

# **Toward A Performance Theory of Change in Political Parties**

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"If it isn't broken, don't fix it." The flip side of that popular saying assumes, "If it is broken, fix it." These homespun principles underlie the general theory of change in political parties presented in this paper. My theory has these characteristics: (1) It focuses on changes in individual parties, rather than changes in party systems. (2) It draws heavily on ideas from organizational theory modified to fit the special nature of parties as organizations. (3) It assumes that the poor performance of political parties provides impetus for party change. (4) It encompasses virtually all aspects of party change. The theory will be presented in four sections, corresponding to each of these points.

## **Party System Change v. Party Change**

A sizable literature developed in the 1980s on the topic of party system change, particularly in Western Europe. Early examples of such writings are in the edited volume by Daalder and Mair on *Western European Party Systems* (1983), subtitled *Continuity and Change*. Later, Wolinetz edited a book on *Parties and Party Systems in Liberal Democracies* (1988) whose central theme was "when and how party systems change" (p. 1). To close the decade, Jan-Erik Lane edited a special issue of *The Journal of Theoretical Politics* (1989) on "Party Systems" focusing on system change.

With few exceptions (Wilson 1980, 1989), most articles about party change in these sources and in the literature more generally deal with changes in party systems. Typically, they are based on the analysis of electoral data that detects fluctuations or trends in the support for parties within a system over time (Pedersen, 1983; Maguire, 1983; Sundberg, 1987). Generally speaking, these and other studies show increases in the electoral volatility of party systems since the 1960s (Mair, 1989). As Reiter notes, this literature was stimulated by the real or perceived "decline" of political parties in industrialized societies (1989, 325). In *When Parties Fail*, Lawson and Merkl (1988) published articles on alternative organizations--interest groups and minor parties--that emerge to take their place. One might argue, as Harmel (1985) does, that the rise of new parties advocating new political issues demonstrates something other than the decline of parties as governmental institutions (also see Selle and Svåsand, forthcoming). Nevertheless, as established parties lose support and as new parties share the vote, electoral volatility increases, providing evidence of changes in party systems.

What exactly is meant by "system change"? Mair notes that this concept "is itself rarely defined in any rigorous sense." (1989, 254) Notwithstanding the merit in studying aggregate changes in support for all parties in a political system, studying changes in individual parties within the system--pursuing a micro rather than a macro approach--seems more appropriate to the problem. Wolinetz states:

If parties are adaptive organisations, adjusting their appeals to the audiences whose votes they seek, then the continuity of party systems need not be seen in terms of (shifting) electoral attachments, the pressures of (often lapsed) organisational networks, or the filtering effects of (disappearing) partisan presses. Instead, parties and party systems may survive because parties adjust their appeals to the changing predilections of their electorates." (1988, 304)

Mair also contends that, to understand changes in party systems, we need to "know what makes parties tick"--especially how they adapt to changing circumstances (1983, 429). Unlike the literature on party system change, the theory in this paper deals with change at the level of individual political parties. In this sense, it fits with the work of Mair and Wilson (1980, 1989). While there is value in a macro analysis of change at the system level, we can extend our knowledge of party processes by theorizing about causes of party change at the micro level.

### **Organizational Theory and Party Change**

The literature on organizational theory has considerable relevance to the cross-national analysis of political parties (Janda, 1983). Unfortunately, most writings on party organization by political scientists contain little or no reference to that literature. Conversely, Deschouwer (1986) notes that organizational sociology neglects parties. Organizational theorists can contribute to the analysis of party organizations by introducing conceptual distinctions and theoretical arguments from a broader literature. The study of organizations, for example, pays considerable attention to organizational change, particularly with changes that help an organization adjust to its environment. Kaufman defines adjustment as "change matched to change in the environment in a fashion that compensates for the new conditions and keeps the organization running as well as or better than it did before" (1985, 46).

As indicated in the quotations above from Mair and Wolinetz, adaptation also figures prominently in the writings of parties scholars, but they rarely inquire into the concept itself. The organizational theory literature introduces some new distinctions that assist the analysis of party change. Nadler and Tushman (1989, 534) reserve the term adaptation for a particular type of change within the typology in Figure 1, which classifies change along two dimensions: scope and timing in relation to external events.

