The Evolution
of Strategic Political Lobbying
in the UK and the Psychological Network
Underpinning Machiavellian Marketing

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To found a great empire for the sole purpose of raising up a people of customers, may at first sight appear a project fit only for a nation of shopkeepers. It is, however, a project altogether unfit for a nation of shopkeepers; but extremely fit for a nation whose government is influenced by shopkeepers.

–Adam Smith, *The Wealth of Nations*

Political marketing not only encompasses campaigning in the electoral and referenda processes but also is inevitably linked to political lobbying.

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I coined the phrase *Machiavellian Marketing* in 1994 (Harris, 1994) to sum up exerting pressure and influencing government for strategic gain. It has been suggested that the subject of this area is very much part of political marketing and has a number of common characteristics that are associated with what has come to be called "relationship marketing." Research suggests that many of the theoretical constructs developed and used by those associated with the IMP group of marketing interactionalist and network orientated researchers offer appropriate tools and models to understand this complex area. Work in the area (Harris, Moss and Vetter, 1999 and Griffin et al. 2001) confirms the substantial growth of political lobbying and public affairs work, which has been particularly stimulated by globalisation and regulatory activity. Politicians and government officials have confirmed the increasing importance of this activity and the need to provide quality information, understand the international political system and to have good personal ethical values to maintain integrity and trust and gain regular entry into the decision making process.

It has also been suggested that the use of "Issues Management Techniques" (Heath, 1990 and 1997) to assess and review government activity and the policy making process is essential for the large organisation to maintain competitive advantage.

Let me outline the prime reasons for the growth of political lobbying and strategic public affairs work in the UK. I use a stages model adapted from the conceptualisation, constructs and framework of Rostow's (1960) work "The Stages of Economic Growth" which allows the research to show the development of the process over time and its growing strategic importance for management. In addition, a number of constructs are used to explain the stimulus of government regulatory activity to the growth of political lobbying and how market position and competitiveness foster this activity. The appropriateness of network based models for exploring the area is very apparent and used to develop a general model, to explain how the area operates. A case study outlining the major political lobbying and marketing campaign to amend Sunday Trading Law for the benefit of the retailing industry is referred to as an exemplar of practice. General theory in the area is only now beginning to evolve with increased collaborative work between North American and European researchers on an interdisciplinary basis being stimulated by the launch of the new *Journal of Public Affairs*.

EVOLUTION AND CAUSAL REASONS FOR THE GROWTH OF POLITICAL LOBBYING IN THE UK

The steady evolution of change within the British business economy and government policy making is outlined in Table 1. Public affairs activity begins to increase in response to government selling public assets and monopoly licenses to the private sector and the steady rise in government activity. The rise of increasing globalisation and the emergence of trade blocs that adopt a strong harmonisation and regulatory approach in economic and social policies have all been significant factors in the growth in levels of activity and strategic importance to management of political lobbying and public affairs work.

Throughout the period to the late 1970s, the relationships between business and government are orderly in the sense that both parties know what are the likely intentions of the other party. Contact is regularised via trade organisations, trade unions and formalised structures between government and business interests (Winch, 1969, Middlemas, 1986, Kavanagh and Morris, 1989, Cook and Stevenson, 1996 and Marlow, 1997). This regularised network breaks down in the late 1970s in the UK and alternative mechanisms become necessary to influence government (Lawson, 1992, Hutton, 1995, Marr, 1995, Harris and Lock, 1996 and, Andrews 1996). In addition, government has increasingly adopted the role of regulator of a number of key public and private sector business areas from which it has been forced for fiscal reasons to withdraw (Foster and Plowden, 1996).

