMO of a political party can be derived (regarding the focus of resource allocation). Furthermore, our findings show that benchmarking activities by political managers of a focal party should not relate to the best performing party *per se*, but should be aimed at superior performing parties that have adopted the same strategic posture as the focal party.

Our findings indicate a stronger relationship between the strategic political posture and performance of the Relationship Builder party type; it may well be that as our investigation was carried out in the context of the election campaign, party members in the Convinced Ideologist parties – used to a high focus on their own needs and wants at the expense of other stakeholder groups – felt passed over due to the greater focus on the needs and wants of voters, and contact with the media. Members of Relationship Builder parties may have a generally more pragmatic attitude and acknowledge that the dynamics of the political cycle necessitate a change in organisational focus due to events in the political lifecycle of election periods.

This paper represents a new approach in the political marketing literature to link strategic (strategic postures) and structural characteristics (political market orientation) of political parties with performance. As such, we contribute to the still rather sparse literature on party organisation as well as party strategy from a marketing theory perspective (Baines *et al.*, 2002; Cwalina *et al.*, 2011; Ormrod and Savigny, 2012). Furthermore, we link such considerations to performance results in a systematical and empirical manner, while previous research in political marketing has treated the performance of political parties mostly in anecdotal manners (Lees-Marshment, 2010).

However, certain limitations exist which are partly linked to the resarch design which was chosen. For example, due to the low numbers of political parties in each party system, inter-party variances cannot be used for rigorous empirical modelling (and the aggregation across different party systems is not a satisfactory solution due to the differences in electoral systems which have important

structural repurcussions for political marketing management activities). Thus, our research design used only four parties and exploited mainly the intra-party variance in the data by using each party member as the unit of analysis. Secondly, the Belgian political system with its multitude of parties may not be representative for other systems, for example the British first-past-the-post system with a smaller number of larger parties. Furthermore, our survey was administered to four of the eight Flemish parties, and these represented only two of the three viable strategic postures. Thus, our findings cannot provide guidance to managers of parties that adopt a Tactical Populist strategic posture.

The implications of our results are, nevertheless, important; political marketing managers are advised to be conscious of the desired strategic posture and then benchmark their own party structure, e.g. their political market orientation, against the ideal for that strategic posture. Our results also provide party managers with the knowledge that, in the eyes of the party members, it is a consistent strategic profile (made up from a matching of strategic posture and PMO structure) that is more important than a specific strategic intent. For academics, our results support the notion that it is possible to use theories and perspectives from the commercial marketing and strategy literature in the political context; whilst each theory must be evaluated carefully to check for conceptual relevance, the fundamental nature of political organisations does not differ markedly from its commercial counterpart (Butler and Collins, 1999; Dean and Croft, 2001; Henneberg and O'Shaughnessy, 2007).

There are several future research directions that can be derived from the results of this study. First, comparing our results to those of similar studies in the United Kingdom (Ormrod and Henneberg, 2010b) and Denmark (Ormrod and Henneberg, 2011), we can see that the importance of the market oriented behaviours of party members appears to be consistent across party systems; future research could integrate our results with existing models of party behaviour, which would have the potential to enrich both the political science and political marketing literatures. In addition to this, research could use 'hard' performance data, such as changes in electoral support over time or donations from organisations (where this is legally possible), which could provide performance criteria as seen by other, important stakeholder groups, as recommended by Podsakoff *et al.* (2012) to improve empirical rigour of the analyses. Finally, investigations could be carried out to uncover whether member perceptions of party performance are stable or whether these perceptions vary according to the position in the electoral cycle.

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Appendix A: Wording of the paragraphs for the self-typing study (Ormrod and Henneberg 2011)

PARTY TYPE 1: Convinced Ideologist

When this party develops policy, it considers core party beliefs to be generally more important than rigidly following public opinion. On the whole, the Party emphasises policy consistency, even if this sometimes goes against public opinion. This party attempts to include as many members as possible in the policy development process. Marketing tasks mainly consist of *selling party policy*.

PARTY TYPE 2: Tactical Populist

When this party develops policy, it considers public opinion to be generally more important than rigidly following core party beliefs. On the whole, the party emphasises policy flexibility when responding to public opinion. This party includes professional advisers and market research consultants in the internal policy development process. Marketing tasks mainly consist of *uncovering and responding to public opinion*.

PARTY TYPE 3: Relationship Builder

When this party develops policy, it considers core party beliefs to be just as important as public opinion. On the whole, the Party emphasises policy pragmatism and balances being responsive to public opinion with following the party's core beliefs. This party actively attempts to include a broad range of societal groups in the internal policy development process, even though these groups may not necessarily agree with the party on the resulting policy. Marketing tasks mainly consist of *synthesizing the diverse opinions that exist within society*.