*Scope of the Change*

		<i>Incremental</i>	<i>Strategic</i>
<i>Timing of the Change</i>	<i>Anticipatory</i>	<b>Tuning</b>	<b>Re-orientation</b>
	<i>Reactive</i>	<b>Adaptation</b>	<b>Re-creation</b>

FIGURE 1: Typology of Organizational Change,  
from Nadler and Tushman (1989: 534)

Scope refers to whether the change is *incremental*, involving only parts of the organization, or *strategic*, involving most of the organization. Timing refers to whether the change is *anticipatory*--and occurs in advance of environmental events--or *reactive*, and follows those events. From these distinctions come these types of organization adjustments:

1. **Tuning** involves incremental changes in anticipation of external events. In the context of political parties, tuning might involve hiring new staff members in advance of an election or introducing a research unit to conduct surveys before elections.
2. **Adaptation** applies only to incremental changes following external events. Under this restrictive definition, a party would be adapting to its environment if it modified its position on the abortion issue according to the results from the survey it conducted above.
3. **Re-orientation** produces fundamental organizational changes in anticipation of an external event. The "guidelines" adopted by the U.S. Democratic Party for the 1972 delegate selection process illustrates party reorientation.
4. **Re-creation** results in fundamental changes in reaction to major events that threaten the organization's survival. The former communist parties of Eastern Europe that changed their names and dropped their Marxist ideologies illustrate re-creation.

When confronted with the typology in Figure 1, parties scholars must decide what type of change they mean when referring simply to "adaptation." First, do they mean change in an

*anticipatory* or in a *reactive* sense? Second, do they mean *incremental* or *strategic* change? While the parties literature fails to make such distinctions, it seems to be more concerned with party change in reaction to environmental change, and is probably more concerned with strategic than incremental change. Certainly Wilson addresses strategic changes in his important writings on party transformation--"that type of party change that produces new styles, organization, tactics, and interparty relations" (1980: 526).

If we adopt "transformation" to embrace both re-orientation and re-creation as the two types of strategic changes in the Nadler-Tushman typology, we can link into a body of organizational theory literature that also deals with major organizational changes. Consider the discussion by Cummings and Huse (1989, 418) on transformational change:

Organizations are unlikely to undertake transformational change unless significant reasons to do so emerge. Power, sentience, and expertise are vested in existing organizational arrangements, and when faced with problems, members are more likely to fine-tune those structures than to radically alter them (p. 418).

But even change that falls short of transformational is difficult to introduce in organizations. Kaufman believes that organizations that die are "done in" by the interaction of two factors:

One is incessant change, the turbulence, of their environment. The other is their difficulty in adjusting to this volatility. The combination causes them resource problems that I believe are the principal explanations of organizational demise" (1985: 35).

Kaufman, along with many theorists, views other organizations as the most volatile element in the organizational environment. Theorists who follow an ecological approach cast the problem in terms of competing with other organizations for scarce resources. This is particularly true for organizations competing for a place in the same niche:

The niche contains the resources for the organization, and is likely to contain other organizations fighting for the same resources. The organization that survives is the one able to make the adaptations that enable it to overcome--or at least to coexist with--its competitors. These *adaptations are organizational change*" (Hall, 1987, 203).

The concept of organizational niche has special relevance for competitive political parties. It is similar to the idea of a party's "hunting grounds" of likely supporters in the social structure (Panbianco, 1988). In their discussion of competition and the niche, Hannan and Freeman emphasize the role of other organizations in the social environment of organizations, and they develop a theory pertaining to the interactions among populations of organizations, with "interaction" defined as whether "the presence of one affects the growth rate of the other(s)" (1989, 97). Clearly, their view applies directly to competition of political parties.

### **The marketplaces of parties and firms**

Competition among political parties may correspond to the concept of organizational competition, but how well do theories of organizational competition, which are based on firms competing in the marketplace, apply to political parties? Schlesinger (1984) has written thoughtfully on whether a political party is market or nonmarket based. Of course, parties differ

from firms by offering collective benefits from the operation of government. Nevertheless, Schlesinger concludes:

Elections are a type of political market, in which parties offer their candidates and their policies in exchange for the votes needed to gain office. In this market, parties gain what is surely their key resource, control of public office. ... And, just as the economic market sends clear and unambiguous messages to the business firms concerning the success or failure of its product, the political market evaluates openly, automatically, externally, and with exquisite numerical precision the output of the political party (p.381).

He notes that the political and economic markets are not identical. For one thing, "The political market operates much more discontinuously in accord with the electoral cycle" (p. 381). This point has more significance than Schlesinger makes of it. Firms obtain feedback from the marketplace in a relatively continuous manner from their revenue reports. This prompts organizational theorists to regard adjustment itself as a continuous process. Competitive parties, however, get their "revenue reports" at discrete times, from elections. Of course, parties can refer to poll data to estimate their status in the political marketplace, but only elections are definitive statements of how they fare against their competition. Accordingly, the dynamics of the adjustment process for parties is sporadic. This point will figure prominently in the theory below.

The "marketplace" of political parties differs from the marketplace of the firm in other ways. On the surface, it may appear that parties compete for votes just as firms compete for dollars. But in truth, parties really compete for *percentages* of the vote, for the party's share of the vote determines who wins and who loses. In a two-party race, the party with 49% of the vote loses the contest and the resources that come from control of the office. In a two-firm market, however, the firm with only 49% of the market still commands nearly as much of the available resources as the one with 51%. Even in multiparty systems with proportional representation, the sense of winning and losing in the marketplace is sharper for political parties than it is for firms. As Schlesinger says:

Whether a party has won an election and by how much are matters of public record. In this sense a party is even more controlled by its market than a business, for no amount of creative accounting can alter the size of a party's victory or defeat (1984, 382).

