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# The Travails of Identity Change: Competitor Claims and Distinctiveness of British Political Parties, 1970–1992

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How does an organization change its identity, yet maintain distinctiveness? This question is especially interesting when we consider the fact that identity repositioning often takes place among several organizations at the same time—giving rise to interrelated identity change and distinctiveness concerns. We investigate this question in the setting of British political parties, during a period when questions of identity change and distinctiveness were heightened, following a decline of political ideologies. Parties, we argue, sought to handle this situation through two broad strategies that we call identity affirmation and reformation. Identity distinctiveness was affirmed by identity claims that sought to counter and neutralize competing claims on aspects that were thought central to the identity of the party. To alter the identity, parties also sought to reform it by expanding identity claims to elements that were considered to be popular. Reformation efforts are however not unchecked expansion, but tempered by concerns of identity consistency and distance from other parties. We discuss contributions to theories of organizational identities and competitive rivalry.

*Keywords*: identity change; competitive rivalry; distinctiveness; inter-organizational relations; symbolic adoption
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## Introduction

The observation that organizations can be thought of as possessing value beyond their purely technical function—such as an identity—is long-standing in organization theory (Selznick 1984). An early and influential definition of organizational identity suggests that identity answers the question of what is central, enduring, and distinctive about an organization (Albert and Whetten 1985). Although this early statement made it clear that an identity could be defined from the perspective of its internal members and by an external audience (Albert and Whetten 1985, p. 268), subsequent work on organizational identity has developed along two lines. Drawing on the notion of identity as an internal feature of an organization, a line of inquiry has investigated identity formation and its influence on organizational behavior and processes of change (Gioia et al. 2013, 2000). Another line of inquiry has developed around the identity of an organization as defined by the perception of external observers, where identity is thought of as anchored in social classifications (Hsu and Hannan 2005, King et al. 2011, Zuckerman 1999). While a few researchers have worked at the intersection of these internal and external conceptualizations of identity (Dutton and Dukerich 1991, King et al. 2011), the divide between these strains of the literature has also been noted as problematic (Gioia et al. 2013).

Of particular concern is that this divide has limited our reasoning about questions that span the two streams of literature on organizational identity. An important example is the relationship between identity distinctiveness and change (Gioia et al. 2013). In the internally oriented identity literature, the importance of identity change has been widely recognized, and processes of identity change have emerged as a central topic of investigation (Gioia et al. 2000, Gioia and Thomas 1996, Ravasi and Schultz 2006). Questions of identity distinctiveness are, however, largely missing from these discussions about identity change (Gioia et al. 2013). Issues of identity distinctiveness have instead been addressed within the externally oriented identity literature (Hsu and Hannan 2005, Zuckerman 1999), but without attending to the internal organizational dynamics of identity change. Identity change and distinctiveness have thus been investigated separately, but this far there has been little work on the challenges and opportunities they jointly present to organizations.

This is noteworthy because it is, for several reasons, difficult to fully understand identity change and distinctiveness in isolation from each other. First, organizations

are likely to perceive concerns about distinctiveness as significant identity threats, which we know from earlier work represent a powerful incentive to attempt identity change (Dutton and Dukerich 1991, Elsbach and Kramer 1996). Second, because identity distinctiveness is defined in relation to other identities (Albert and Whetten 1985), identity change of *other* similar organizations can translate into concerns of identity distinctiveness for the focal organization and thereby induce change efforts. Third, where the social classification that serves to anchor the identities of a set of organizations (Albert and Whetten 1985, King et al. 2011) undergoes significant change, there would be simultaneous efforts at identity change among a set of organizations (Haveman et al. 2007, Rao et al. 2005), and this would render questions of distinctiveness salient for every organization. Thus, for organizations, identity change and distinctiveness concerns are inextricably linked to each other, and this is what we focus on in this paper.

We approach the question of identity change and distinctiveness from the perspective of the individual organization rather than from that of an external audience, and our aim is to introduce interorganizational considerations into our understanding of how organizations work with identity change. Our dual focus on intra- and interorganizational aspects of identity is in line with the original statement of Albert and Whetten (1985) that identities are shaped by "... inter-organizational comparisons and reflections over time" (p. 272). Of particular concern to us is that the internally oriented literature has downplayed the interorganizational perspective on identity change, especially in relation to distinctiveness aspects (Gioia et al. 2013). We seek to develop a clearer understanding of how the identity change and distinctiveness of other organizations relate to the identity change of a focal organization.

To achieve our task, we seek inspiration from theories of competitive rivalry (Baum and Korn 1996, Chen and Miller 2012). Enriching identity literature with a competition perspective suggests that when attempting identity change, organizations would, apart from being mindful of the continuity of their established identity, also respond to changes in the identity positioning of their competitors (Greve 1998, Kilduff et al. 2010). This insight suggests new hypotheses about how organizations undertake identity change while seeking to maintain their distinctiveness. Our theorizing centers on the identity *claims* of organizations and not necessarily on *realized* identities (King et al. 2011); we do not suggest that identities are malleable to the wishes of organizations, but it is important to understand organizational attempts to this end because these are consequential to the behavior of organizations (Gioia et al. 2010, Ravasi and Schultz 2006).

Our empirical setting is the British political system, where political parties compete in elections by presenting solutions to issues that they believe to be important to the voters. Similarly to product and technology choices that are constitutive of organizational identities (King et al. 2011, Tripsas 2009), claims on political issues contribute to the definition of party identities (Janda et al. 1995). As with other organizations, party identities are stabilized by being anchored in broader social classifications (see Albert and Whetten 1985, King et al. 2011). However, unlike many other organizations, political parties lack the artifacts like core technologies, physical infrastructure, and products, which are important to the stabilization of such classifications (cf. Corley and Gioia 2004, Ravasi and Schultz 2006, Tripsas 2009). Political ideologies—a coherent set of beliefs or values that serve as a blueprint for a desired social order (Knight 2006)—have instead served as important means of social classification of political parties and thereby as an anchoring point for their identities. Adherence to a political ideology, often defined as "left" or "right" has helped in the formation and maintenance of party identities and has also been useful to the voters in judging the credibility of the electoral promises of political parties.

The anchoring of identities in political ideologies remained institutionalized in the British political system from the Second World War until the early 1970s, when the institution was weakened by several societal changes (Franklin 1985, Wright 2003). Today, the labeling of a British party as left- or right-wing holds little predictive value on what political claims it will make (Green 2007). This weakening of the institution of political ideologies was problematic to the identity of the parties in the same way that a disruptive technology change can be to other organizations (Tripsas 2009). The weakening of ideologies as a framework for identity construction meant that when the parties sought to rework their identities, they lacked a stabilizing framework to do so. This phase of unrest was at its height in the period between 1970 and 1992 (Green 2015), which allows for an unusually interesting period to observe the interrelation between identity change and distinctiveness among political parties. Parties had to manage their identity change and distinctiveness in a setting where they were significantly less restricted by expectations of "ideological purity," but at the same time distinctiveness of their identities also became vulnerable. We end our period of observation in 1992, after which alternative classification frameworks have begun to take form (Green 2007).

The key question we address is the following: how do political parties maintain their identity distinctiveness while seeking identity change? We examine our question in a setting where several parties engaged in identity change at the same time. Existing literature suggests that any shift in the party identity needs to be seen as

aligned with its previous identity (Gioia and Thomas 1996, Ravasi and Schultz 2006). A competitive rivalry perspective adds that, to maintain distinctiveness, parties also need to take into account the identity claims of their competitors when deciding which identity claims to make. We expect identity claims of other parties to influence those of a focal party in two ways. *Overlapping* identity claims—i.e., claims that duplicate those of the focal party—can erode the distinctiveness of an identity and need to be defended against. *Nonoverlapping* claims—i.e., claims on issues that are not claimed by the focal party—provide information about issues which the other parties think to be important and may inspire imitation strategies (see Greve 1998). Competition thus constitutes both a threat and an opportunity to the identity work of an organization.

We argue that the tension between threats and opportunities will give rise to two strategies among parties. We label these strategies as identity *affirmation* and *reformation*. Affirmation strategies aim at preserving identity distinctiveness by denying the own "identity space" to other parties (Carroll and Swaminathan 2000, Livengood and Reger 2010), whereas reformation strategies enable guarded inroads into the identity space of competitors. More specifically, affirmation strategies involve parties countering competitors by highlighting their own long-standing claims and neutralizing the claims of competitors by investing heavily on focal identity issues that are also claimed by the rivals. Reformation strategies, on the other hand, seek to add identity elements based on their popularity, but in a manner that is coherent with the focal identity and that preserves its distinctiveness.