Appendix B: Items for survey instrument, developed from Ormrod and Henneberg (2010)

Construct	Item ID	Item wording
Internal Orientation	IO1	The opinions of all members are important to the Party
	IO2	The influence of each Party member reflects their position in the Party hierarchy
	IO3	Politicians have the most influence in Party policy development (R)
	IO4	The views of active rank-and-file members, Party employees and politicians are more important to the Party than those of inactive members (R)
	IO5	All members have an equal influence in fundamental Party decisions
	IO6	Political consultants employed by the Party have too much influence over policy development (R)
Voter Orientation	VO1	Even though they don't take part in elections, the opinions of non-voters are still taken into consideration
	VO2	A trade off is made between the opinions of the electorate on the one hand, and the Party's ideology on the other
	VO3	In general, the opinions of potential voters affect the extent to which the Party is guided by its ideology
	VO4	The opinion of the electorate affects the direction of the Party in most cases
	VO5	The views of potential voters are generally as important to the Party as those of core voters
Competitor Orientation	CO1	All other parties are direct competitors, irrespective of their ideology
	CO2	The opinions of other parties are important to the Party when making decisions regarding policy and strategy
	CO3	The Party is willing to cooperate with its competitors
	CO4	If the Party has to cooperate with another party, the opinions and policies of the other party are seriously taken into account
	CO5	Cooperating with other parties is essential for the Party to reach its aims
Societal	SO1	Most local level issues are not seen as important to the party (R)

Orientation	SO2	Citizens who are politically active at the local level can influence Party policy, even if they are not members of the Party
	SO3	The opinions of citizens who cannot vote (e.g., are children) or do not want to vote are important to the Party
	SO4	Most interest groups do not affect Party policy (R)
	SO5	Lobby groups can provide useful information to the Party
	SO6	The Party has good relations with public sector workers
Media Orientation	MO1	Media opinion is very important to the Party
	MO2	Good relations with the media is essential to the Party
Information Generation	IG1	The Party makes a point of finding out what members think
	IG2	Information is gathered from interest groups regarding their specific opinions
	IG3	The Party makes a conscious effort to find out what other parties are doing
	IG4	Generally available opinion polls and other research commissioned by the Party are an important source of information for the Party
	IG5	Party members gather useful information from those they meet
	IG6	The Party rarely gathers information and opinions directly from voters (R)
Information Dissemination	ID1	The organisational structure of the Party means that the voice of every Party member can be heard
	ID2	Elected Party members keep rank-and-file members informed about their work
	ID3	The party leadership (e.g., elected politicians, Party professionals and active volunteer members) rarely listens to rank-and-file Party members (R)
	ID4	All Party members pass on any information that could help other members in their work for the Party
	ID5	All Party members know which party member to contact if they have a question about Party policy on a particular issue
	ID6	The results of polls and other research carried out by the Party is seldom circulated amongst members (R)
Member	MP1	Party members directly contribute to strategy development

Participation	MP2	Party strategy is mainly developed by the Party leadership (a small group of active volunteers, politicians and Party professionals) (R)
	MP3	Most changes to Party strategy are discussed extensively before the final decision is made
	MP4	All Party members are consulted before any decision is made regarding Party policy
	MP5	The Party leadership (e.g., elected politicians, party professionals and active volunteer members) make almost all of the decisions regarding Party strategy (R)
	MP6	All Party members have a real influence in strategy development
Consistent Strategy Implementation	CSI1	The Party leadership implements what has been decided by Party members
	CSI2	Party members play an active role in implementing Party strategy
	CSI3	No matter who is asked in the Party, all members provide a consistent picture of the Party's policies
	CSI4	Party strategy is known by all members
	CSI5	Inactive members provide a picture of the Party's policies that is consistent with that provided by active members
	CSI6	Party strategy is clear to those outside of the Party

Note: see Table 1 for the Stone-Geisser Q^2 and composite reliability scores, and the item loadings for the included variables

Appendix C: Average variance extracted (bold on diagonal) and squared construct correlations

Construct	1	2	3	4	5	6	7	8	9
1. Internal orientation	**.77**								
2. Voter orientation	.18	**.50**							
3. Competitor orientation	.01	.04	**.59**						
4. Media orientation	.00	.01	.07	**.81**					
5. Societal orientation	.14	.13	.03	.00	**.64**				
6. Information generation	.30	.16	.04	.00	.15	**.60**			
7. Information dissemination	.40	.13	.01	.03	.16	.42	**.67**		
8. Member participation	.46	.14	.01	.01	.14	.38	.56	**.74**	
9. Strategy implementation	.40	.14	.00	.03	.13	.35	.58	.62	**.59**