## Causes of change

The organizational theory literature deals at length with factors that prevent organizations from adjusting to their environment. Katz and Kahn (1978, 414-415) identify six inhibiting factors, including individual and group inertia, threats to established power systems, and threats to those who profit from the existing allocation of rewards and services. Hall sums up these factors with the observation that "organizations by their very nature are conservative" (1987, 200). However, the literature deals little with the mechanisms that trigger proposals for change within the organization. What external events or internal processes bring to light the need for change? What puts change on the organization's agenda?

Readers of organizational theory find two types of answers to this question, based on whether the theorist is discussing "strategic" or "incremental" changes. Strategic changes, discussed above as producing organizational transformations, are usually attributed to the

environment. Cummings and Huse conclude that "organizations must experience or anticipate a severe threat to survival before they will be motivated to undertake transformational change" (1989, 418). Kimberly and Quinn say that major changes in organizational strategy, structure, or processes "can be precipitated by a variety of factors such as declines in performance, perceptions of new opportunities, changes in legislation, or the development of new technologies" (1984, 1).

Most organizational theorists are less likely to address causes of incremental change, consisting of tuning and adaptation as discussed above. Tuning and adapting appear to be discussed in a related body of literature, the theory of the firm. Firms operating in a market economy are expected to strive to "do better" by cutting costs or increasing revenue. The manager's job is to monitor the firm's performance and to seize opportunities to improve performance. Political scientists are apt to be familiar with the theory of the firm as set forth in the classic work by Cyert and March (1963). For our purposes, the basic theoretical ideas are conveniently summarized by Manns and March:

Organizations are assumed to have various independent, aspiration-level goals. For example, a business firm might have a profit goal, sales goal, share-of-market goal, stock price goal. Performance with respect to each goal is compared with the aspiration level. If performance exceeds the goal, the result is organizational slack and rising aspirations. . . . Conversely, if performance fails to meet aspirations, the organization responds by reducing slack, and aspirations fall (1978: 541-542).

Because the political marketplace is not identical to the economic marketplace, the theory of the firm needs modification before it can be translated into a performance theory of change for political parties. Nevertheless, this theory, along with the other conceptual contributions from writings on organizations, indicates how the study of party organizations can benefit from the literature on organizational theory.

### **Defeat: the Mother of Change**

In an important article on innovation in party systems, Lowi (1963) quotes from a 1914 book by Walter Lippman. Speaking of the famed "Tammany Hall" machine of the Democratic Party in New York City, Lippman says that it "becomes rigid when it is too successful, and only defeat seems to give it new life" (1914, 26). Unfortunately, Lippman did not expand on his observation. Nor does Lowi, whose thesis is that innovation is the function of the minority party in a party system (p. 571). His thesis is similar to the advertising theme of the Avis car rental company, the number two firm in the market, which used the slogan, "We try harder," to compete against the number one firm (Hertz).

My thesis is different and more in keeping with Lippman's comment. I propose that defeat is the mother of party change. Obviously, this idea is not new. In 1983, Mair stated that the "revitalization" of party organization can "result from electoral defeat, in so far as the party interprets its losses as the rejection of its politics or its representativeness. There are many cases in the literature of parties seeking to renew their organizational effectiveness in the wake of electoral defeat" (1983, 408). Perhaps most explicitly, Panebianco links party change with

an organizational crisis unleashed by strong environmental pressure. Electoral defeat and deterioration in terms of exchange in the electoral arena are classic types of external challenges which exert very strong pressure on the party (1988, 243).

Panebianco's treatment of party change parallels my own in several ways, as will become clear.<sup>1</sup> One way in which we differ is the focus on electoral defeat as the primary dynamic for change. My treatment of party defeat departs from common usage by incorporating defeat in the concept of party performance and building a performance theory of party change.

My theoretical argument is as follows. If all organizations are conservative in the sense of avoiding change, parties are especially conservative, for several reasons. First, parties become identified with issue positions that constrain their political movement. Second, they depend on the support of certain social groups that constrain their social appeals. Third--as Panebianco explains so well--they are built on delicate power bases, and change threatens organizational cohesion (1988, 38-40). In sum, Schlesinger notes:

To understand parties, we must recognize that they do not perform and adapt as do businesses, bureaus, or interest groups; nor can they be expected to do so, given their peculiar combinations of organizational properties. Parties are perhaps best described as forms of organized trial and error (1984, 390).

Unlike firms, which typically have full-time managers aided by a staff of lower-management supported by secretaries and clerks, most parties depend heavily on part-time leadership and volunteer labor. In this context, the leadership coalitions competing for control of the organization are unlikely to experiment with changing the organization. Their guiding principle is, "If it isn't broken, don't fix it."