Our investigation of the identity dynamics of political parties shows that parties sought to maintain distinctiveness by distancing from, countering, and neutralizing the identity claims of other parties. More generally, our study suggests that organizational identity change should be viewed not as isolated and teleological, but as an interorganizational, interactive, and emergent process (Gioia et al. 2013). This finding also informs a long tradition of studies in political science of how and why parties change their positioning (Janda et al. 1995, Norris and Lovenduski 2004). These studies have drawn heavily on ideas of spatial competition (Downs 1957), where parties are thought to position themselves in relation to expected voter preferences in any given election. An identity perspective on political parties links together the competitive positioning actions of parties over time, suggesting explanations to why they do not seem to converge so quickly around "median voter" preferences, or diverge as widely, as standard models of party competition would suggest (Green 2007, Iversen 1994, Norris and Lovenduski 2004).

## The Fading Away of Political Ideologies, Distinctiveness and Changing Identities of British Political Parties 1970–1992

Political parties in a multiparty democratic system are, for several reasons, useful for studying how organizations deal with concerns of identity distinctiveness and change. Parties compete for voters primarily based on the identity that they are able to project, which is well detailed in their election manifestos (Budge et al. 2001, Klingemann et al. 2006). These identity claims of the parties are highlighted in media and in public discourse and are closely tracked and responded to by the parties themselves, lending credence to our perspective of identity repositioning as an interorganizational interactive process. Finally, politics is a context where identity is *the* key source of distinctiveness and competitive advantage, free from other means of differentiation such as unique technological or informational resource endowments.

*Political Ideologies in British Politics.* In British politics, ideologies provided a framework within which parties could construct their organizational identities and position themselves as different from competitors of alternative ideological leanings (Knight 2006). The three major British parties traditionally endorsed different ideological positions—right-wing (championed by the Conservatives), left-wing (by the Labour), and a liberal ideology (by the Liberal Democrats), and their projected identities for the most part were also congruent with their ideological positions. The Labour Party, identified with a left-wing ideology, presented an identity that was attuned to social welfare and the working class, whereas the Conservatives, aligned to a right-wing ideology, positioned themselves as favoring free-market and upper-middle-class interests (Wright 2003). The third party, the Liberal Democrats, called for "protection and enhancement of civil liberties through constitution" and found appeal among the salaried and educated of the middle class (Ingle 2008). Anchoring identities in political ideologies allowed parties to construct distinct identities but also circumscribed their ability to make identity claims that were unrelated to their established identities (Norris and Lovenduski 2004).

The Conservative victory in the 1970 election, however, signaled a marked decline in the influence of ideologies (Crewe et al. 1977, Franklin 1984). The ideologically inspired labels of the parties remained, but a rich literature on election results revealed that voters began to favor party efforts that downplayed ideological alignment (Franklin 1984). Two factors are considered important in the decline of ideologies. First, an erosion of the social class structure, especially the dissolution of a blue-collar working class that earlier served as the basis of an audience segmentation, severed the voter–social class–party linkages (Franklin 1984) and eroded the structural logic of political ideologies (Clarke and

Stewart 1984). Second, the adverse macroeconomic conditions of the British economy also caused voters to distance themselves from the ideological formulations that were thought to be distant from "practical realities" (Crewe et al. 1977, Franklin 1985). The decline of political ideologies and the consequent threats it posed to the identity of parties was conspicuous and consequential:

> Class, ideology, and party seemed to have established a tight fit . . . Then, after 1970, it all began to fall apart. On the surface it might seem the same . . . but underneath there was radical discontinuity. Party competition went on as before, but the relationship between the parties and the electorate had undergone a profound change. (Wright 2003, pp. 68–69)

To each individual political party, the loosening of the "ideological shackles" presented an opportunity for identity change and expansion, but it also meant that the claims of the parties were less protected than before. The decline of ideologies challenged the identities of parties in several ways. First, it posed a threat to the distinctiveness of party identities that gained from the relationship between ideologies and political issues (Clarke 2009). Losing the edge of distinctiveness, and with the voters paying less attention to ideologies, the parties had to find new ways of claiming their identity distinctiveness (Green and Jennings 2011). Second, as ideological distinctions blurred, political issues became more accessible to all the parties, thus facilitating identity change (Green 2007).

The complexity of this situation is mirrored in the identity-change efforts observed among the political parties. On the one hand, political parties seemed to entrench their former ideological positions; for instance, the Labour Party in the 1983 elections or the Conservatives during the time of Margaret Thatcher (Clarke 2009). On the other hand, as the ideological constraints weakened, parties also attempted to reposition their identities by appropriating political issues of competitors (Clarke 2009). The Liberals borrowed from the identity issues of both their competitors, and the Conservatives and Labour, while crossing over to each other's traditional positions, also started talking about centrist issues. In short, the parties reinforced their established positions *and* borrowed issues from each other in an effort to expand their appeal (Karthikeyan and Wezel 2011).

Although borrowing from the identity of other parties and identity change are routinely observed among political parties nowadays, the main period of turbulence in British politics has been argued to peter out after the 1992 elections. What has come to substitute ideologies is, however, a matter of ongoing debate within political science (Green 2007, Green and Jennings 2011, Wright 2003). Because our interest lies in how political parties dealt with their distinctiveness in times of identity change, we focus on the period 1970–1992 and leave the study of post-ideologies development to future research.

## Theory and Hypotheses

When a British political party seeks to change the appeal of its identity with the voters, it makes claims on political issues that are believed to be of particular interest to the voters in the coming election (Clarke 2009). A key "tool" for communicating claims on political issues to voters is the election manifesto (Budge et al. 2001, Janda et al. 1995). Our question of how organizations deal with the interrelated nature of identity change and distinctiveness can thus be translated into the empirical question of how parties, over time, attempt identity change and seek distinctiveness by selecting and investing in particular political issues in their election manifestos.

Because we are interested in the behavior of parties, rather than on the impression of voters about them, we begin our theorizing from the internally oriented perspective on identity. From this perspective, identity change is problematic for several reasons. Given that organizational members think of the existing identity as central and valuable, identity change may be perceived by the internal members as undermining continuity and as a threat (Gioia and Thomas 1996).

Following the logic of the internally oriented identity literature, to allay concerns about continuity, organizations are likely to highlight their long-standing identity claims (Ravasi and Schultz 2006). The organization can thus reassure organizational members of identity continuity and prevent others from "trespassing" into its identity space. By reiterating ownership of its identity elements, an organization communicates to its audiences that it has "always" and "unquestionably" been associated with such practices (Carroll and Swaminathan 2000, Nag et al. 2007). A reasonable baseline expectation on the behavior of political parties is thus that, in the face of an unsettled environment, parties will respond by affirming their identity through *investing more in issues that are central to their already established identity than in any other issue.*

Identity affirmation by investment on core identity claims was visible across all the parties. For instance, in the Labour manifesto of the 1983 election, which later became notorious as "the longest suicide note in history," the party emphasized issues that were salient to their traditional identity such as nuclear disarmament and withdrawal from the European Economic Community (Norris and Lovenduski 2004). Central to the ideological identity of the Labour Party, claims on these issues sharply distinguished the party from competitors, and throughout the 1970s and 1980s ideological infusion of the party identity was an essential part of the politics of the Labour (Budge et al. 2001, 1987). The politics of "ideological conviction" can be also found in the identity affirmation strategy of the Conservatives where they put focus on issues such as advocacy of market principles, free enterprise solutions to economic problems, and an uncompromising attitude toward trade unions (Clarke

2009). In fact, a major feature of the politics of the Conservative Party, especially of Margaret Thatcher, was ideological hardening (Budge et al. 2001).

Our baseline expectation, however, does not take into account the *interrelatedness* of the investment decisions of parties. Although an identity perspective suggests that parties will primarily continue to invest along already-established trajectories, the literature on competitive rivalry informs us about how individual actors behave when participating in an interactive setting where several actors simultaneously seek distinctiveness (Baum and Korn 1996, Chen and Miller 2012). When this perspective is transposed to the sphere of political parties, a first insight that emerges is that if another party seeks to take advantage of the blurring of issue ownership and thus invest in identity elements that belong to the focal party, this can be perceived as a direct attack on the focal organization's identity (Chen 1996, Livengood and Reger 2010). A likely response is that the focal organization takes neutralizing action and restates ownership over the identity elements claimed by the attacker (Carroll and Swaminathan 2000, Chen and Miller 2012). By reiterating and claiming back such elements, it is likely that the focal organization will be able to protect its central and valuable identity dimensions (Elsbach and Kramer 1996).