Construct	Item ID	loading	**Convinced Ideologist (SP-A)**			**Relationship Builder (SP-B)**		
			Grand mean	Theory	Calibrated (10%) mean	Grand mean	Theory	Calibrated (10%) mean
Information Generation *(Q^2 = .23; CR = .81)*	IG1	.88	2.75	Low	1.32	3.05	High	5.11
	IG2	.76						
	IG5	.66						
Information Dissemination *(Q^2 = .44; CR = .89)*	ID1	.83	2.79	High	4.94	3.72	High	6.02
	ID2	.85						
	ID4	.80						
	ID5	.79						
Member Participation *(Q^2 = .55; CR = .92)*	MP1	.85	3.27	High	5.60	4.18	High	6.51
	MP3	.84						
	MP4	.85						
	MP6	.90						
Strategy Implementation *(Q^2 = .44; CR = .90)*	SI1	.80	3.17	High	5.06	4.06	High	6.05
	SI2	.84						
	SI3	.84						
	SI4	.80						
	SI5	.69						
Internal Orientation *(Q^2 = .30; CR = .87)*	IO1	.88	3.12	High	5.59	3.93	High	6.47
	IO5	.88						
Voter Orientation *(Q^2 = .22; CR = .81)*	VO1	.86	3.59	Low	1.68	3.44	High	5.15
	VO2	.61						
	VO5	.62						
Competitor Orientation *(Q^2 = .07; CR = .74)*	CO3	.82	2.95	Low	1.36	2.53	High	4.27
	CO4	.85						
	CO5	.60						
Media	MO1	.95	3.37	Low	1.04	2.46	High	4.48

Orientation *(Q^2 = .04; CR = .78)*	MO2	.85						
Societal Orientation *(Q^2 = .38; CR = .89)*	SO2	.70	3.36	High	5.45	3.80	High	5.93
	SO3	.89						

Table 1: Item loadings by construct (all P < .00)

Note: *Q^2=Stone-Geisser Q^2; CR=composite reliability; item IDs are linked to item wordings in Appendix B; column 'Theory' relates to the theoretical expectations regarding the importance of a construct for a SPP, see also figures 2 and 3.*

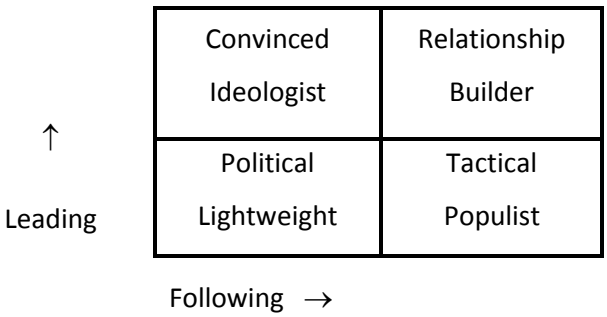

Figure 1: Leading, following and the four generic strategic political postures (adapted from Henneberg, 2006b)