When do competing leaders recognize that the party is broken and needs to be fixed? The evidence emerges most clearly after an election. As Schlesinger writes:

A party which does not respond to the electoral market will by definition lose to parties which do, and over the long run in a society where people are free to form new parties, it will find itself supplanted by responsive parties. . . .

Because the market sends clear and unavoidable signals about performance with respect to its particular goals, individuals or units most responsible for market success can readily be identified. ... Influence within the party, therefore, will follow closely individual success and failure in the electoral market (1984, 384).

While individuals' influence within the party may well wax with success and wane with failure, organizational change does not follow so symmetrically. Instead, party change is asymmetrically tied to party failure. Successful parties seldom change a winning formula. This is due not only to their organizational conservatism but also to their lack of desire to maximize the percentage of votes won. Despite Downs' assumption (1957), parties in competitive systems do *not* try to maximize their electoral winnings, in either seats or votes--for two reasons. First, in keeping with the underlying logic of the "minimum winning coalition," they avoid expanding

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<sup>1</sup> My theory of party change was first outlined in a 1981 proposal to the National Science Foundation, which was not funded in part due to cutbacks by the incoming Reagan administration. Panebianco's book was originally published in Italian in 1982; the English translation was published in 1988.

their base so that the rewards of governing must be shared more widely. Second--and at the national level this may be even more important--governing parties have a stake in keeping the system *competitive*--in not driving out their opposition. Lack of competition not only eliminates the sport from the game of politics, but it also indicts the governing party for producing an undemocratic system.<sup>2</sup> Both factors prevent competitive parties from following a "killer instinct" after electoral success and encourage their inherent conservatism.

### Case studies of party change

In his important analysis of party organization, Panebianco cites several case studies in which electoral defeat stimulated party change. In the case of the French Gaullists, he notes that the party became more institutionalized at the Congress in Lille in 1967, when it adopted a new name, Union des Démocrates pour la République (UDR), and the old Gaullists shared power with a newer generation.

The occasion arose due to an external challenge: the noticeable loss in the Gaullist impetus in the 1965 presidential elections (the two electoral rounds between De Gaulle and Mitterrand) and then in the party's 1967 electoral defeat and loss of many seats. The changing of the guard at Lille led to an important party reorganization" (Panebianco, 1988,155).

In the case of the British Conservative Party, Panebianco links organization change to a series of electoral defeats:

The 1906 electoral débâcle brought about a modification of the dominant coalition (Balfour, the old leader, lost power to Chamberlain); the result was a temporary reorganization which de-institutionalized the party, taking power from the Central Office (then controlled by Balfour) and giving it to the National Union (then controlled by Chamberlain) (p. 250).

The defeat in 1910 brought Bonar Law and new generation of leaders to power, leading to significant organizational restructuring (with Steel-Maitland at the head of the Central Office) (p. 250).

The next most important reform took place in 1948 under the impact of the renewal imposed by the 1945 defeat (pp. 250-251).

The internal movement for organizational reform regained vitality after the 1964 electoral defeat. . . . Up until then the new leader had been chosen through an informal meeting of party notables. Afterwards the leader *was elected* by the parliamentary group, and ballots were used if no candidates obtained an absolute majority in the first round (p. 251).

In 1975, after another electoral defeat, criteria for the election of the leader were once again modified. Two new clauses were introduced: the local party associations had to be consulted before electing a leader, and the parliamentarians gained the right to propose a vote of no confidence for the leader in office (p. 251).

In West Germany, Panebianco owes the organizational expansion and centralization of the Christian Democratic Union (CDU) in 1973 to its loss of government in 1969, and to the

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<sup>2</sup> In Mexico, the dominant PRI (Institutional Revolutionary Party) clearly avoided maximizing its electoral winnings in the 1960s. According to Philip, the PRI's "main concern was not to defeat the electoral opposition but to keep it in the game" (1988, 103.) There is evidence that it subsidized opposition parties and engineered an electoral reform law guaranteeing opposition parties limited representation in Congress.

confirmation of its loss in the 1972 elections (pp. 258-259). These specific examples of party change stimulated by electoral defeat provide some texture for the more abstract formulation of the performance theory of party change.

### The Theory

Although this theory of party change will be discussed with reference to parties that are oriented toward winning votes in competitive elections, it can be modified to apply also to ruling parties in noncompetitive systems. Although the theory does not account for all sources of party change, it explains changes in virtually all characteristics of political parties--their organizational continuity, goal orientation, issue orientation, structural organization, and political tactics. To cover such diverse characteristics for different types of parties, the fully elaborated theory is necessarily complex, but the basic thought can be put in two sentences: Parties that perform well experience no pressure for change. Parties that do not perform well experience pressures for change. Moreover, its core principle can be reduced to a single driving dynamic:

*The poorer the party's performance, the greater the pressure for party change.*

In focusing on party performance, this principle draws on the concept of performance in the theory of the firm, which evaluates performance in terms of three variables: (1) organizational goals in the previous time period, (2) organizational experience with respect to those goals in the previous period, and (3) experience of comparable organizations with respect to those goals in that period (Cyert and March, 1963, 123). These variables need some interpretation in the context of political parties.