The increasing regulatory role of government in the economy and society can be seen in comparing the amount of legislation generated in the key time periods (which is indicated in Table 1), which shows a trebling in legislation between the 1960s and 1990s. There is clearly an emerging correlation between the increasing amount of legislation by government to regulate markets and increases in political lobbying activity to amend or stop regulation. This was clearly evident at interview with public affairs practitioners and by politicians and government officials that support this emerging view. These views were widely held by respondents who argued that the increasing use of political lobbying by major corporations and organisations was to gain or maintain competitive advantage against increased government regulatory activity. This suggested that the greater the level of regulation the more significant the level of political lobbying by those affected. This can be seen graphically in Figure 1. Each increase in government involvement or policy initiative in an area of business or market, whether it be at the formulation, inception, drafting or passing of legislation stage, leads to a commensurate increase in political lobbying. This is clearly indicated in Figure 1.

TABLE 1. Evolution of Modern Strategic Public Affairs

Period/Government Policy Making for Business	Main Economic and Societal Trends
1940s	
Impact of Second World War.	Command Economy
Full Employment Policy.	
Nationalisation: Bank of England, Coal,	Creation of Welfare State
Cable & Wireless, Civil Aviation,	
Electricity, Gas, Transport and	State Control
Iron and Steel Industries.	
Creation of National Health Service	
House Building Act promotes Council Houses	
1950s	
Denationalisation of Iron and Steel,	State Control
Formation of European Community	in a
UK does not join.	Mixed Economy
	End of Empire

600 pages of legislation on average year pass through Parliament per annum (Hansard Society 1992).

1960s	
Incomes Policy introduced.	Government Intervention
Re-nationalisation of key industrial sectors.	
Creation of Dept of Health and Social Security.	
Entry to EC rejected in 1963 and 1967.	Mixed Economy
1970s	
Rolls Royce taken into public ownership	State Control & Intervention
Three-Day Week/Miners Strike.	
1973 joins EC, confirmed by referendum 1975.	
British Leyland formed.	
National Enterprise Board	Mixed Economy
In 1976 Government intervention in economy	
reaches 49 per cent of GDP.	
IMF Loan.	
Aircraft and Shipbuilding Act, establishes	
British Aerospace and British Shipbuilders	
1979, Privatisation of BP and	Start of Privatisation Policy
council house sale policy.	
1980s	
Privatisation: Aerospace, Cable & Wireless,	Anti-Corporatism
Amersham International, National Freight,	
Britoil, British Ports, Enterprise Oil, Jaguar,	Move to De-Regulation
British Telecom, Gas, British Airways,	and
Royal Ordinance, Rolls Royce, Airports	Privatisation
Authority, Rover Group, British Steel and	Growth of UK Government Regulatory
Water.	Policies
DHSS divided into Health and	
Social Security Departments.	
Increasing EU intervention	Rising EU Regulation
1986 Single European Act	

Period/Government Policy Making for Business	Main Economic and Societal Trends
1990s Privatisation: Electricity and Railtrack. Maastricht Treaty in EU (formerly EC) Allows extension of community policy Involvement into Economic and Monetary Union, Environment and Defence. Treaty of European Union 1991. Leave ERM Do not join first wave of EURO	Emergence of the Regulatory State in UK, EU, Trade blocs

2000 pages of legislation go through parliament in an average year (Hansard Report, 1992)
(Based on author's research and adaptation of Rostow [1960] historic stages model)

It suggests that only proactive organisations will be able to take this strategic approach and use political lobbying for competitive advantage, as these actors will be monitoring potential developments rather than just responding to emerging legislation. This, because of scale, gives advantage to larger organisations that can maintain many of the tracking and intelligence gathering systems and processes suggested by issues management approaches (Heath, 1990 and 1997) (see Figure 2).

Another feature which emerges from analysis of Party Conference activity, interviews with political lobbyists and business executives, which has been confirmed by politicians and government officials, is that the more significant the position a actor has in the marketplace whether that be "not for profit" or private, the greater the amount of lobbying activity and or intelligence gathering necessary to maintain and strengthen that position. This is indicated graphically in Figure 3.

