# STRATEGIC DECISION MAKING IN THE ARTS: TOPICS AND PROCESSES

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## Abstract

Managers in arts organizations making strategic decisions face many of the same factors as their counterparts in other industries. Added to concerns about expenditures, personnel and performance, aesthetic concerns often play an important role in such decisions. In this paper we compare a strategic decision from each of four arts institutions with models of strategic decision making taken from the literature. While the decisions do, in general, conform to the theoretical models, aesthetic considerations do play an important role in both the content and process of strategic decisions.

# STRATEGIC DECISION MAKING IN THE ARTS: TOPICS AND PROCESSES

## INTRODUCTION

Those who wish to study the arts industry as a distinct group of organizations are faced with two limitations both of which may also be interpreted as opportunities. First, relatively few management theories have been systematically applied to investigate either the arts industry or specific organizations within it (for an interesting exception see DiMaggio and Stenberg, 1985). Even when managerial concepts are employed they are often interpreted quite differently than when they are used to analyse other types of organizations. For example, entrepreneurship in the arts industry frequently involves mounting new and innovative exhibitions. Marketing is often cast largely as fund-raising. Leadership roles are more often imputed to organizations than individuals. These contrasts occur because the majority of the writing concerning arts organizations is done by arts professionals rather than researchers from management areas.

The second limitation concerns arts bodies as organizations. Most arts organizations face the same managerial problems that all businesses face. They must offer a product or service that the consumer will purchase either directly or through some type of subvention. They must finance their operations, hire and train personnel, keep records, market their product, file tax reports and devise effective strategies. Recently there has been increasing pressure on arts organizations to become more professional in their managerial activities to satisfy funding agencies and individual donors (Sicca and Zan, 2005). At the same time all arts organizations have an additional set of success criteria based on aesthetic concerns which managers must consider. If a theatre presents profitable but hackneyed stage shows it is almost certain to receive criticism from various stakeholders. If it produces an innovative, provocative drama critical acclaim may well be accompanied by financial stress. The effect of this dual rationality on the management of arts organizations raises a set of issues which have gone largely unexplored.

The lack of systematic studies into the managerial functions of arts organizations offers considerable scope for researchers who wish to understand how such institutions operate. This is not simply a matter of applying current managerial theories to an industry with particular characteristics; there are also important theoretical issues which may be illuminated through this work. Despite advances in recent years, most organizational research still adheres to a basically rational framework. There is seldom room for the role of intuition or other, less quantitative methods of making managerial judgements although their importance in actual decision making has long been acknowledged. The arts industry provides a milieu in which these processes can be surfaced and the tension between them evaluated. The findings emanating from such work may have applications not just for other industries but for other cultures which rely less on quantifiable data and more on personal interpretation and past experience.

One of the key functions in any organization, especially organizations in turbulent or uncertain environments, is developing an effective strategy. The process by which such decisions are made has attracted considerable attention from scholars stemming both from a need to identify the factors that affect it and the desire to improve outcomes (Elbanna, 2006). This paper contains a preliminary report from a study of arts organizations in Canada and Australia. When complete the project will include data from twenty organizations in each country ranging from small community-based groups to large government-funded institutions. The completed study will provide data on a number of managerial functions, but this paper is limited to a discussion of strategic decision making processes. In this paper we are specifically concerned with understanding whether the particular nature of arts organizations has a direct effect on strategic decision making. If artistic and aesthetic factors significantly influence the strategic decision making process, then the imposition of more managerialist models may be difficult and even counterproductive.

The purpose of this paper is to compare four instances of strategic decision making in arts organizations with existing process models.  We wish to ascertain first, whether these models adequately describe the strategic decision making process in arts organizations.  Second, we wish to understand the role that aesthetic considerations play in this process.  Do they enter into strategic decisions and, if so, how important are they compared to other factors.  This is, obviously, an exploratory paper both in the sense that the number of cases is small and the field relatively unexplored.  At the end of the paper we will draw some inferences from this analysis to frame theories for the large sample now being gathered.


## STRATEGIC DECISION MAKING IN ARTS ORGANIZATIONS

One of the key functions of organizational leaders is to set long-term goals.   Studies of strategic decision making have revealed numerous versions of the decision making process which depend both on internal factors and the organization's context (Hickson, et al., 1986; Eisenhardt and Zbaraki, 1992).   Thus the role that leaders play in arriving at strategic directions is under their control to the extent that they can manage internal structure and procedures.  Since the aim of a strategic decision is to position the organization relative to its environment, those factors, which are largely beyond control, will play a large part in shaping not only the decision but also the process by which it is taken.  For example, turbulent, fast-changing environments demand equally rapid decision processes focused on a small number of participants (Eisenhardt, 1989).