1. Because party performance is evaluated sporadically, rather than continuously, I interpret "previous time period" as the most recent election. In the absence of unusual circumstances, the party's goal for the last election is to do at least as well as it did in the preceding election. Parties may aspire to improve their electoral performance, but they must hold their own to avoid pressures for change.<sup>3</sup>
2. The party's experience in the last election (its "performance") may not be able to be evaluated solely according to percentage of votes won. In applying the theory to empirical cases, attention need be given to deviations from established patterns and especially to the relevance of any deviations to control of government, or to influence in government.
3. Given that political parties tend to operate in environmental "niches" and that they are particularly sensitive to sharing the marketplace with other parties, the electoral experience of "comparable organizations" often determines how the party judges its own performance.

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<sup>3</sup> This assumption is supported in a study that investigated whether stability in an organization was viewed more similarly to conditions of growth or decline. The study found significant differences between conditions of growth and decline, but not between growth and stability (Cameron, Kim, and Whetten, 1987).

Panebianco describes how the performance of a "comparable organization" affected a party's judgment of its own performance (1988, 253-255). The West German Social Democratic Party (SPD) was transformed at the Bad Godesberg conference in 1959, when the party abandoned its Marxist ideology. The SPD actually improved its vote in the 1957 election (31.8%) over that in 1953 (28.8%). However, it did so at the expense of minor parties, while its main rival, the CDU/CSU, performed even better, going from 45.2% of the vote in 1953 to 50.2% in 1957. More significantly, the CDU/CSU won an absolute majority of the parliamentary seats, enough to control the government.<sup>4</sup> Panebianco says that the 1957 elections "had disastrous effects on party morale" that sparked a revolt against the party's old dominant coalition (pp. 253-254). The SPD example indicates not only that parties may judge their performance against that of other parties, but that electoral performance may be judged for its governmental consequences.

### Comparisons of party performance

How does one judge party performance? Who does the judging? Inevitably, these judgments are comparative. The theory provides for comparisons of party performance (1) across time, and (2) against the performance of parties elsewhere.

1. In comparisons *across time*, the party's performance in one year is compared with that in the previous test of performance. In competitive systems, the test usually is the percent of votes won. If the party's vote in the last election is equal to or greater than the vote obtained previously, the party is usually judged to be performing well, and it experiences no pressure for change. Parties that lose support in elections, however, encounter pressures for change as a function of the magnitude of their loss.

As discussed by Cameron, Kim, and Whetten (1987), there are important methodological issues in measuring performance change for organizations over time. These issues will be avoided in this paper, which merely presents the performance theory of party change and does not test the theory empirically. In their study of "decline" and "turbulence" in the revenues received by 334 institutions of higher education, Cameron, Kim, and Whetten found that decline in organizational revenues, as opposed to growth, had negative effects on the morale of the rank-and-file members. However, they were relatively unaffected by revenue turbulence--"nontrivial, rapid, and discontinuous" fluctuations in revenue (p. 225). On the other hand, university managers were not affected by decline, but were significantly affected by turbulence, which apparently increased the uncertainties in their jobs. If extrapolated to political parties, these findings suggest, quite reasonably, that party members and supporters would be more disheartened by long-term declines in electoral fortunes than by electoral volatility per se.

2. In comparisons *against other parties*, a party's performance is judged against the performance of parties elsewhere, inside or outside the country. Such comparisons are useful in evaluating the governmental performance of ruling parties in one-party systems. In the 1970s and 1980s, for example, the economic

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<sup>4</sup> Actually, the CDU/CSU elected to form a coalition government with the tiny German Party, but it excluded its old coalition partner, the Free Democrats.

performance of communist governments in Eastern Europe suffered in comparison with the performance of non-communist European governments in providing food, clothing, and shelter for their people. This produced pressures for change that disrupted party politics and led to the collapse of communist governments in 1989.

Although party performance is the driving principle in party change, it is clearly only one independent variable in a causal framework. Wilson sees no single source of party transformation but several sources that have either direct or indirect influence on party change: "Socioeconomic change, political culture, constitutional or institutional change, change in the terms of party competition, and the impact of party leaders or reformers" (1989, 1). Perhaps scores of variables would be needed to explain party change fully. The function of a theory in the social sciences, however, is less to account for all possible sources of variation than to impose intellectual order on the major factors in a situation of multicausality. The performance theory of party change relies on just three factors, in addition to party performance itself, that predict directly to party change. These are political system change, institutionalization, and leadership change. One crucial factor that Wilson cites, socioeconomic change, is assumed to affect party change only indirectly, by affecting party performance. Wilson's other factors, which are more causally proximate to party change, are incorporated in three independent variables: political system change, institutionalization, and leadership change.