Examples from Britain are suggestive of the empirical validity of these arguments. For instance, the increased focus of the Conservatives on inflation and prices in the 1979 election can be seen as an attempt to neutralize the Labour Party, which invested quite heavily in these questions to become perceived as a fiscally responsible party. The same election also witnessed the Conservatives successfully fighting the Labour Party proposal of tax cuts and increased pensions and gaining the trust of voters because the issues were aligned more with the established identity of the Conservative Party (Clarke 2009). Based on this reasoning, we propose that in addition to our baseline expectation of continuity, parties will react to the investments of other parties in the following manner:

Hypothesis 1 (H1). *Political parties will invest more on issues that are part of their established identity at larger investments of competitor parties on those issues.*

### Identity Reformation: Securing Identity Space Through Differential Claims on Political Issues of Competitors

Organizations do not, however, only stick to their knitting but are capable of identity change (Chreim 2005, Gioia et al. 2013) as they seek to extend and reposition their identity claims to maintain competitiveness (Fiol 1991) or in response to discrepancies between what organizational members and external audiences believe about an organization (Corley and Gioia 2004, Dutton and Dukerich 1991, Ravasi and Schultz 2006).

Identity change, in the case of political parties, takes the form of expanding the claims on political issues beyond those belonging to the established identity. Parties need to do this in response to changes in voter preferences and in response to the actions of other parties who themselves follow the changes in voter preferences. From a rivalry perspective, there are two types of considerations that go into a decision on what political issues to invest in. First, there is the need to stay as close as possible to the voters. Second, each investment decision will in turn influence the investment decisions of other parties (Kilduff et al. 2010, Miller and Chen 1994), which raises concerns about identity distinctiveness. These considerations can influence the issue investment decisions in different directions. The simplest case is where parties identify similar voter trends. To "stay close" to the voter then entails direct competition with another party, which can erode the distinctiveness of the identity of a party. Alternatively, competitors who interact frequently can also come to exert what is called "mutual forbearance" on each other. That is, if a party can make it credible that investments by other parties on its core issues would be answered by counter investments into issues that are core to the other parties, neither party would be investing in each others' core issues (Baum and Korn 1996).

Add to this complexity concerns about identity continuity (Gioia and Thomas 1996) and it is clear that the decision about when and how a party can and should seek to expand its identity claims and at the same time maintain its distinctiveness involves a complex set of considerations. The complexity of handling the actions of other parties coupled with concerns about maintaining identity distinctiveness and integrity will lead organizations to differentiate their identity expansion strategies. Some identity claims will be made because they are felt needed to signal *presence*, whereas other claims will be part of an actual effort of identity *change*. In other words, some borrowing from outside the extant identity will be ceremonial or symbolic (Meyer and Rowan 1977, Westphal and Zajac 1995), whereas other borrowings will be meant to effect a gradual identity change. We therefore want to predict not only which issues that an organization *selects* outside its identity, but also the *intensity* of those investments.

We arrive at different predictions about the issue investment decisions depending on whether we are considering how organizations *select* which element to invest in or with what *intensity* they invest in the selected element. The competitive-rivalry literature suggests that processes of social comparison and validation will guide the decision of what to select (Baum and Haveman 1997, Greve 1998), so that when investing in elements outside its established identity, we expect that parties primarily select those elements that are invested in by its rivals. The history of British elections provides many examples in support of this proposition. One of such examples is

the 1979 election where, taking a cue from the issue investments of the Labour Party, the Conservatives made claims on issues such as welfare and education that were outside of their established identity. Based on this reasoning we suggest the following:

HYPOTHESIS 2 (H2). *When* selecting *issues from outside of their established identity, political parties will be guided by the investments made by competitor parties.*

Even though the Conservatives may have imitated Labour to include claims about social welfare in their election manifesto, it does not necessarily mean that the party lacked concern for its established identity. When considering the intensity of investment in new identity elements, concerns of preserving identity distinctiveness and continuity also matter. To appreciate the role of distinctiveness concerns in these decisions, we need to consider whether, and to which degree, an identity element differs from the established identity of a party (Mair et al. 2004, Rao et al. 2005). This distinction is informative about the expected investment (see Kennedy and Fiss 2009). From the point of view of a focal party, three types of elements can be distinguished (Holian 2004, Negro et al. 2010). *Neutral* elements are widely appreciated by voters, but they are unrelated to any specific identity. Consider the issue of political corruption. Though appreciated by most voters, hardly any political party can claim an anticorruption stance as exclusively theirs. *Adjacent* elements are associated with identities of other parties that are proximate, but distinct from, the focal identity. And *oppositional* elements are related to an identity that is oppositional to that of a given party. For the Labour Party, for instance, the issues associated with the identity of Liberal Party identity would be adjacent, whereas identity central issues of Conservatives would be oppositional.

Heavy investment in oppositional claims by a political party is unlikely for several reasons. Whereas it is fairly uncomplicated to make claims on neutral elements, claims to adjacent or oppositional elements render an identity less distinct and are problematic from an identity-continuity perspective (Holian 2004, Chreim 2005). Moreover, by making identity claims on neutral elements, parties can also dilute the impact of other identity-inconsistent elements that are added. However, as a party invests in adjacent and oppositional elements it will face increasing difficulty to present itself as credible. Therefore, we expect parties to integrate new elements according to a principle of feasibility: invest the most in neutral elements, followed by adjacent elements that are less identity-inconsistent as compared to the more identity-contradictory oppositional elements.

British political parties have been selective in their new element investments, which is evident if we consider the post-1970 identity change efforts of the parties. While the Conservatives invested more on issues from the Liberal identity (Crewe and Searing 1988), Liberals became more social liberal by investing more on issues from the Labour identity (Russell and Fieldhouse 2005). Similarly, much of the centrist character of the Labour also came through the borrowed issues from the identity of the Liberals. Based on this reasoning we propose the following:

HYPOTHESIS 3A (H3A). *When adding issues to an established identity, political parties will invest more in identity claims on identity-neutral issues than on issues that belong to other party identities.*

HYPOTHESIS 3B (H3B). *When adding issues that belong to the identity of other parties to their established identity, political parties will invest more in identity-adjacent issues than on identity-oppositional issues.*

## Data and Methods

### Analytical Strategy

Our analysis seeks to capture the distinctiveness dynamics of British political parties by tracking investments in various political issues as parties rework their identities. To define attempts at identity change, we designate a baseline against which to detect changes: the ideologically anchored identity of each party (see Budge et al. 2001).

### Measures

We track changes in the identity-based claims of political parties against the baseline, using data from the election manifestos of the three major political parties during the period 1970–1992. The three parties included in our analysis on average received more than 93% of the votes in the elections.

Using the election manifestos to identify identity claims of the parties is informative for at least three reasons. First, election manifestos are reasonable proxies of the identity claims of a political party because they describe its core values, policy statements, and intended actions (Janda et al. 1995). Second, in Britain, election manifestos represent consequential claims made by the parties as a winning party implements a majority of the claims of its manifesto (Bara 2005). Third, election manifestos allow us to not only capture identity claims of the parties at an unusually fine-grained level—i.e., at the level of individual issues—but also to investigate the *level of investment* in them by tracking the relative space dedicated to each issue in the manifesto.

The political initiatives and policies espoused in the election manifestos constitute what can be called the "policy space." To construct this policy space, we build on the work of the Comparative Manifestos Project (Budge et al. 2001, Klingemann et al. 2006). This research project has mapped the British political space along 56 fundamental issues, grouped into

seven broad mutually exclusive domains. Using this framework, each of the political claims advanced by parties in their election manifestos may be classified into one of these 56 issues. For instance, the domain "social groups" is classified into various elements such as (i) labour groups: positive, (ii) labour groups: negative, (iii) agriculture, middle class, and professional groups, (iv) minority groups, and noneconomic demographic groups. If a political party makes statements regarding laborers or religious minorities in the manifesto, it is coded into one of these issue category positions. Though sometimes criticized, this classification of the issue positions is considered comprehensive of the ideologically grounded identity statements of political parties (see Budge et al. 2001, Klingemann et al. 2006).

### Dependent Variables

To test our hypotheses on the type and intensity of identity claims made by the parties, we created two dependent variables. The first one, *Element Investment*, captures the extent to which a political party invests in the focal issue. Following Budge et al. (2001), we measure this variable as the relative weight that the party assigns to the focal political issue via the percentage of quasi-sentences allotted to it in the current election manifesto. This dependent variable is used to test H1, H3A, and H3B.