While there is some controversy over what makes a decision strategic, most authors agree that they are large scale (relative to the organization), involve a certain amount of risk and have long-term consequences (Papadakis and Barwise (1998: 2-3).  Such decisions, since they are novel, often have no precedents and thus require decision makers to devise new processes (Hickson, et al., 1986: 28).  Given their novelty, they may also involve considerable organizational learning (Papadakis and Barwise (1998: 3-4).  To some extent the identification of a strategic decision depends on the perceptions of those who make it.  If managers believe that a decision topic carries considerable significance they will invoke appropriate measures even though outside observers may see the decision as routine or trivial.

In the remainder of this section we will briefly consider four models of strategic decision making.  Each of these strands of theorizing about strategic decisions has a number of versions.  Given space constraints we have outlined the most common features of each model without exploring the number of versions that have been offered in the literature.  In any case, the distinction between the four cases is deep enough to make allocation among the categories reasonably clear.

### Rational Models

Rational models of decision making posit a set of higher level goals toward which the organization must advance.  Subsidiary targets are chosen, criteria developed and benchmarks for charting progress are established.  Once the higher level goals are in place, the decision making process consists largely of ranking various options often through some type of scoring system.  The strategic option which achieves the highest score on the designated criteria or which maximizes a particular function is selected and implemented.  The key to success in the rational mode is ensuring that the proper criteria are selected and given appropriate weights.  This approach is most appropriate in situations familiar to decision makers where the criteria remain stable over time (Dean and Starfman, 1992).  The identifying features of a rational process include clear goals, multiple options and specific choice criteria.

Application of the rational model to arts organizations appears problematic largely due to the type of strategic decisions that must be made.  Beginning with the overall mission of the organization, artistic and aesthetic concerns impinge on both the goals to be achieved and the options available.  The bases for artistic judgements are notoriously difficult to articulate much less reduce to quantitative measures.  Even if such a rational system of artistic judgement could be developed, it

seems unlikely that many of those involved in the arts would be willing to accept outcomes determined in such a manner.

Given the lack of congruence between rational models and artistic judgement, it is somewhat ironic that the managerialist procedures being adopted by many arts organizations are predicated on a rationalist approach (Palmer, 1998).  Certainly the rhetoric of managerialism emphasizes efficiency and adherence to strict budgets, hallmarks of the rationalist approach to management.  Nevertheless, the outcomes are constrained by the nature of the industry.  Sicca and Zan (2005) report on the difficulties that Italian state bodies encountered in implementing a rationalist model of funding for opera companies.  While an elaborate funding formula was developed, the Music Commission found itself unable to produce a scheme for rewarding quality, one of the main aims of the initial reform.  The application of the rationalist approach in implementing a strategic decision collided with the artistic concerns of managers in the field, as well as the notorious political contests among Italian arts organizations.

An interesting application of the rational model to arts organizations has been developed by Krug and Weinberg (2005).  They propose three criteria or dimensions on which organizations can measure programs.  These are contribution to the mission of the organization, financial contribution and what they term "contribution to merit" or the quality of the program (Krug and Weinberg, 2005: 329).  Their system highlights trade-offs between competing initiatives along the three axes which leads less to the choice of a single option and more to a portfolio of programs that will produce an optimum outcome.  Since the application is driven by evaluations solicited from individuals within the organization there is a certain political element here, but the logic of the system remains steadfastly rational.

**Decision Making as a Political Exercise**

Where the rationalist model tends to ignore the competing interests of actors, the political model sees the decision arena as populated with individuals and groups pursuing their own agendas.  In this view strategic decision making involves coalition building, negotiation and trade-offs among competing goals.  While the rhetoric of maximizing outcomes for the organization as a whole may persist, each group attempts to have its own priorities adopted.  Typically this involves arguing that their particular ideas are best for the organization.  In the long run a political approach to influencing strategic decision making involves moving key members of groups or coalitions into positions of power and influence.  One of the early descriptions of political decision making in organizations emphasizes the control of information and communication as a means of influencing the decision process (Pettigrew, 1973).