### **Political system change: an independent variable**

Political system change refers to constitutional and institutional change, such as changing the legislative-executive framework or reforming the electoral system. These changes imply changes in the terms of party competition, and they may lead to a strategic re-orientation of a party to compete under the new rules. If the party re-orient its organization and activities in advance of the first election at which the system changes apply, then it obviously is not responding to its electoral performance, for the election has not yet occurred. In that case, the system change itself is a direct cause of party change, as the party attempts to anticipate the effects of the system change.

In the scenario above, political system change is an adjunct to the performance theory of change. If, however, a party does not change in anticipation of a system change and suffers in the voting as a result, performance theory applies, and the change in the political system becomes an indirect cause of party change, mediated by performance. In this scenario, political system change functions similarly to socioeconomic change in the theory. In both scenarios, the net effect of political system change is to increase party change, but directly in the first instance and indirectly in the second.

### **Institutionalization: an independent variable**

The performance theory of party change postulates that some parties are more disposed to change than others. In concert with Panebianco, I believe that the party's degree of institutionalization has a depressing effect on change; the greater the institutionalization, the less extensive the change (1988, 260-261). Although institutionalization is a troublesome concept,

we both conceptualize it similarly. For Panebianco, institutionalization is "the way the organization 'solidifies'" (1988, 49); what happens when the party "becomes valuable in and of itself, and its goals become inseparable and indistinguishable from it" (p. 53). For me, "an institutionalized part is one that is reified in the public mind so that 'the party' exists as a social organization apart from its momentary leaders, and this organization demonstrates recurring patterns of behavior valued by those who identify with it." (1980, 19).

However, Panebianco and I measure the concept quite differently. He views institutionalization as the combination of two related factors, "autonomy" and "systemness"--defined as interdependence among subgroups assured by the centralized control of organizational resources and exchange processes (pp. 56-57). Because the British Labour Party is not autonomous of the trade unions, it is not highly institutionalized to Panebianco. I measure party institutionalization more empirically by the party's age, the extent of leadership competition, its electoral stability, and its legislative stability. Consequently, the British Labour Party rates much higher in institutionalization to me. The performance theory postulates that older parties that have had many leaders, and that have enjoyed relative stability in votes and seats won over time, are less likely to change following an electoral defeat; and if they do change, they change relatively little. So the level of institutionalization has a dampening effect on party change.

### **Leadership change: an independent variable**

"Leadership" in political parties is universally recognized as an important factor, but it is also difficult to handle conceptually and operationally. In Wilson's model of party transformation, the behavior of party leaders and reformers is "the key intervening variable that determines whether or not parties will in fact respond to any of these factors that make transformation possible or desirable. Given the manipulative and conscious nature of party reform, the perceptions, skills, and actions of the leaders are crucial to understanding party transformation" (1989, 2).

I agree with Wilson, leaders do constitute an intervening variable between performance and party change. In this sense, we both depart somewhat from the ecological approach to organizational theory. Working in that approach, Hannan and Freeman downplay the actions of organizational leaders:

Even when actors strive to cope with their environments, action may be random with respect to adaptation as long as the environments are highly uncertain or the connections between means and ends are not well understood. . . . In a world of high uncertainty, adaptive efforts by individuals may turn out to be essentially random with respect to future value (1989, 22).

Kaufman is equally dubious about the adaptive actions of individuals:

The leaders and members of surviving organizations are usually disposed to attribute the endurance of their organizations to their personal virtues and gifts rather than to the laws of chance. They are not guilty of hubris; they want their organizations to endure, they labor hard in that cause, they are rational, analytical creatures who can plan and calculate and learn, and so their belief that their efforts are responsible for their success is appealing (1985: 69).

Kaufman concludes that successful adaptation to the environment is more a matter of chance and luck than rational action by leaders.

That may be true for *successful adaptation*, but I wager that it is not true for change *per se*. In the performance theory of party change, party change is facilitated by leadership change. Note that the theory does not require examining the leaders' behavior; just whether the leadership changed after the party had performed poorly. In fact, a change in leadership is one of the *most* likely consequences of poor performance. But leadership change--the substitution of one set of leaders for another in the same positions--is a natural process in political parties and is *not* regarded as party change by the theory. However, *if* the leaders are changed following a decline in performance, then party change is more likely to follow. So leadership change has an enhancing effect on party change.