To test H2 concerning the effect of imitation when selecting issues to borrow from outside a party's established identity, we created a variable labeled *Element Selection* that captures whether or not a political party has mentioned the focal political issue in the current manifesto. This is a binary variable coded as 1 if the party has made any claim on the focal political issue (i.e., dedicated at least one quasi-sentence) or 0 if the party has not made any claim on this issue.

### Independent Variables

To test H1 regarding identity affirmation, we created a variable called *Identity Element*. This dummy variable records whether a specific issue belongs to the established identity of the focal party or not, according to the description of political ideologies provided by the Comparative Manifestos Project (Budge et al. 2001, Klingemann et al. 2006). In the case of Liberals, we constructed our coding based on the policy claims allotted to the 13 issues.[1] We then measured the *Previous Investments* in an issue as the sum of the percentage of coded sentences dedicated to it by the focal party in previous manifestos. We test our baseline expectation that parties continue to invest in the identity elements they earlier invested in with the interaction of the variables *Previous Investments* and *Identity Element*. To reduce its skewness, the *Previous Investments* variable was square-rooted.

To investigate the reaction of parties to directly competing claims (H1), we created the variable *Investment of Others*, measured as the sum of the investments made by the other political parties on the focal issue. This variable controls also for the popularity of a particular element in policy space. To see how much the investments of others influence the intensity of the identity claim made by a party, we interacted the variables *Identity Element* and *Investment of Others*. We square-rooted the *Investment of Others* variable to reduce its skewness. A positive sign for the interaction would provide support for H1.

Hypotheses 2, 3A, and 3B concern the reformation strategy of parties and the argument here is that when parties add issues to their existing identity, they will also seek to maintain their identity distinctiveness and continuity. In particular, although organizations may *select* issues as other parties do, their *intensity* of investment in each of those issues will be geared towards maintaining distinctiveness and reducing competitive intensity. Hypothesis 2 suggests that the investments of others can be seen not only as threats, but also as signals for the focal party about how to expand its reach. To test the effect of social influence on the decision to invest on issues outside of the established identity, we interact *Investment of Others* and the *Identity Element* variables. A negative value of the interaction in conjunction with a positive main effect of the *Investment of Others* variable would lend support to H2 because it would show that the investments of other parties have a stronger influence on the choices of issues from outside the established identity of the focal party than on the issue choices within the established identity.

Our distinction between claims that are ceremonial and those directed at effecting change requires consideration of not only which of the outside issues are selected, but also whether investments are larger on issues that are easier to integrate into a party's established identity. To capture differences in the ease of inclusion of the borrowed elements (H3A), we created the variable *Identity Neutral Element*—a dummy variable coded as 1 if the issue is unrelated to any of the party ideologies and 0 if otherwise. The coefficient of this variable is informative about how much the focal party has invested on neutral issues in comparison to elements that are related to any other party identity. To test H3B, we included the dummy variable *Adjacent Identity Element* in the model to see if political parties invest in elements that belong to the *less* oppositional (adjacent) rather than to the *more oppositional* identity of competitors. For the Conservatives, the more oppositional identity is defined by the Labour ideology and vice versa. For the Liberal ideology, the more oppositional identity is defined by the Conservative ideology because of its social-liberal roots (Russell and Fieldhouse 2005). The variable *Adjacent Identity Element* is coded as 1 if the issue belongs to the less oppositional ideological party identity and 0 if it

belongs to the more oppositional party identity. Because the category *Oppositional Identity Element* is the least likely, we use it as the omitted category.

### Control Variables

We include control variables to help rule out alternative explanations. The variable labeled *Election Loss* counts the number of consecutive elections lost by the focal party, to control for any investment propensity related to poor prior performance (Janda et al. 1995), while the variable *Manifesto Length* captures the number of words used by a political party in the focal election manifesto. We also include *Party Dummies* and *Issue Domain Dummies* in our models to account for the party-level and domain-specific heterogeneity in our models. We report descriptive statistics and correlations in Table 1. The correlations are of reasonable strength and mostly in the expected direction.[2]

### Model and Estimation Method

*Element Investment and Element Selection* are our outcome variables, both measured at the level of each political issue. Our theory predicts the existence of both contemporaneous and serial correlations because the issue investments of a political party can be influenced by its previous element investments and investments by other parties. We used an estimator that allows the disturbances to be heteroskedastic and contemporaneously correlated across panels and that produces panel-corrected standard errors because a generalized least-squares (GLS) regression provides excessively small standard errors and a less conservative hypothesis testing (Beck and Katz 1995). To test H1, H3A and H3B where we have *Element Investment* as the dependent variable, we opted for an autoregressive (AR1) within panel correlation and the estimates were obtained by using the *xtpcse* routine of Stata. To test H2 we used a random effects probit model with robust standard errors and implemented this via the *xtprobit* command of Stata. Because the test of our hypotheses concerning issues investments is conditional on the choice of the focal issue over other alternatives, we computed the inverse mills ratio from the selection equation and added it as a control in all the relevant models (Heckman 1979).[3]

## Results

The first part of the analysis concerns the actions related to affirmation strategies employed to deal with the competitive actions of other organizations. In Model 1 of Table 2, we test the baseline prediction that parties will continue investing in those issues that are central to their identity. The coefficient estimate of the interaction between the variables *Identity Element* and *Previous Investments* is positive and statistically significant, meaning that the reinforcing nature of previous investments carries over to current investments particularly for

**Table 1 Descriptive Statistics and Bivariate Correlations**

| | Mean | S.D. | Min | Max | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 *Identity Element* | 0.23 | 0.42 | 0.00 | 1.00 | 1.00 | | | | | | | | | | | | | | | | |
| 2 *Element Selection* | 0.64 | 0.48 | 0.00 | 1.00 | 0.25 | 1.00 | | | | | | | | | | | | | | | |
| 3 *Adjacent Identity Element* | 0.18 | 0.39 | 0.00 | 1.00 | −0.23 | −0.01 | 1.00 | | | | | | | | | | | | | | |
| 4 *Neutral Element* | 0.41 | 0.49 | 0.00 | 1.00 | −0.46 | −0.14 | −0.40 | 1.00 | | | | | | | | | | | | | |
| 5 *Conservative Party* | 0.33 | 0.47 | 0.00 | 1.00 | 0.00 | 0.04 | 0.02 | 0.00 | 1.00 | | | | | | | | | | | | |
| 6 *Labour Party* | 0.33 | 0.47 | 0.00 | 1.00 | 0.00 | 0.04 | −0.01 | 0.00 | −0.50 | 1.00 | | | | | | | | | | | |
| 7 *Element Investment* | 1.59 | 2.33 | 0.00 | 20.30 | 0.27 | 0.51 | −0.01 | −0.12 | 0.00 | 0.01 | 1.00 | | | | | | | | | | |
| 8 *Investment of Others* | 1.40 | 1.10 | 0.00 | 5.11 | 0.00 | 0.47 | 0.14 | −0.18 | −0.01 | −0.01 | 0.46 | 1.00 | | | | | | | | | |
| 9 *Previous Investments* | 3.27 | 1.94 | 0.00 | 9.79 | 0.33 | 0.58 | 0.03 | −0.25 | 0.01 | −0.04 | 0.52 | 0.57 | 1.00 | | | | | | | | |
| 10 *Manifesto Length* ('000 words) | 12.51 | 6.31 | 2.89 | 30.36 | 0.00 | 0.10 | 0.01 | 0.00 | 0.32 | −0.13 | 0.01 | 0.00 | 0.11 | 1.00 | | | | | | | |
| 11 *Election Loss* | 1.86 | 2.05 | 0.00 | 7.00 | 0.00 | −0.01 | −0.01 | 0.00 | −0.44 | −0.30 | 0.00 | 0.03 | 0.10 | 0.04 | 1.00 | | | | | | |
| 12 *External Relation Domain Dummy* | 0.18 | 0.38 | 0.00 | 1.00 | 0.04 | 0.00 | 0.02 | −0.01 | −0.00 | 0.00 | −0.11 | −0.09 | 0.02 | −0.00 | 0.00 | 1.00 | | | | | |
| 13 *Freedom and Democracy Domain Dummy* | 0.07 | 0.26 | 0.00 | 1.00 | 0.18 | 0.03 | 0.11 | −0.23 | 0.00 | 0.00 | 0.05 | 0.05 | 0.00 | −0.00 | 0.00 | −0.13 | 1.00 | | | | |
| 14 *Political System Domain Dummy* | 0.09 | 0.29 | 0.00 | 1.00 | −0.07 | 0.00 | −0.04 | 0.12 | 0.00 | 0.00 | 0.00 | 0.01 | −0.02 | −0.00 | −0.00 | −0.15 | −0.09 | 1.00 | | | |
| 15 *Economy Domain Dummy* | 0.29 | 0.45 | 0.00 | 1.00 | 0.00 | −0.06 | −0.03 | −0.05 | −0.00 | −0.00 | −0.02 | −0.04 | 0.00 | −0.00 | −0.00 | −0.30 | −0.18 | −0.20 | 1.00 | | |
| 16 *Welfare and Quality of Life Domain Dummy* | 0.12 | 0.33 | 0.00 | 1.00 | −0.04 | 0.08 | 0.01 | 0.01 | 0.00 | 0.00 | 0.18 | 0.19 | 0.13 | −0.00 | 0.00 | −0.18 | −0.11 | −0.12 | −0.24 | 1.00 | |
| 17 *Fabric of Society Domain Dummy* | 0.14 | 0.35 | 0.00 | 1.00 | 0.06 | −0.14 | 0.07 | −0.13 | 0.00 | 0.00 | −0.10 | −0.16 | −0.24 | −0.00 | 0.00 | −0.19 | −0.11 | −0.13 | −0.26 | −0.15 | 1.00 |