The agendas of interested groups may be based on a variety of considerations ranging from personal prestige to ideological purity (Schwenk, 1988: 51-63).  This has several implications.  First, political decision making often turns on the choice of criteria rather than the evaluation of options.  One of the most common political splits within organizations is among functional units.  Strategic decisions typically have implications for all parts of the organization with each area assessing benefits and costs from their own perspective.  If one group is successful in imposing its own specific criteria, for example, the cost of the project or its impact on the image of the organization, then not only is their solution favored but also other possibilities may not even be considered.

The diversity of groups also increases the likelihood that other criteria, including those not directly linked to the main issue, will impact on the decision process (Hickson, et al., 1986: 167-68).  For example, the question of mounting an innovative program may be judged by groups not on its benefit to the organization but on who will receive credit for any success.  Political decision making also includes a dynamic element since negotiation and coalition building is a continuous process which will shift depending on the issues in question.  Thus the issues on the agenda may not be dictated by the environmental context but by the aims of the groups involved.  This involves not only the selection of the issues to be discussed but also the way that they are framed.  Falling

attendance can be interpreted either as requiring tighter control on expenditures or the need to offer more attractive programming. Control over the agenda takes on greater significance when decisions are overtly political.

Politicizing the decision process may have negative effects, especially when the concerns of some groups are not seen as legitimate (Eisenhardt and Bourgeois, 1988). This stance not only alienates some members of the organization, it also means that important decision criteria are ignored simply because they do not favour those who dominate the decision process. In extreme cases, the intrusion of political considerations may paralyze decision making if groups are too divided to negotiate. The organization thus lacks direction and may become too fragmented to operate effectively. While most observers agree that highly political organizations are less effective, some authors maintain that most political activity is benign, even beneficial (Dean and Sharfman, 1992).

The political version of the strategic decision making process is characterized by activities of multiple stakeholder groups in the decision arena. Their presence invokes various, often conflicting, criteria which are assigned different weights by the groups involved. The decision is generally made through coalition building and negotiation where power and influence are at least as important as evaluation on the criteria.

The political model of strategic decision making has some applicability to arts organizations given the diversity of interests they normally embody. We can expect the political element to be more noticeable in arts organizations that are older, that are larger and that encompass more diverse programs. As organizations age they typically move away from the central vision of the founder. Other members, especially those recruited from outside, bring their own interpretation of the mission, creating contrasting views. When organizations grow there is less direct communication among members. Only those within subunits or doing similar tasks regularly exchange views. Under these circumstances it is natural that opinions diverge and that some groups are defined as either alien or inimical. Growth also contributes to diversity by adding new functions or programs with much the same effect. In arts organizations the existence of artistic versus operational units will naturally provide the potential for political division. Where these units overlap, as in small, young organizations, that potential will be limited. As they expand and diversify it will become more pronounced.

**Big Decisions a Little at a Time: Incremental Decision Making**

Both the rational and political models of strategic decision making processes are normally applied to major issues, those that involve important changes in direction for the organization. The decision topic is afforded considerable attention because the outcome is likely to have significant long-term effects on the organization's well-being. In studying the decision making behaviour of large institutions, however, it appeared that at least some organizations seldom took such large steps. Rather they shifted their strategies through a series of small steps which gradually increased their commitment to a specific course of action (Johnson: 31-35). This approach to strategy formulation, called incrementalism, was first observed in large government bureaus but has also been observed in commercial organizations.

An incremental approach to strategic decision making has several distinct advantages, the most important of which lies in the commitment of resources. When strategic moves are implemented slowly, only limited resources are allocated. If the outcome of the change is negative or if the organizational context shifts, a new direction may be adopted with few serious consequences (Hickson, et al., 1986: 99-100). This approach also implies that more than one version of a strategic change may be trialed at the same time. For example, in a theatre several different types of innovative programming could be offered before settling on the one or two that would underpin a new strategic direction. The incremental approach thus provides a form of insurance since failure at any particular stage will cause only minimal disruption in the organization's operations.

While the incremental approach allows stepwise implementation of strategic decisions, the slow pace this requires may have some negative effects. Most organizational environments have become more dynamic and less predictable over time. Making and implementing strategic decisions through a series of limited initiatives may leave the organization forever trying to catch up with new developments. There is always the temptation to refine new programs endlessly before committing to them fully. This imposes constraints on the organization as a whole and may affect employees at the individual and unit levels. Those at lower levels in the organization often interpret small steps by upper management as a lack of commitment to a particular course of action. These employees would then hesitate to make an emotional commitment to any new goals or processes. This tendency will be especially pronounced if some initiatives have been rescinded in the past. Finally, the lack of a decisive strategic direction may frustrate or confuse external stakeholders who do not understand the underlying logic of incremental moves.