### The function of change

Before discussing the domain of change to which the performance theory predicts, we should inquire into the function of change. Organizational theorists tend to assume that organizational change is functional, that changes help organizations adapt in the face of adversity, but this may be an unwarranted assumption (Staw, Sandelands, and Dutton, 1981, 501). Kaufman cites several factors that operate against the functional nature of change:

In the first place, differences of opinion about whether organizational changes are necessary and what changes should be made usually divide the organization's leaders and their advisers and also the members who concern themselves with such things. People of more or less equal wisdom and virtue and knowledge often end up taking different sides on questions of this kind.

In the second place, the way these decisions are reached in most organizations does not ensure outcomes appropriate to the circumstances. The process of organizational decision making does not *prevent* adequate, and even optimal, decisions. But in general it entails a substantial probability that in many instances the outcomes will be ineffectual and perhaps downright pernicious.

In the third place, the execution of organizational decisions is often far from perfect, so that what is actually done in many cases does not carry out the intent and strategy of the decision makers and sometimes even negates their wishes (1985, 47).

Thus, one might argue whether the U.S. Democratic Party's reorientation in 1972 was in fact functional for the party.<sup>5</sup> The new delegate selection guidelines did increase representation of blacks, women, and youth (for a time) in the party's nomination conventions, but the Democrats ran a terrible presidential campaign in 1972 and the party's candidate, George McGovern, lost by a landslide. In fact, the Democrats won only one of five presidential elections since the guidelines went into effect. There is certainly a need for a change theory of party performance, in which change is the independent variable and performance is the dependent variable. This is akin to Deschouwer's work (1986) on party effectiveness in elections. But such theorizing lies outside the scope of this effort, which focuses only on using party performance to explain the dependent variable, party change.

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<sup>5</sup> Although the party adopted the 1972 delegate selection guidelines following the party's defeat in the 1968 presidential election, the election was extremely close, and the party had won the two previous contests in 1960 and 1964. Therefore this change is classified as anticipatory rather than reactive in the performance theory. From an alternative standpoint, however, this change might be classified as reactive to changes in the system's political culture.

## The Concept of Party Change

Mair contends that it is more difficult to specify change at the level of the individual party than at the level of the party system.

In the case of party change, on the other hand, the essence is elusive, and whether a party actually has changed, or become a new party, or whatever, is difficult to ascertain. ... [I]nvariably, discussions of party change will continue to avoid the question of actual party change per se and will focus instead on those ongoing processes of change which characterize particular *aspects* of parties" (1989, 258).

Mair's comment notwithstanding, I will address "actual party change per se" but do so with reference to "particular aspects of parties."

Change is detected only through measurement over time. In the physical sciences, change can be sometimes detected through infinitesimally small measurements of time. In some social sciences, like psychology, behavioral changes may be seen after mere seconds or minutes. In studying organizations, however, days, weeks, or even months are required for causal processes to produce detectable change. In the case of political parties, changes are frequently accomplished at annual meetings. Accordingly, **party change** is defined as *the difference in a given party characteristic measured at time  $t$  and  $t+1$* . Ordinarily,  $t$  is measured in years. Thus, a party that weakens its strong position on a given issue (i.e., nationalization of the banking industry) demonstrates change between the year in which the policy was in force and the year in which the new one applies. Similarly, a party that abandons its ideological underpinnings (as some Eastern European Communist parties have done recently) demonstrate change between the year of the old ideology and the year of the new one.

The example of parties in Eastern Europe illustrates that even yearly increments may be too small to capture party change. More properly stated, annual measurements may sometimes reflect only portions of the changes underway. Alternatively, the example suggests that other units of time--e.g., between elections for competitive parties or between regimes for non-competitive parties--may be more relevant than years in formulating a theory of change.

The logic of the performance theory of change limits it to explaining reactive rather than anticipatory change. Although the theory should be able to predict to adaptation (incremental reactive change) as well as re-creation (strategic adaptive change), there are severe problems in measuring incremental change. In empirical application, the theory should do better in predicting major changes, such as a reorientation of party ideology, than in predicting minor changes, such as shifts in positions on given issues. However, it is unclear whether it will do better in predicting changes in certain types of party characteristics, such as organizational continuity, than in other types, such as political tactics.