The need to lobby or be proactive in terms of countering competitor or government activity as market share grows can be seen clearly in the Machiavellian Matrix, which has been developed from this research, in Figure 4.

APPLICATION OF NETWORK THEORY TO POLITICAL LOBBYING

As a starting point, network theory was applied to public affairs work and particularly to corporate lobbying activity as exemplified in research obtained during the study. The core features of network theory argue that there are three features of the particular organisation or group and the net-

FIGURE 1. Graphic Illustration of the Relationship Between Government Regulatory Policy Level and Public Affairs Activity

00

Government
Regulatory
Policy
Level

100

Lobbying/Public Affairs Activity
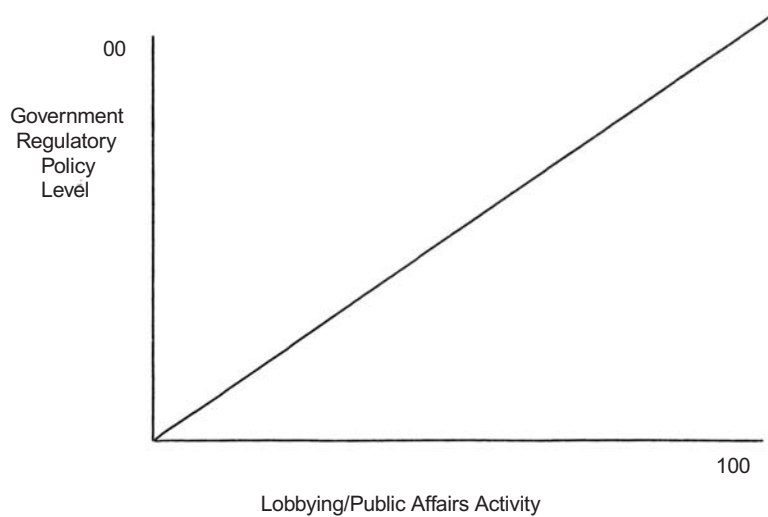
work in which they are seeking to influence and or respond. These features, with examples taken from the research, are as follows:

The Actor Bonds

The characteristics of an organisation or group are primarily defined by the relationships that bind it to others and through which it acts. A company's products and organisation are largely determined by its relationships with a particular set of customers and suppliers. The bonds that exist between different actors create a structure–A is bonded to B and C, in turn is bonded to D, etc. These bonds reflect the development of inter-connecting relationships between organisations. The individual actors will learn about each other, they will invest in their relationship and the social exchange between them will increase their knowledge of each other and stimulate a building up of mutual trust. Earned trust was seen as an essential

FIGURE 2. The Catch-22 Matrix of Government Regulation and Political Marketing: The Direct Relationship Between Regulation and Political Lobbying

Lobbying/Public Affairs Activity

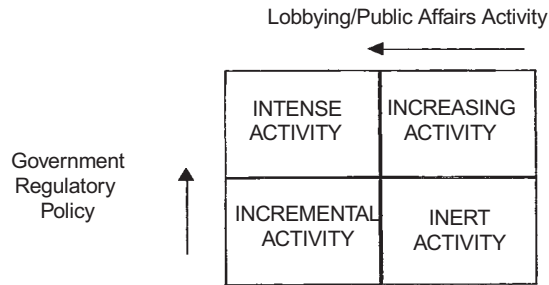| INTENSE ACTIVITY	INCREASING ACTIVITY
INCREMENTAL ACTIVITY	INERT ACTIVITY

Government Regulatory Policy

FIGURE 3. Machiavellian Marketing Graph: Illustrating the Relationship Between Market Share and Levels of Public Affairs Activity Necessary to Ensure Competitive Position