The defining characteristic of the incremental approach is the small steps by which strategy emerges. In the classic case of incrementalism strategy is build up from these small decisions. One can also envision a case where an overall goal, likely one that is less specific, has been selected, but the moves toward this end consist of trial and error implementation. In either case, the fact that the consequences of each decision are limited and that most are reversible, identify the process as incremental.

**The Garbage Can: Strategy as a Pattern in Random Events**

A number of writers in the area have found rational and political models of the strategic decision process too deterministic. They observed that strategic decision making was often initiated and influenced by unexpected changes in the organization or its environment. Internally the political processes that accompany strategic decisions are complicated by multiple agendas and complex, shifting alliances. Organizations containing a number of loosely coupled units without clear hierarchical strata are especially prone to adopting strategies which have no clear connection to past efforts or even, in some cases, to the problems they are purported to address.

In this process the arena for strategic decision making is conceptualized as a garbage can containing four elements, problems, solutions, participants and choice opportunities (Cohen, et al., 1972; Das and Teng, 1999). When an event occurs to spark a decision opportunity, then existing problems and solutions are linked. This view of strategic decision making contrasts with those discussed above in that solutions are seen to exist before the problem is recognized or highlighted. For example, the director of a gallery may wish to add a space for experimental art. This solution may be attached to a number of problems, for example, falling attendance, criticisms of the gallery's programs, or dissatisfaction by younger artists. The link between problem and solution can be generated by political coalitions (who may choose to promote a crisis in order to impose a solution), bureaucratic rules or simple chance. Most analyses utilizing this model have focused on the political elements involved. It differs from the political approach in that strategic decisions are reactions to random events rather than a logical expression of specific agendas.

Garbage can decisions can be identified through two key attributes. The first is found in their random nature. These decisions are initiated not by any emergent need, nor through planning. Rather they occur because some event allows previously existing elements to coalesce into a decision to take action. This decision process itself need not be random; the emergence of the final decision may be orchestrated by an interested individual or group. This leads to the second attribute. The elements of the decision, the problem, the solution, and the participants, all exist before the process is initiated. Unlike the rational process where criteria and options are generated or the political approach where coalitions are formed and deals struck, the key elements of the garbage can process exist prior to decision initiation.

The characteristics of the four approaches to strategic decision making are summarized in Table 1.

**Table 1: Approaches to strategic decision making**

| Approach to strategic decision making | Characteristics | Strengths | Weaknesses | Applicability to arts organizations |
|---|---|---|---|---|
| **Rational** | Clear delineation of problem; multiple options; clear criteria for choice | Process is stable, clear and transparent | Process may become inflexible; tends to ignore sectoral interests | Applicable to more bureaucratic organizations |
| **Political** | Contrasting goals among stakeholders; decision made through negotiation and coalition-building | All interested parties participate; surfaces interests and agendas | May lead to over politicization of decision processes | Exists in all organizations; seldom optimal as a dominant form |
| **Incremental** | Moves through several small steps; strategy emerges gradually | Allows multiple initiatives; provides for small gains | Slow; may confuse organizational members | Useful for organizations with multiple programs |
| **Garbage can** | Sparked by unforseen events; all elements of the decision already exist | Takes advantage of existing solutions | No coherent strategy emerges | Fits with "organized anarchy" nature of many arts organizations |

Most organizations, once they grow sufficiently to have a fixed, multi-level structure, will partake of all four types of strategic decision making processes. There are very few strategic decisions that do not have some political element. It would also be unusual to observe a strategic decision process which was entirely rational or completely followed the random path of the garbage can. Most organizations, however, utilize processes that are dominated by one of these approaches. These practices become embedded in the organization's determining how participants perceive the forces shaping their strategic destiny. If organizational members believe that process is political, they will employ coalitions to promote their interests. An organization that normally uses an incremental approach will be unlikely to generate long-term plans. If a leader wishes to alter the mode of strategic decision making, it will involve significant changes in belief as well as behaviour.