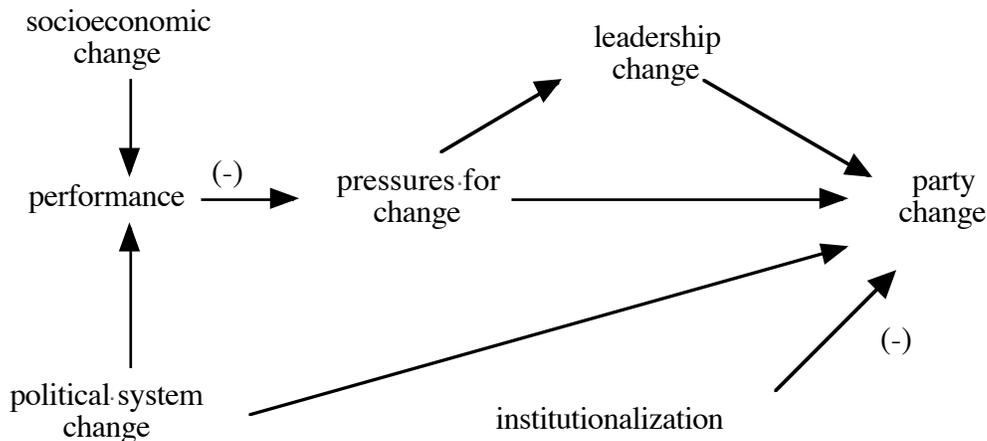
## Domain of party change

The aspects of party characteristics to which the theory applies constitutes its domain of application. These are presented in rough order of increasing resistance to change following poor performance. That is, given poor performance, parties will be most likely to change the

specific tactics that are consistent with their strategy of competition. The various tactics they employ depend on whether they are competitive parties--oriented toward electoral competition, or noncompetitive parties--seeking either to restrict competition (as the communist parties did in the former Easter Bloc countries) or to subvert the government (as the Sandinistas did when combatting the Somoza regime in Nicaragua). Short of going out of existence, parties are least likely to change their basic goal orientations, but they tend to do that rather than go out of existence--as witness the conversion of ruling communist parties in Eastern Europe to electoral competition, following the abject failure of their governmental performance. The party characteristics in the domain of organizational change are grouped under five headings (see Janda, 1980).

1. **political tactics**, the party can change its
  1. campaign tactics under a strategy of electoral competition
    1. reliance on direct contact with individual voters
    2. holding public meetings and mass rallies
    3. use of mass media
    4. registering voters, transporting them to polls
  2. various tactics under a strategy of restricting competition
  3. various tactics under a strategy of subverting the government
  
2. **organizational structure**, it can change its
  1. complexity of organization
  2. centralization of power
  3. relations with other organizations
  4. incentive system
  
3. **issue orientation**, it can change long-standing positions on
  1. any major political issue
  2. ideological matters
  
4. **organizational identity**, the party can continue to exist by
  1. adopting a different name
  2. suffering a split but surviving
  3. merging with another party
  
5. **goal orientation**, it can reorient its basic political strategy:
  1. competing for votes in election against other parties
  2. restricting competition by other parties
  3. subverting the existing government
  
6. **organizational death**, the party can terminate through
  1. a split, losing most of its activists
  2. a merger, being absorbed into another party
  3. voluntary dissolution

Some of these party characteristics will change in concert with others. At present, the theory is not refined enough to explain how the characteristics covary. The causal diagram in Figure 2 indicates the theoretical linkages between the independent variables and the various aspects of party change. The theoretical construct, "pressures for change," is introduced to provide for assessing the dynamics of the change process when performance is poor but when change does not occur.



### The general theory in outline form

It may be helpful to restate the theory in outline form. This will provide both an overview of the theory and some explanatory detail.

*Party performance affects party change.*

1. Parties that perform well experience no pressure for change.
  1. Criteria of performance depend on several factors:
    1. The party's goal orientation.
    2. The party's past performance.
    3. Performance of other parties.
  2. Pressure for change is any intraparty criticism of party activities and proposals for doing things differently, manifested by
    1. voicing criticism in party meetings or in the media
    2. bringing proposals for change to a vote
    3. organizing factions espousing change
2. Parties that do not perform well experience pressures for two types of changes:
  1. Changes of people in organizational roles--i.e, leaders--which are not regarded as party changes but as factors affecting party change.
  2. Party change is defined as changes in organizational characteristics:
    1. tactics
    2. structure
    3. issues
    4. basic strategies

5. identity
6. existence
3. The poorer the performance, the greater the pressures for change.
4. The greater the pressures for change, the increased manifestation of change in *likelihood* and *magnitude*.
  1. The greater the pressures for change, the *more likely* the change.
  2. The greater the pressures for change, the *greater* the change.

For a given decline in performance, the extent of party change is affected by other factors; change is

1. directly related to **political system change**
2. inversely related to the party's level of **institutionalization**
3. directly related to change in party **leadership**

### **Conclusion**

The performance theory of party change states that parties are more likely to change their tactics, structures, issue orientations, organizational identity, and goals under conditions of adversity than under electoral success or equilibrium. This theory fits with arguments from the literature on organizational theory and with a few empirical studies, including one of universities under periods of financial prosperity and adversity which found that curriculum changes were more likely under adversity than under prosperity (Manns and March, 1978). That electoral defeat could be the mother of party change is not new in the literature, but this paper formalizes the theoretical argument. The theory remains to be tested empirically. A suitable test would require measures of the independent variables: performance over time, political system change, institutionalization, and leadership change. A range of dependent variables pertaining to party change is available to test the theory. Attention will be given in the coming months to developing indicators and conducting an empirical test.

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