**Table 2 Results of Linear Regression Models with Panel-Corrected Standard Errors for Element Investments and Random-Effects Probit Models for Element Selection of Political Parties, 1970–1992**

| Variables | Model 1 DV: Element investment | Model 2 DV: Element investment | Model 3 DV: Element selection | Model 4 DV: Element investment | Model 5 DV: Element investment |
|---|---|---|---|---|---|
| *Previous Investments* ∗ *Identity Element* (base line) | 0.2026* | | | | |
| | (0.119) | | | | |
| *Investment of Others* ∗ *Identity Element* (H1 and H2) | | 0.4791*** | −0.3234** | | |
| | | (0.171) | (0.139) | | |
| *Neutral Element* (H3A) | | | | 0.6118*** | 0.8266*** |
| | | | | (0.131) | (0.154) |
| *Adjacent Identity Element* (H3B) | | | | | 0.5688** |
| | | | | | (0.221) |
| *Identity Element* | 0.9559* | 0.9525 | 1.0390*** | 2.3017*** | 2.5414*** |
| | (0.564) | (0.583) | (0.184) | (0.297) | (0.363) |
| *Investment of Others* | 0.8973*** | 0.6843*** | 0.4393*** | 1.0077*** | 0.9984*** |
| | (0.188) | (0.212) | (0.067) | (0.170) | (0.171) |
| *Previous Investments* | 0.2604*** | 0.3044*** | 0.4130*** | 0.3352*** | 0.3133*** |
| | (0.054) | (0.066) | (0.042) | (0.063) | (0.062) |
| *Conservative Party* | 0.3437* | 0.2720 | 0.3441* | 0.3486* | 0.4046** |
| | (0.200) | (0.179) | (0.198) | (0.201) | (0.187) |
| *Labour Party* | 0.6257*** | 0.6424*** | 0.4991*** | 0.5771*** | 0.6177*** |
| | (0.220) | (0.193) | (0.176) | (0.189) | (0.192) |
| *Manifesto Length* | 0.0000 | 0.0000 | 0.0000** | 0.0000 | 0.0000 |
| | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) |
| *Election Loss* | −0.0489 | −0.0475 | 0.0158 | −0.0555 | −0.0578 |
| | (0.047) | (0.045) | (0.042) | (0.047) | (0.046) |
| *External Relations Domain Dummy* | −0.8457*** | −0.7306*** | −0.2480 | −0.6763*** | −0.7344*** |
| | (0.191) | (0.215) | (0.213) | (0.223) | (0.227) |
| *Freedom and Democracy Domain Dummy* | −0.6284*** | −0.6623** | −0.2356 | −0.4615 | −0.4695 |
| | (0.243) | (0.290) | (0.258) | (0.319) | (0.323) |
| *Political System Domain Dummy* | 0.1304 | 0.2202 | −0.1519 | 0.0728 | 0.0649 |
| | (0.325) | (0.347) | (0.249) | (0.383) | (0.357) |
| *Economy Domain Dummy* | −0.4872** | −0.3189 | −0.5039** | −0.3297 | −0.3200 |
| | (0.247) | (0.315) | (0.207) | (0.280) | (0.283) |
| *Welfare and Quality of Life Domain Dummy* | 0.5043** | 0.5108** | −0.0265 | 0.7411*** | 0.6684** |
| | (0.198) | (0.257) | (0.233) | (0.285) | (0.297) |
| *Fabric of Society Domain Dummy* | −0.8590*** | −0.6365* | −0.2539 | −0.5415 | −0.6930* |
| | (0.290) | (0.352) | (0.239) | (0.344) | (0.361) |
| *Selection coefficient* | 1.2064*** | 0.9187* | | 1.5025*** | 1.4359*** |
| | (0.446) | (0.491) | | (0.395) | (0.380) |
| Constant | −1.4222** | −1.1585* | −1.7762*** | −2.5917*** | −2.6558*** |
| | (0.604) | (0.662) | (0.292) | (0.520) | (0.524) |
| Observations | 1,176 | 1,176 | 1,176 | 1,176 | 1,176 |
| *R*-squared | 0.598 | 0.604 | | 0.607 | 0.612 |
| Chi$^2$ | 6,162 | 2,981 | 317.4 | 2,598 | 6,697 |
| ll | | | −472.3 | | |

*Note.* Standard errors in parentheses.
*$p < 0.1$; **$p < 0.05$; ***$p < 0.01$.

the elements that are central to the established identity of a party.

With respect to H1, we argued that parties would neutralize claims of competitors by investing more on own-identity issues that are attacked by other parties. The interaction between the variables *Investment of Others* and *Identity Element* is positive and statistically significant and provides support for H1 (see Model 2 of Table 2). The plot of the interaction illustrated in Figure 1 supports this interpretation; as the investments of competitors on an identity issue of the focal party moves up to one standard deviation (2.5) from the mean observed in our sample (1.4), investments of the focal party on that issue more than double. The increase provided by the investment of competitors on nonidentity issues is much less pronounced. We interpret this set of

**Figure 1 (Color online) Interaction Effect of Competitor Identity Claims and Various Identity Issues on the Level of Investment in Issues by Political Parties in Britain, 1970–1992 (H1)**

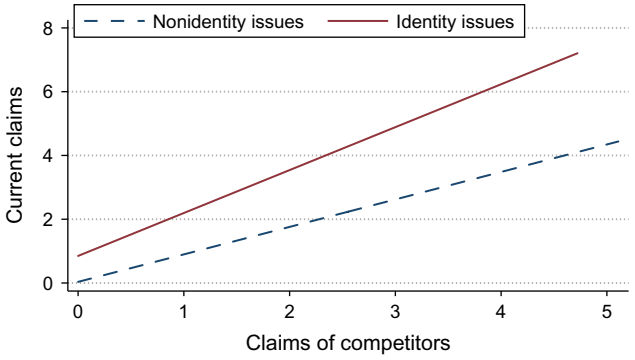
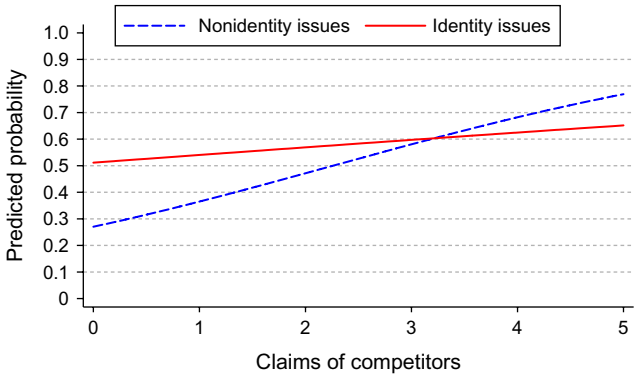



**Figure 2 (Color online) Interaction Effect of Competitor Identity Claims and Various Identity Issues on the Selection of Issues by Political Parties in Britain, 1970–1992 (H2)**




results as related to the maintenance of distinctiveness and to the defense of the identity of a party.

Our second set of hypotheses concern the reformation part of the identity change by political parties. In Model 3 of Table 2, we test H2 by adding the interaction of the variables *Investment of Others* and *Identity Element*. The positive and statistically significant main effect of the *Investment of Others* variable indicates that investments of others signal an opportunity to expand the reach of the focal party. The estimate of the interaction effect, however, suggests that this imitation effect is less pronounced for those elements that belong to the established identity of the party compared to other issues that lie outside it. Figure 2 shows that issue investments of competitors positively affect the selection of issues that do not belong to a party's established identity, particularly when such competitive investments are high. This supports H2 on reformation strategies being guided by imitation among parties.