## FOUR CASES OF DECISION MAKING

The four cases described below were collected from Canadian arts organizations in late 2005 and early 2006. The size, purpose and general structure of the organizations will be provided as background for each case of decision making. Some details concerning both the organization and the decision will be omitted to comply with the confidentiality agreement under which the data were obtained. These four cases were all collected by the first author. The managers interviewed, all from the top levels of their organizations, were asked to nominate the five most important decisions taken in their organization over the past few years. One of these was selected for more detailed discussion and analysis. In all four of the decisions described below the respondent was involved in the process although sometimes not as one of the central decision makers.

**Sharing the Wealth**

This decision occurred in a large, government-funded art museum which we will call the Repository. The Repository holds a considerable and varied collection of art objects for both display and study. The museum prides itself on its professional approach to the technical aspects of conservation as well as its contribution to academic studies. Since the organization is funded mainly through the government budget, a bureaucratic structure reflecting the general approach of the Canadian civil service provides administrative guidance. Final approval for major decisions rests with a government appointed Board of Directors. While the Repository has encountered some of the normal controversies surrounding the purchase and display of innovative art, in general it has a good reputation among the local population, that is, when it is visible at all.

In Canada, as in many other countries, local and regional museums struggle to attract the public and, consequently, with finding funding. Some are associated with provinces or municipalities while others are strictly private. The Director of the Repository decided to assist these sister institutions by assembling attractive exhibitions, largely from the museum's own resources, and lending them to various venues across Canada. As the Repository underwrote most of the expenses of these shows, specifically logistics and insurance, the participating organizations were able to realize financial gains far beyond what they could normally generate.

While a number of the concerned parties supported this initiative, there was some opposition. Curators worried that moving works around the country involved risks that they would rather not incur. In addition, while the works were travelling they were not available to visitors to the Repository itself which might damage its own efforts to increase attendance. Even those items which were normally not on public display at the Repository might be sought by researchers who would have to await their return. The issue which provoked the most dissent was the program's impact of the Repository's own resources. Since the museum was underwriting the costs funds were effectively being transferred from its own budget to those of the local museums. This occurred at a time when the institution's own funding was considered inadequate by many of its managers. After some discussion the Board approved the program which, at least in its initial stages, proved to be highly successful.

A discussion of the decision revealed that it had been reached through a political process. The Director, who initiated both the idea and the process, wished to accomplish two goals with the new program. One was to support local museums thus making them allies of the Repository. The second was to evoke greater political support for the museum as a whole. Since the vast majority of the Repository's budget came from the federal government, the only way to gain increased funds was to convince enough lawmakers or those with influence on them, that the museum should receive a higher priority in budget discussions. Given the number of competing claims this was a daunting task. By involving the Board, which is made up of government appointees from around the country, the Director wished to demonstrate the importance of the museum to all of Canada. With the local allies he recruited, he was able to convey his message both at the normal political level within the government and in the further reaches of the country where the effects of the program could be seen. The process was political in that the Director had to gain support and disarm or overcome opposition to his plan. It was also overtly political in its aims, which, while not a defining characteristic of the political model, is a frequent result.

In this decision the tension between aesthetic and managerial rationales surfaced in the professional concerns of the curators in the museum. Most recognized that expanding the profile of the Repository was desirable but some feared that the program, especially if it was to become a permanent part of the museum's policy, might endanger the integrity of the collection. A competing argument based in aesthetic considerations involved exposing larger numbers of people to the collection than would otherwise have access. In the end, the concerns were assuaged or overridden by the political rationale coupled with the desire to make a national resource available to more of the country's people.

**The Educational Program**

When compared with the elaborate bureaucracy of the Repository, the structural infrastructure of the community based orchestra we will call The Players, illustrates the disparity in resources available to arts organizations. The Players has fewer permanent staff than the Repository has security guards. The musicians, while paid for their performance and rehearsal time, are not full-time professionals. Even the Conductor is only able to spend a limited amount of his time working with the orchestra. Despite its limited resources The Players have a reputation for innovative programming and high quality performances. Their subscriber base is large enough to justify booking the largest local auditorium for their performances. They also receive considerable support from the local business community.

Recently the Board of The Players took a decision to expand considerably its program of performances in schools around the area. The initiative for this strategic decision came from the chair of the board. He, like many concerned with arts, was worried by the reluctance of young people to attend concerts offering classical music. Cutbacks in funding to public education in the past decades had reduced the availability of musical training in local schools at both the elementary and secondary levels. At the same time pressure on arts funding had caused many orchestras to cut their programs of youth concerts and school visits. The chair was determined to reverse this trend with the aim of ensuring a continuing audience for The Players and other classical music groups.