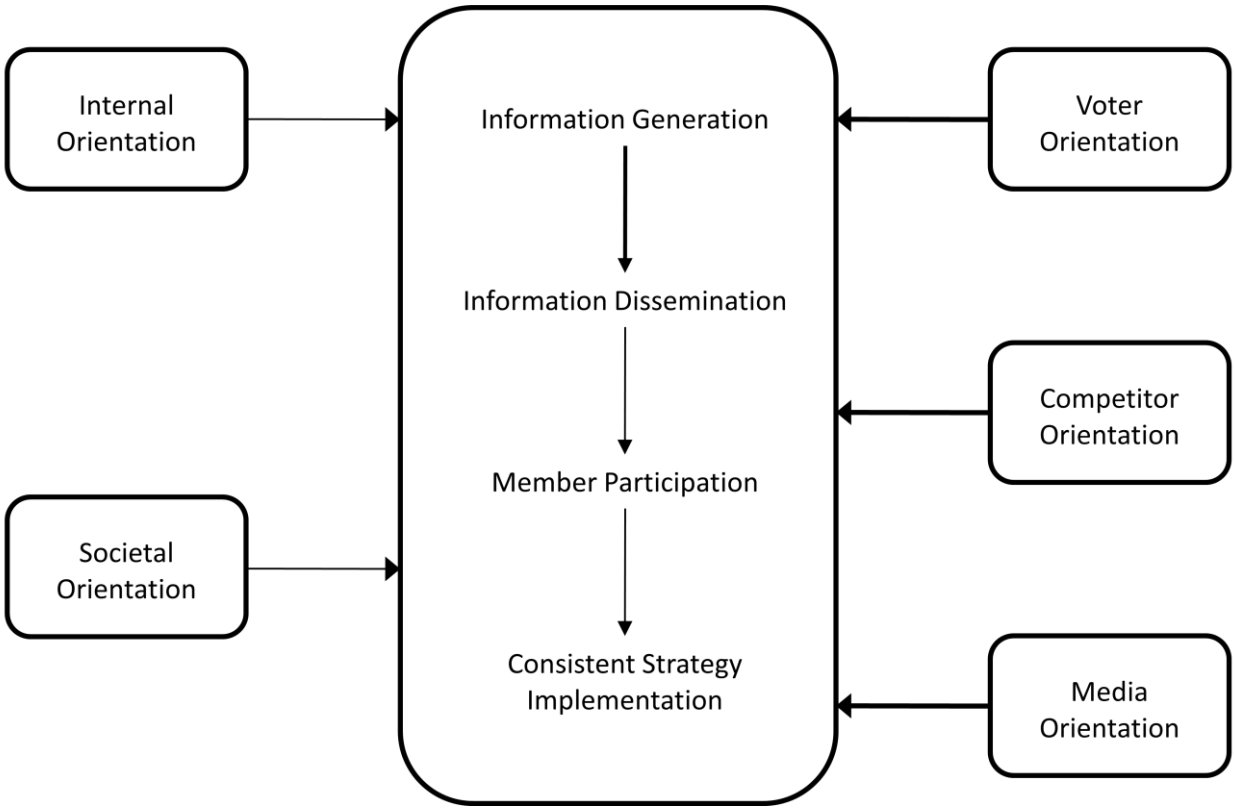

Figure 2: Ideal PMO for the Relationship Builder strategic posture (Ormrod and Savigny, 2012)

Note: bold outlines and arrows represent important aspects; grey ones less important aspects