Although the observed imitation among parties viewed in isolation would suggest a rapid decrease in their identity distinctiveness, H3A and H3B qualify this argument by suggesting that distinctiveness dilution is unlikely as parties *invest the most* on identity-neutral elements and elements proximate to the focal identity. Concerning H3A, the positive and statistically significant coefficient of the variable *Identity Neutral Element* in Model 4 of Table 2 shows that when adding elements that are outside a party's identity, investments on *neutral* issues are about 61% higher compared with other issues that are part of the identity of other parties (the omitted category). In H3B, we argued that political parties would invest more on issues that are adjacent to their identity in comparison to those from an oppositional position. The coefficient estimate of the variable *Adjacent Identity Element* in Model 5 of Table 2 provides support for our hypothesis. Parties favored *Identity Neutral Element* over *Adjacent Identity Element*, which were preferred over *Oppositional Identity* alternatives (the reference category).[4] According to the estimates of Model 5, the investments in neutral issues are about 82% higher than those observed on oppositional issues. Parties also invested about 56% more in adjacent than in oppositional issues. These results are consistent with our argument that parties will seek to maintain identity continuity and distinctiveness while adding issues. These results provide support for H3A and H3B.

## Additional Analyses

The thrust of our theorizing has been to derive generalizable propositions about how organizations deal with the dilemma of identity distinctiveness and change in relation to each other. To this end, we argued that organizations balance the use of strategies of identity affirmation and reformation, while closely observing the actions of their competitors. The specifics of this balancing act may, however, vary depending on the context of each individual organization. A party that has done well in elections may see less need for reforms and make more use of affirmation—what in competition literature has been described as inertia of success (Miller and Chen 1994)—whereas a losing party may interpret the situation in a different way. Thus, we can expect party-specific heterogeneity in the emphasis on strategies of identity change, because parties may view the unfolding competitive situation differently (Gioia and Thomas 1996).

Tables 3 and 4 report the party-specific estimates that test our hypotheses.[5] As expected, we see intriguing heterogeneity across parties. For instance, as Models 1, 2, and 3 in Table 3 show, the Conservatives were especially keen on investing in their existing identities—as was our baseline expectation for all of the parties. This is not surprising because they were the most successful party in our observation window, winning 5 of 7 elections. With respect to neutralizing competitor moves into core identity issues (H1), it was again the Conservative Party that was more prone to this behavior (see

**Table 3 Seemingly Unrelated Regression Models for the Element Investments and Multivariate Probit Models for the Element Selection of Political Parties, 1970–1992**

| | Model 1 DV: Element investment | Model 2 DV: Element investment | Model 3 DV: Element investment | Model 4 DV: Element investment H1 | Model 5 DV: Element investment H1 | Model 6 DV: Element investment H1 | Model 7 DV: Element selection probit, H2 | Model 8 DV: Element selection probit, H2 | Model 9 DV: Element selection probit, H2 |
|---|---|---|---|---|---|---|---|---|---|
| Variables | CON | LAB | LIB | CON | LAB | LIB | CON | LAB | LIB |
| *Previous Investments* ∗ *Identity Element* (baseline) | 0.5870*** | −0.0650 | 0.1607 | | | | | | |
| | (0.154) | (0.163) | (0.108) | | | | | | |
| *Investments of Others* ∗ *Identity Element* (H1 and H2) | | | | 0.4279* | −0.0412 | −0.7335* | −0.3026 | −0.5601*** | 0.2324 |
| | | | | (0.253) | (0.362) | (0.441) | (0.328) | (0.214) | (0.255) |
| *Identity Element* | −0.0938 | 2.5089** | 0.0403 | 1.6146*** | 2.5490** | 4.4452*** | 1.3469*** | 1.0313*** | 0.3556 |
| | (0.776) | (0.998) | (0.356) | (0.519) | (1.047) | (1.247) | (0.364) | (0.372) | (0.344) |
| *Previous Investments* | 0.2473*** | 0.4306*** | 0.0176 | 0.3639*** | 0.3746*** | 0.0867 | 0.5781*** | 0.4695*** | 0.2011*** |
| | (0.084) | (0.085) | (0.097) | (0.081) | (0.076) | (0.085) | (0.093) | (0.075) | (0.060) |
| *Investment of Others* | 0.9926*** | 1.5638*** | 0.5994*** | 0.9502*** | 1.7523*** | 2.8429*** | 0.5701*** | 0.4872*** | 0.5329*** |
| | (0.259) | (0.350) | (0.215) | (0.248) | (0.491) | (0.549) | (0.132) | (0.110) | (0.108) |
| *Manifesto Length* | 0.0000 | 0.0000* | 0.0000 | 0.0000 | 0.0000* | 0.0001* | 0.0000 | 0.0000 | 0.0001*** |
| | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) |
| *Election Loss* | 0.0099 | −0.0646 | −0.0722 | 0.0000 | −0.0574 | −0.0695 | −0.0251 | −0.0132 | −0.1300 |
| | (0.165) | (0.081) | (0.1607) | (0.165) | (0.082) | (0.111) | (0.159) | (0.080) | (0.080) |
| *External Relations Domain Dummy* | −0.6245* | −1.0160** | −0.5004 | −0.5891* | −1.0603** | −1.8202*** | −0.2811 | 0.3887 | −0.6941** |
| | (0.341) | (0.502) | (0.384) | (0.334) | (0.502) | (0.516) | (0.355) | (0.317) | (0.299) |
| *Freedom and Democracy Domain Dummy* | −1.0228** | −1.5471** | 1.2693* | −1.0158** | −1.7257*** | −0.9981 | −0.7423 | 0.2940 | −0.1281 |
| | (0.452) | (0.643) | (0.711) | (0.431) | (0.664) | (0.970) | (0.470) | (0.396) | (0.426) |
| *Political System Domain Dummy* | 0.4005 | −0.9250 | 0.2592 | 0.3556 | −1.0104* | −1.2038** | −0.1565 | 0.2824 | −0.4506 |
| | (0.480) | (0.566) | (0.425) | (0.465) | (0.544) | (0.552) | (0.429) | (0.363) | (0.348) |
| *Economy Domain Dummy* | −0.2998 | −1.3452** | 0.1405 | −0.2374 | −1.4651** | −2.2602*** | −0.9404*** | −0.0750 | −0.4508 |
| | (0.421) | (0.579) | (0.408) | (0.398) | (0.605) | (0.683) | (0.328) | (0.302) | (0.277) |
| *Welfare and Quality of Life Domain Dummy* | 0.3385 | −0.0668 | 0.5670 | 0.1628 | −0.1546 | −0.9221 | 0.1905 | 0.3080 | −0.5917* |
| | (0.441) | (0.535) | (0.546) | (0.401) | (0.533) | (0.594) | (0.438) | (0.379) | (0.338) |
| *Fabric of Society Domain Dummy* | −0.6413 | −1.9434*** | 0.7297 | −0.5583 | −2.1428*** | −2.7974*** | −0.2974 | 0.4732 | −0.7072** |
| | (0.560) | (0.690) | (0.484) | (0.525) | (0.756) | (0.852) | (0.411) | (0.342) | (0.331) |
| *Selection Coefficient* | 1.3705** | 3.4485*** | −1.8796*** | 1.5026** | 3.7586*** | 4.3654*** | | | |
| | (0.688) | (0.979) | (0.377) | (0.585) | (1.216) | (1.158) | | | |
| Constant | −1.7472** | −3.5756*** | 1.4492** | −2.2007*** | −3.8599*** | −5.5829*** | −1.7427*** | −1.8504*** | −1.1256*** |
| | (0.862) | (1.044) | (0.630) | (0.780) | (1.344) | (1.605) | (0.518) | (0.379) | (0.344) |
| Observations | 392 | 392 | 392 | 392 | 392 | 392 | 392 | 392 | 392 |
| *R*-squared | 0.406 | 0.445 | 0.374 | 0.381 | 0.439 | 0.335 | | | |
| $Chi^2$ | 300.5 | 333.9 | 248.9 | 277.2 | 356.9 | 262.7 | | | |
| ll | | | | | | | −444.9 | −444.9 | −444.9 |

*Note*. Standard errors in parentheses.
*$p < 0.1$; **$p < 0.05$; ***$p < 0.01$.