In general the Board was sympathetic with the aims of his proposal; its members were just as passionate about the value of the classical music as the chair. There were, however, some objections. To begin with there was the problem of generating adequate financial support for these efforts. Some government funds were available but accessing them required detailed applications with no guarantee of success. Other funds might be raised from various groups but, given The Players' very limited administrative resources, these fund-raising efforts would divert attention from other important issues. Simply putting together the orchestra could also be a problem since virtually all the players had other commitments as students, teachers or employees. Finally, there was also a more general concern that the volume of work inherent in this undertaking might overwhelm the volunteers who did so much of the work for the orchestra. It would also mean a much larger time commitment for the Conductor whose schedule was already quite full.

The main outlines of this strategic decision followed the rational model. The chair had a particular goal he wished to achieve, educating a new generation in the joys of classical music, which prompted him to seek commitment of organizational resources. Since virtually everyone involved was convinced that the object was desirable, the only real discussion focused on its feasibility and cost. As with many community-based arts initiatives, the decision could only be contingent on gaining the required resources but the resolution to proceed if possible was quickly obtained. Aesthetic considerations only entered the decision at a very abstract level embodied in the idea that live classical music offered benefits which should be communicated to younger members of society. Of course, other tactical decisions concerning the programs offered and their presentation which was a consequence of operationalizing the strategic decision would have a strong aesthetic component, but they were consequences rather than a central selection criterion. In terms of overall process the way this decision that was reached did not differ greatly from similar processes in other industries.

**The Season's Program**

One of the key strategic decisions made by many arts organizations concerns programming. In performing ensembles annual programs must be designed to attract and entertain audiences while providing a basis of engagement for the performers. In community-based ensembles such as The Players concert series are generally developed by the Conductor in consultation with a few of the orchestra's principals. For major, professional bodies the process is much more complex, formal and involving. Numerous groups involved with publicity, personnel, logistics and building

operations are affected by programming decisions and may influence the final decision either through establishing parameters or by participating directly.

In some ways the annual program decision for a symphony orchestra we will call, The Professionals was typical. The main negotiations occurred between the Orchestra Manager and the Conductor. Since The Professionals have a reputation for presenting pieces mainly from the classic eighteenth and nineteenth century repertoire, there was some pressure to include more diverse offerings in the coming year's selections. The Conductor resisted this pressure arguing, with some justification, that the audience itself was conservative in its tastes and would not react positively to a program with a heavy twentieth century emphasis. In this he was supported by the marketing department. Since these same concerns had been voiced in previous years, the arguments employed were familiar to both sides.

During the decision process the Orchestra Manager acted as a focal point for input from the various operational groups. He weighed the concerns of the interested parties and conveyed those he considered relevant to the Conductor. His role was important not simply because he was familiar with the various constraints under which the program would be structured but also because he was always available while the Conductor was often away from the city for various obligations. Thus many of the operational issues such as the availability of soloists, booking arrangements for the auditorium, deadlines for publicity campaigns and requirements for rehearsal time were filtered through his office.

In many ways selecting the annual program was a classic rational decision. The objectives, audience acceptance and orchestra performance, were reasonably clear although the former was easier to measure than the latter. Constraints, in terms of time, availability of personnel, cost and previous offerings, could be outlined. This decision differed from normal rational decision making processes in that it had to conform to two rationalities. The first was the normal rationality of supply and demand. The Professionals wanted to put on a program that would attract paying customers both through its character and by pleasing critics who might influence potential patrons. However, there was also a calculus of taste at work in this process. The Conductor made judgements on the works to be included both according to his own preferences (which were known to be quite marked) and his assessment of the orchestra's capabilities and the audience's expectations. Undoubtedly the program was also, to some extent, a statement to other professional musicians about his influence and taste. The final selection reflected both this personal aesthetic and the more mundane calculations which were channelled through the Orchestra Manager.