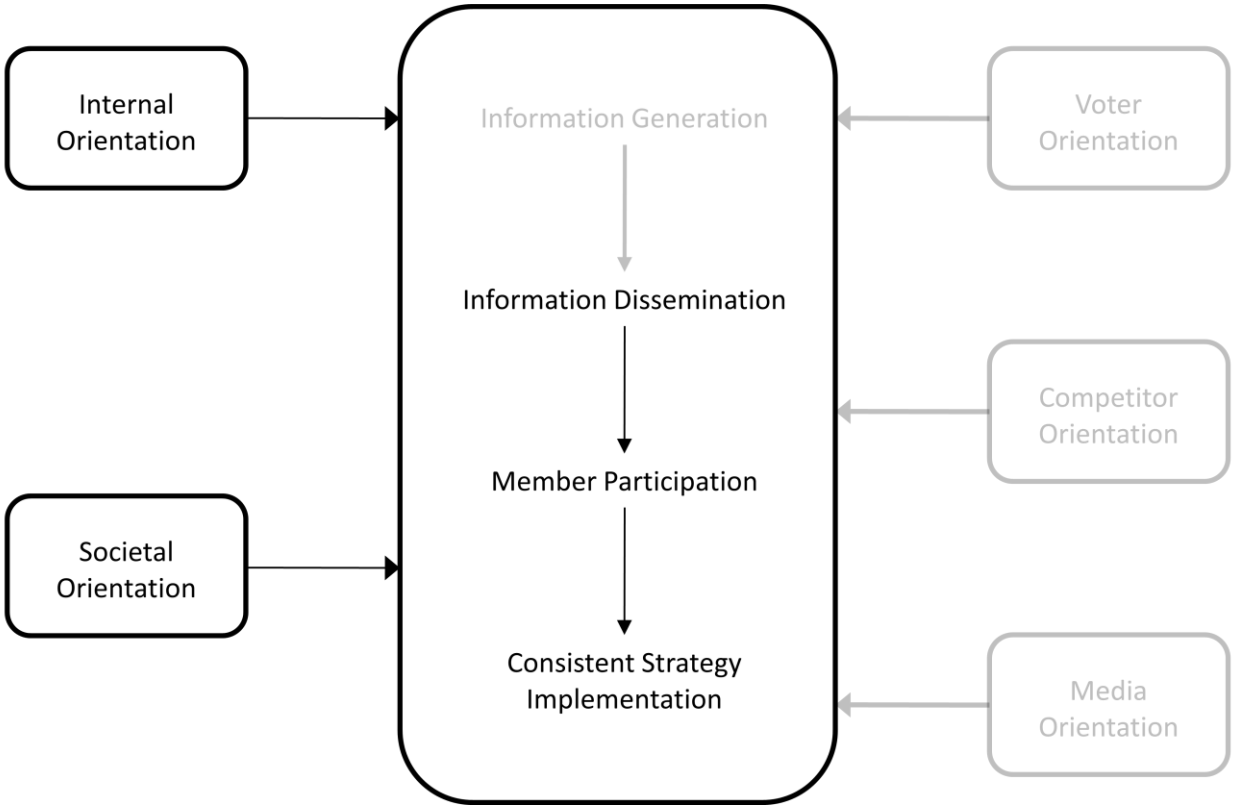

Figure 3: Ideal PMO for the Convinced Ideologist strategic posture (Ormrod and Savigny, 2012)

Note: bold outlines and arrows represent important aspects; grey ones less important aspects

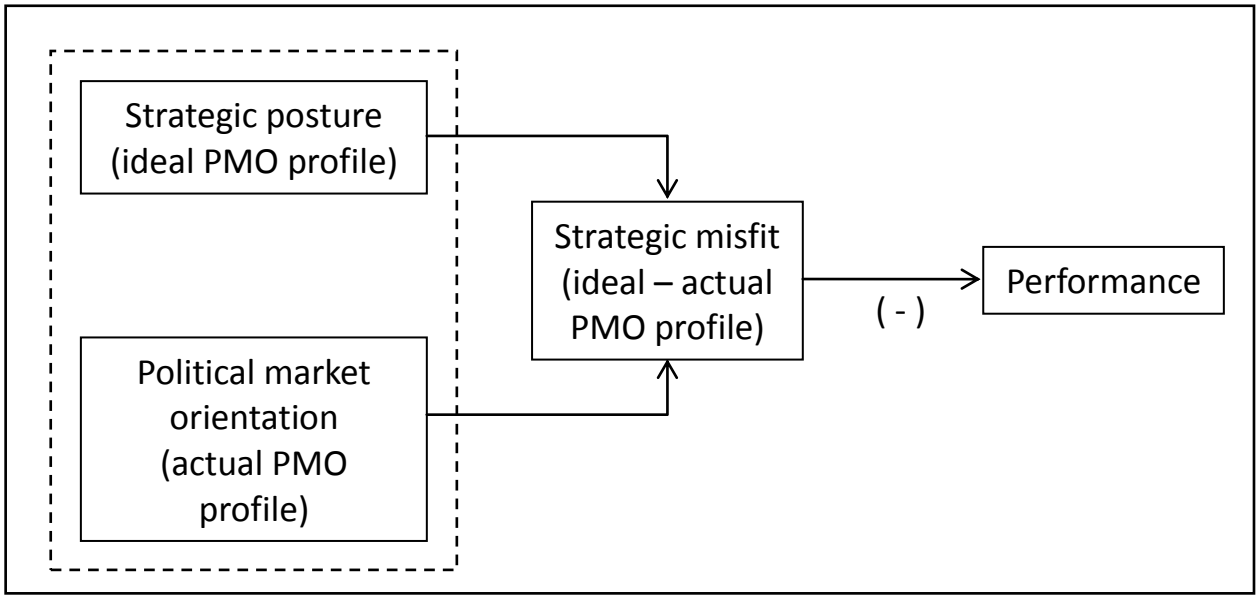

Figure 4: Conceptual model showing relationship between strategic misfit and performance

	Dependent Variable: Performance	
Independent variable	**Ideal Profile Model**	**Random Non-ideal Model**
Strategy Posture A (Convinced Ideologist)		
Profile deviation	-0.35**	0.04
R^2	0.12	0.00
Adjusted R^2	0.12	0.00
F value	160.98**	1.79
Strategy Posture B (Relationship Builder)		
Profile deviation	-0.49**	-0.02
R^2	0.24	0.00
Adjusted R^2	0.24	0.00
F value	616.92**	0.78

Table 2: Summary statistics of the strategic fit - performance models.

*Note: ** p < .00*

	Dependent Variable: Performance	
Independent variable	**Within Strategy Model**	**Across Strategy Model**
Profile deviation	-0.44**	-0.19**
R^2	0.20	0.04
Adjusted R^2	0.19	0.04
F value	751.69**	110.90

Table 3: Summary statistics of the within/across strategy models

*Note: **p < .00*