Percentage Market Share

0   100

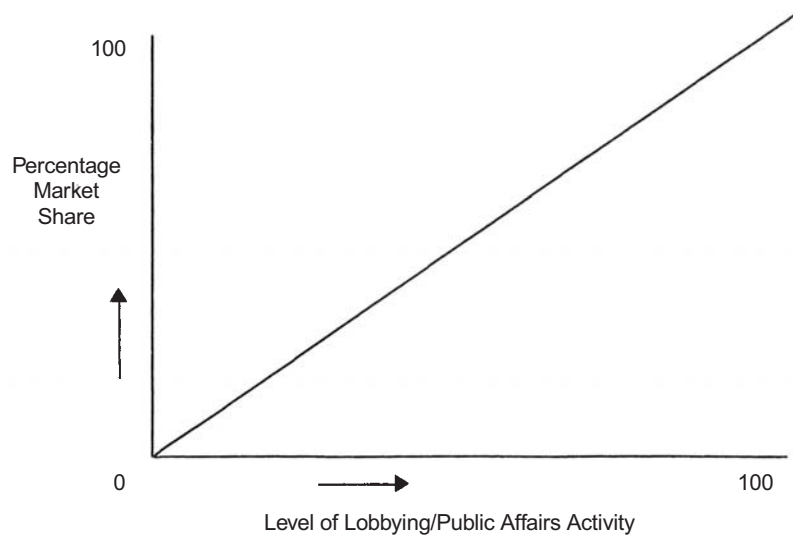Level of Lobbying/Public Affairs Activity

FIGURE 4. The Machiavellian Marketing Matrix. The Isotropic Relationship Between Market Share and Levels of Political Lobbying: The Maintenance of a Dominant or Monopolistic Position in a Market Sector Through Political Lobbying

Lobbying/Public Affairs Activity

	DOMINANT POSITION	STRONG POSITION
Market Share	GROWING POSITION	WEAK POSITION
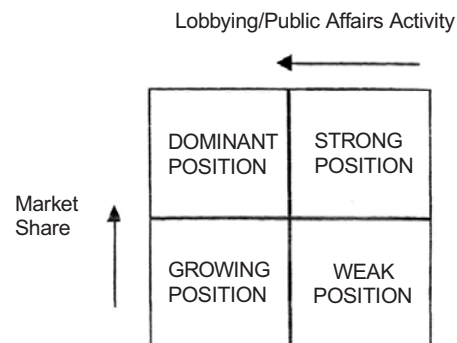
prerequisite for effectiveness in political lobbying and public affairs work (confirmed by a number of respondents). If trust was lost or diminished it became very difficult for the individual or organisation to operate in policy networks or with government as a lobbyist.

This concept can equally be adapted and applied to organisations and/or groups operating in political environments. As in industrial markets, it is useful to know what the characteristics of members are. Are they organised or representational? Is there competition between groups for members and influence (Ford, 1990)? Research has shown that broadcasting companies operate very much like industrial actors and, because of government regulation, have to manage a complex network or web of both business and political actors and encounters (Harris, Harris and Ziegler, 1999 and Harris and Moss, 2001). Relationships exist between different types of actors, firms, government and research agencies. Individual actors not only supply goods but also make available a wide range of resources, which are often exchanged through these relationships.

If we apply Goffman's (1961a and 1961b) interactionalist perspective to this we would see that at an operational level the more extensive the trappings of a role, the greater the opportunity to display role distance. A good example is ministers within the governing party who seem to apply this intuitively at political party conferences, although there have been some teething problems when there is a change of government. For in-

stance, new ministers appear at these public events as if they do not know what to do in the first few months of office, whilst those who have just been removed from power look slightly stunned and lost (author assessment and observation confirmed by nonattributable respondents). CEOs and senior directors or managers with responsibility for public affairs also adopt this role by attending or being patron of select lobbying events at Party Conferences. These events, depending upon the status of the political party, either have senior government, party figures or officials responsible for the most relevant policy attending. Goffman (1956) would see this as an indication of "personal front" and "social setting" providing precisely the field an individual needs "to cut a figure in."