**Table 4 Seemingly Unrelated Regression Models for the Element Investments of Political Parties, 1970–1992**

| | Model 10 element investment H3A | Model 11 element investment H3A | Model 12 element investment H3A | Model 13 element investment H3B | Model 14 element investment H3B | Model 15 element investment H3B |
|---|---|---|---|---|---|---|
| Variables | CON | LAB | LIB | CON | LAB | LIB |
| *Neutral Element* (H3A) | 0.7586*** | 0.4636** | 0.1307 | 0.7946*** | 0.6690*** | 0.3827 |
| | (0.192) | (0.229) | (0.247) | (0.217) | (0.209) | (0.334) |
| *Adjacent Identity Element* (H3B) | | | | 0.0224 | 0.4438* | 0.5031 |
| | | | | (0.351) | (0.254) | (0.401) |
| *Investment of Others* | 1.3061*** | 1.7352*** | 2.1431*** | 1.3043*** | 1.7436*** | 2.1403*** |
| | (0.243) | (0.307) | (0.399) | (0.240) | (0.308) | (0.403) |
| *Identity Element* | 2.8354*** | 2.7053*** | 2.4637*** | 2.9118*** | 2.9119*** | 2.6098*** |
| | (0.481) | (0.531) | (0.616) | (0.527) | (0.532) | (0.634) |
| *Previous Investments* | 0.3653*** | 0.3381*** | 0.0844 | 0.3631*** | 0.3155*** | 0.0909 |
| | (0.082) | (0.076) | (0.091) | (0.083) | (0.076) | (0.092) |
| *Manifesto Length* | 0.0000* | 0.0000** | 0.0001 | 0.0000* | 0.0000** | 0.0001 |
| | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) | (0.000) |
| *Election Loss* | 0.0009 | −0.0476 | −0.0612 | 0.0016 | −0.0418 | −0.0620 |
| | (0.162) | (0.082) | (0.107) | (0.162) | (0.082) | (0.106) |
| *External Relations Domain Dummy* | −0.3289 | −0.8333* | −1.4107*** | −0.3242 | −0.8291 | −1.3577*** |
| | (0.356) | (0.506) | (0.509) | (0.364) | (0.505) | (0.513) |
| *Freedom and Democracy Domain Dummy* | −0.7276 | −1.2793* | −0.3303 | −0.7459 | −1.3550** | −0.1458 |
| | (0.486) | (0.668) | (0.812) | (0.535) | (0.682) | (0.837) |
| *Political System Domain Dummy* | 0.4041 | −0.8031 | −0.8337 | 0.3952 | −0.8216 | −0.7159 |
| | (0.469) | (0.551) | (0.547) | (0.484) | (0.551) | (0.559) |
| *Economy Domain Dummy* | −0.1007 | −1.1729** | −1.5080** | −0.1001 | −1.1568** | −1.4775** |
| | (0.429) | (0.574) | (0.596) | (0.429) | (0.573) | (0.599) |
| *Welfare and Quality of Life Domain Dummy* | 0.2186 | 0.0745 | −0.5288 | 0.2213 | 0.0916 | −0.5005 |
| | (0.415) | (0.533) | (0.627) | (0.415) | (0.529) | (0.639) |
| *Fabric of Society Domain Dummy* | −0.4059 | −1.6392** | −1.7541** | −0.4264 | −1.6575** | −1.5647** |
| | (0.568) | (0.677) | (0.717) | (0.601) | (0.679) | (0.729) |
| *Selection coefficient* | 2.1037*** | 3.3877*** | 2.6995*** | 2.0861*** | 3.3368*** | 2.6949*** |
| | (0.600) | (0.849) | (0.797) | (0.603) | (0.853) | (0.801) |
| Constant | −3.7411*** | −3.9935*** | −3.5477*** | −3.7546*** | −4.1169*** | −3.8569*** |
| | (0.751) | (0.944) | (1.079) | (0.763) | (0.947) | (1.128) |
| Observations | 392 | 392 | 392 | 392 | 392 | 392 |
| *R*-squared | 0.384 | 0.439 | 0.331 | 0.385 | 0.440 | 0.334 |
| $Chi^2$ | 301.7 | 370.9 | 258.7 | 305.3 | 373.3 | 261.4 |

*Note.* Standard errors in parentheses.
*$p < 0.1$; **$p < 0.05$; ***$p < 0.01$.

Model 4). The Labour Party, instead, did not exhibit a pronounced effort to invest more on challenged identity elements than on nonidentity elements as shown in Model 5. The Liberal Party, in contrast, invested less in their own identity elements as compared to nonidentity elements when others invested there, in reality scuttling their identity position when under attack (see Model 6).

Turning to reformation strategies, we again observe some differences between the parties. Distinguishing between the elements that were *selected* (H2, Models 7–9) and those that were *invested in* (H3A and H3B, Models 10–15 of Table 4) reveals that our theoretical arguments hold fully true for the Labour Party, but less so for the Conservatives, and even less so for the Liberals. The Liberals engaged in borrowing with no discernable systematic preference for any particular types of issue to be added to their identity claims. This may not be so surprising given their historically less sharp identity (see further our discussion and conclusions). The Conservatives instead appear to have only one coarse-grained distinction when investing, namely whether or not an element belonged to their established identity (Model 13 in Table 4). This is an unexpected finding, especially in conjunction with the propensity of this party to invest more on their identity elements. This finding suggests that well-performing parties were more ready to take the risk of trying to appropriate elements from competing identities (cf. Sherman and Cohen 2002). History tells us that even Tony Blair eventually took this route with Labour, although before him this party was mostly

concerned with neutralizing the claims of others on its established identity and therefore viewing the decline of political ideologies largely as a threat. In the concluding section of the paper, we elaborate on how our findings relate to current developments in British politics.

## Discussion and Conclusions

We explore how political parties, when the institution of political ideologies diminished in stature, attempted to preserve their distinctiveness while changing their identities. By adopting an interorganizational perspective and focusing on identity claims of British political parties as revealed by their electoral manifestos, we show that the parties tried to preserve their distinctiveness through the use of strategies of identity affirmation and reformation; the former to protect their identity distinctiveness from transgressions by other parties and the latter to enable inroads into the identity space of competitors as well as expansion into more neutral areas of engagement. These strategies consisted of both ceremonial borrowing as well as more substantial investments, mostly directed at gradual identity change. Although British elections and political parties serve as the empirical setting of the study, we believe that the results regarding the identity dynamics of parties are generalizable to other settings and contribute to the existing literatures in several ways.

First, our findings contribute to the literature on organizational identity by bridging the micro–macro/internal–external divide that pervades much of the existing work (Elsbach and Kramer 1996, Ravasi and Schultz 2006, Ashforth et al. 2011). While micro-level studies examined the internal aspects of identity change and conceived the process of change as essentially incremental and inward looking (Gioia et al. 2013, Nag et al. 2007), macro-level studies focused on the external dimension of identity change—including questions of positioning, distinctiveness, and interorganizational influences (Negro et al. 2011, Tang and Wezel 2015). We considered both these aspects of identity change together and showed that the claims that organizations make to change their identities are not only the result of internal requirements and readjustments, but are also responses to the claims of competitor organizations—both to safeguard distinctiveness and to explore identity change and expansion. Such repositioning in relation to other organizations is, however, filtered through an existing identity and by concerns for identity continuity. Thus, distinctiveness matters along with concerns of identity coherence in guiding processes of change. Although this is a conclusion in the spirit of the original statement of Albert and Whetten (1985), our findings highlight the need to be attentive to both internal and external aspects of organizational identity change. An aspect that has been largely missing from identity literature to date is the competitive environment of organizations and how identity shapes, in addition to being shaped by, its competitive relationships. Given that competitive relationships are an increasingly important context for organizations of all forms in current society, there is a clear need to engage further with its implications for organization theory.

Although the question regarding the need to balance difference and similarity across identities has been addressed in the literature on optimal distinctiveness primarily in social contexts (Brewer 1991), its application to organizations and, especially, via a competitive perspective is important because it suggests a dynamic and relational aspect to concerns of identity distinctiveness and stability. The question of optimal distinctiveness can be phrased in terms of being sufficiently similar to be part of a selection set but different enough to be selected within that set (Zuckerman 1999). A competition perspective adds to this insight that for every identity adjustment toward similarity or distinctiveness from an optimal distinctiveness perspective, there may be corresponding adjustment from a competitor—which will alter the yardstick against which the original action for similarity or difference was motivated (Chen and Miller 2012). From this viewpoint, optimal distinctiveness for an organization is not only a matter of similarity with other organizations but also a matter of how that similarity is perceived by the focal organization. As our disaggregated analyses suggest, the different parties perceived questions of distinctiveness differently, and the strategies they emphasized to establish distinctiveness also varied depending on their evaluations of how the competitive situation would unfold for each of them. Though the search for distinctiveness varied among parties, two central tenets of optimal distinctiveness (Brewer 1991) were confirmed by our analyses. First, although distinctiveness requires constant adjustment, the search for optimality implies the refusal of identities perceived as too different. Second, the search for optimal distinctiveness is context specific and anchored to frames of reference that are heterogeneous among market participants.