Activity Links

Relationships also link the different activities of suppliers and customers to each other. Activity links are where businesses share common interests and relationships to their mutual advantage. It is increasingly common in effective lobbying for coalitions of interests to be developed to achieve agreed common objectives, such as amending a law. This can be clearly seen in various cases, notably the Sunday Trading Case (Harris, Gardner and Vetter, 1999), which is outlined later in this article, where large retailers combined with trade unions and others to effectively amend legislation for their own members or an organisation's strategic advantage.

Resource Ties

A relationship is also a way in which two or more companies' or organisations' resources can be linked for competitive advantage. It is through a relationship that a company can make use of its own resources and activate those that are controlled by a counterpart for its own benefit. If one looks at the European chemical industry, it is evident that companies such as Shell, BP and ICI in the UK work in conjunction with one another in common cause on issues of mutual interest, for instance, carbon tax (confidential sources); and Anglia Water in 1997 became very active in lobbying to modify the Windfall Tax proposals of the Labour Party on behalf of the other water companies. At party conferences in 1998 Microsoft sponsored the National Society for the Prevention of Cruelty to Children (NSPCC), including a reception, stand and assorted promotional materials, and BT the Kid's Network umbrella charity. The sponsorship of what are deemed good cause organisations at Party Conferences by large

commercial organisations is an increasing trend and allows the sponsor to be seen to be supporting invariably socially important charity organisations.

How are relationships created and managed?

How do networks of relationships evolve?

How can an actor manage these relationships and create a position in the network?

The campaign led by the "Shopping Hours Reform Council" (SHRC) in favour of a liberalisation of Sunday Trading (SHCC, 1988 and 1991) is a good exemplar of this (Harris, Gardner and Vetter, 1999). The case outlines some of the main characteristics and core features of the campaign, which eventually led to changes in the law, changes which had far reaching consequences for both customers and retail businesses. The case, the author believes, illustrates how pressure groups and companies can exert influence on Government to defend and improve their competitive environment and position. The case is a classic example of a combination of lobbying and organised campaigning to bring about a change in legislation for competitive advantage

Fundamental problems of equality and weight of access persist, and clearly it is much more difficult for non-business groups to succeed on a low-profile basis and budget. The large retail groups involved in this campaign had the necessary financial resources to throw behind the cause and were able to reinforce their economic power through pressure group activity. Their formidable lobbying power formed one of the most striking aspects of the campaign, as is illustrated in the these comments by Des Wilson (Kellaway, 1993):

> I have an exceptional range of contacts. The reporters I knew when I started at Shelter in 1966 are now editors. The backbenchers are now ministers. The people I knew in TV are now director generals. I know them all.

Those lobbying in other regulated markets might be more discreet than this and possibly less egotistical in tone, but would support the broad thrust of the argument and concur with the potential power of this type of activity (Andrews, 1996).

CONCLUSION

This commentary has outlined the prime reasons for the growth of political lobbying and public affairs in the UK and Europe. It proposes that there is direct linkage between regulatory activity and political lobbying. It also suggests that the greater the market share or position held in the marketplace, the more important it is to be active in political lobbying work or lose competitive advantage. It is proposed that network theory offers the best basis for understanding the complexities and dynamics of political lobbying and public affairs work. General theoretical concepts of political lobbying, marketing and its critical strategic management role in refining government policy and maintaining competitive advantage are outlined. A model is proposed to explain the increasing role of political lobbying as a major marketing communication tool of relationship marketing.

Large organisations tend to be better organised at political lobbying because, in reality, they can invest the people, resources and time into the process which small to medium-sized enterprises by their dynamic nature do not have in abundance. Only active federations of small companies and interests, can look after their interests as they do not have the resources individually. Good political lobbying to be effective takes time, patience and a degree of embeddedness in the political network (Granovetter, 1985, Grabher, 1993 and Halinen and Törnroos, 1995); last minute lobbying is invariably seen as crisis management or a lack of broad strategic interest.

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