We have also engaged with the discussion about identity claims and symbolic adoption of identity elements (Elsbach and Sutton 1992) and offered evidence regarding how parties addressed questions of identity change both through substantive efforts at change and through symbolic moves targeted at expansion without friction. Moreover, in distinguishing between possible new identity elements on the basis of their compatibility with the existing identity of a focal organization, we suggest a way forward in the systematic analysis of the use of symbolic and substantive identity change efforts of organizations. In an analogous manner to the work by Fiss and colleagues (Ansari et al. 2010, Fiss et al. 2012), we argue that symbolic adoption of identity elements may be used strategically by organizations to alter and expand their identity claims in ways that are both sensitive to

their existing identities and challenging competitor organizations. Here, again, the perspective of competition is useful because it suggests that symbolic adoption may not only be "window dressing" for an external audience but also can be useful for an organization to claim an issue as the basis of mutual forbearance that, eventually, helps in protecting the core identity of the organization against competitive intrusion. Again, the heterogeneity of our findings at party level—where primarily the Labour party seems to have been very sensitive to the composition of new elements and the Liberal Democrats less so—suggests that there is need of further work on the relationship between identities, symbolic change, and competitive dynamics of organizations.

Second, our study suggests some important insights for competitive rivalry literature as well. This literature has demonstrated that mutual forbearance is likely to occur among competitors in repeated interaction (for a review see Yu and Cannella 2013). Our findings add an interesting identity layer to this discussion, in that interactions among organizations in competitive markets are filtered by concerns of identity distinctiveness. Indeed, organizations may be willing to engage in head-to-head competition when it is required to defend their identities (Livengood and Reger 2010). The retaliation of political parties through *countering* and *neutralizing* the claims of competitors occurred on political issues that were considered as core to their established identity. A close look at reformation strategies reveals, however, that distinctiveness concerns influenced the investment decisions of organizations in a way similar to mutual forbearance. A kind of mutual forbearance was thus observed in the effort to protect identity distinctiveness and not only for the sake of defending individual markets per se (see Livengood and Reger 2010). In addition to what competition literature suggests, we find that when dealing with identity-based competition, parties used a range of actions—from substantial to symbolic identity claims. This suggests that when theorizing competitive dynamics (Miller and Chen 1994, Chen and Miller 2012), we also need to consider, alongside the dichotomous action–reaction dyadic response set, additional dimensions of competitive rivalry that include symbolic acts as well.

Third, our theorizing and findings have bearing on the literature on party competition in political science. To begin with, our findings inform us about the larger shifts in the relationship between voters and parties that coincided with the weakening of the institution of party ideology. Three stylized facts from the last four decades are worth highlighting: first, voter preferences became less polarized from the mid-1970s; second, political parties were surprisingly slow in responding to this; and, third, voter turnout remained relatively stable during the period covered by our study and started to collapse only later (UK Political Info 2015). While a Downs (1957) model of party competition would have predicted a convergence towards the median voter as ideological shackles were loosened, the actions by parties often deviated from this prediction (Iversen 1994). Our study illustrates that an identity approach can enrich our understanding of these dynamics. In particular, it shows that identity concerns—both continuity and concerns about distinctiveness—were a predominant factor in the identity-change strategies of political parties and that these could also explain why parties were slower than the voters to converge ideologically (Green 2007). The slowness of political parties was strategic and was also geared toward attracting voters who would expect to see distinctiveness among the parties to be motivated and to turn out to vote. Although parties managed to preserve their distinctiveness until the late 1980s, British politics later witnessed an increased dilution of party identities and the consequential rise in indifference among voters. Our considerations regarding voter apathy appear supported by recent work of political scientists (Green 2015), and they further confirm that identities, when sufficiently distinct, represent fundamental anchors for the judgment and decisions of boundedly rational audience members (Hannan et al. 2007, Albert and Whetten 1985) confronted with uncertainty (Downs 1957). While winner-takes-all proponents promote convergence among parties to grant governability, policy makers should be attentive to the costs of convergence and, in particular, to the resulting indifference of voters as the perceived choice set is narrowed by an increased party similarity.

An organizational identity approach (Hannan et al. 2007, Albert and Whetten 1985) to politics not only sheds light on the reduced attention obtained by parties that fail to appear distinctive to voters but also helps to explain the success obtained by the Liberal Party during our window of observation. Contrary to the widely held expectation that the ideological convergence of the two major parties would squeeze out the Liberals (Clarke 2009, Wright 2003), this party instead became more successful. Our party-level analyses suggest that the identity maintenance strategies of organizations may have a role in this. The two major parties, marked by sharper identities, had to expend greater effort to preserve their existing identity than the Liberals. However, the thus-far less-appealing and blurred identity of the Liberals turned out to be an advantage during the ideological waning because it allowed the party to borrow political issues from both of the other parties and emerge as relatively more credible in centrist position to the increasingly ideologically convergent voters (i.e., the sharper identities of other parties reduced benefits from such borrowing). The alliance with the Social Democrats that eventually transformed the Liberals into the Liberal Democrats, backed up by borrowings of various Labour issues, provided a clearer identity to the party and helped in this

process. Not surprisingly, and in full alignment with our propositions, the 2010 coalition with the Conservative Party and the increasing shift towards more conservative and therefore less identity-coherent positions was met both with skepticism and limited electoral success (Watson 2010).

Two possible limitations of this study are worth mentioning. We regard each of them as a fruitful avenue of development of our work. The most evident is directly related to our last paragraph, where we discuss the continuing nature of the identity change of political parties: this paper remains agnostic about whether the identity changes observed are settled or instead if party competition is still in considerable flux. Even though there are discussions of a new form of politics based on performance and competence on individual political issues called "performance politics" (Clarke 2009), the likely materials and contours for a new form of distinctiveness elaboration and identity creation for the parties are not yet established. Thus, more research is needed to find out how identity competition among the parties is still evolving, its consequences for the voters, and also its role in the emergence of the new forms of politics. A second limitation is the degree to which we have imputed to parties the capacity to strategize and shape their behavior accordingly. In many other instances, the space of maneuverability of organizations can be substantially limited. The institutional context described here should be considered somehow peculiar: the relative ease of maneuverability of parties, at least in terms of their identity claims and of the limited resources required for repositioning, may not be applicable, for instance, to manufacturing firms or to other institutional settings. Future research involving other types of organizations could prove the generalizability of our claims and provide valuable insights into other factors that are responsible for the ability of organizations to perceive, become motivated by, and react to the stimuli received from their competitive environments.

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## Endnotes

[1]We considered the traditionally used ideological grouping of issue positions to define our coding.

[2]The addition of election-specific dummy variables does not alter the results regarding the test of our hypotheses because only the test of the baseline hypothesis fails to reach statistical significance. Party-specific dummies are sufficient to test our arguments about party-specific changes over time, and the addition of time dummies to the models will be more geared toward investigating across-party, within-election dynamics. Notice also that we already accounted for the correlation across party moves up to via the use of panel-corrected regression.

[3]A further methodological concern regards the possible simultaneity bias that may affect our estimates. We re-estimated the main models via GMM and instrumented the "Investment of others" variable by using its lagged measure and a dummy variable that flags the second election of 1974. This election is unique because it took place a few months after the previous one and the reciprocal scrutiny among parties was at its height. GMM produces estimates more efficient than 2SLS also in presence of heteroskedasticity and arbitrary autocorrelation (in our case set to two periods). The ivreg2 routine in Stata with a Tent kernel was used for this HAC covariance estimation. The results obtained (available on request) are largely consistent with those reported in Table 2.

[4]The coefficient estimates of *Adjacent Identity Element* and *Identity Neutral Element* in Model 5 are not statistically different according to the estimates of Model 5 ($p > 0.10$). Upon adding the election dummies to our models, however, a significant coefficient difference is observed ($\text{Chi}^2 = 3.25$, $p < 0.10$).

[5]To estimate the party-level equations, we need to take into account the correlation across the error terms of the equations. We used Zellner's seemingly unrelated regressions (Zellner 1962) for the testing of H1, H3A, and H3B, and a multivariate probit model (Cappellari and Jenkins 2003) for the test of H2. The *sureg* and *mvprobit* commands in Stata were used to obtain the estimates.

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