In many ways this decision exactly reflects the tensions, described earlier in this paper, that we expected to find in arts organizations. What is interesting about this decision is how this tension is resolved both in terms of process and outcome. On this matter, as with many others within the organization, the two rationalities are manifested through two leaders. While the Conductor is the undoubted leader of the organization, he is subject to many mundane considerations which are represented by the Orchestra Manager. Their negotiation over the annual program (and likely in many other similar decisions) consisted of repeated interactions in which the Conductor's preferences and intuitions were subjected to the operational constraints funnelled by other personnel through the Orchestra Manager. In this case the bifurcation of leadership seemed to function well. It allowed the Conductor to pursue his artistic agenda without personally taking account of other constraints. The Orchestra Manager imposed the restraints of both overall strategy and specific requirements. In this way the two were able to craft a solution acceptable to both. It is easy to conceive, however, of a situation in which the existence of two leaders acting on different premises would lead to a situation with high levels of conflict and inconsistent outcomes.

**The Building**

The final strategic decision to be examined was potentially the most significant of the four for the organization involved. This decision differed from the previous three in that it involved a large

number of stakeholders. The focal organization was founded to promote chamber music in its home city. Of late its major efforts had been focused on mounting a major festival of chamber music during the summer. The Chamber Group, as we will call this organization, suffered from a handicap which affected its regular concert season as well as the summer festival. Although there were many venues available around the city, none was really appropriate for the size of audience their offerings normally attracted. There were, of course, many rooms available but few had been designed with acoustics in mind and most were rather old and uncomfortable. None had adequate rehearsal space. The music community in the city had collectively been looking for such a facility for some time.

The unexpected success of the Group's summer festival (it had grown quite rapidly) highlighted again the need for a well-designed building for small to medium sized musical performances. The publicity surrounding the festival had given prominence to both the Chamber Group as a whole and to its dynamic leader. What had been one of several such groups in the city had now assumed a leadership role through its ability to attract internationally recognized groups to play at its events, through the large audiences these ensembles attracted and through the funds the festival generated.

The CEO of the Chamber Group used his heightened profile to suggest that the time had come to begin fund raising for a new building. There were two distinct steps to this process. First, he had to convince the Board of his own organization to back his proposal. Given their new importance in the city's music scene they would have to take the lead in any efforts to generate the necessary funds. After some discussion the Board agreed although some members were afraid the organization was still too small to take on the task. Others were worried that the necessary fund-raising would detract from the organization's main function, mounting the summer festival. In the end the CEO, an energetic and persuasive individual, convinced the Board to support his plan.

To be successful the plan had to gain the support of other arts groups in the city. By itself the Chamber Group could not generate funds either to build or operate the music building. Since the issue had been around for some time, it was not too difficult to gain the cooperation of other arts organizations. The rapid growth of the festival had convinced many of the city's musical activists that the CEO was the one person who might be able to manage this project. An ad hoc group was quickly formed to begin the planning process. Other organizations, particularly governments, still had to be persuaded to join the effort, but the goal of erecting a dedicated building was closer to realization than it had been in the many years it had been discussed.

This was a classic garbage can decision. The topic, constructing a building designed for musical performances, had been discussed in the arts community for at least twenty years. The building offered a solution to a number of problems that faced the city's various musical groups. The opportunity to match the solution to the problem arose with the success of the summer music festival. By increasing the demand for such a venue, by generating revenues which might provide some base funding and by increasing the profile of the CEO so that he had the prestige to convince his Board, other musical groups and, eventually, various government bodies.

## PRELIMINARY CONCLUSIONS AND FURTHER QUESTIONS

While any final conclusions from this research must await further data collection and analysis, the four cases presented above offer three intriguing lines of inquiry which will be pursued as further data is accumulated. First, the four organizations examined, at least in these instances, employed decision making processes similar to those found in other industries. On this evidence there does not appear to be a specific decision making style peculiar to the arts industry. As indicated in Table 2, three of the four strategic decision styles discussed in the theory section appeared in these cases. One of the questions to be addressed in further research is the relative frequency of each type. We will also be interested in the way that the various processes are adapted to decisions in the arts community. In these four decisions, only the annual program decision with its dual

rationality appeared to deviate from normal practice (see Hickson, et al, 1986 for a comparison with a larger, more diverse sample). Examining decisions from the remaining organizations will allow us to say whether this is an anomaly or an indicator of a specific subset of decision processes in arts organizations.

**Table 2: Decisions and decision processes**

| Organization | Decision Topic | Main Participants | Decision Process |
|---|---|---|---|
| Museum | Regional exhibitions | Board, Director of Museum, heads of functional areas | Political |
| Community Orchestra | Expanded educational program | Board, Board President, Conductor | Rational |
| Professional Orchestra | Annual program | Conductor, Orchestra Manager, Marketing Manager | Rational (dual rationality) |
| Chamber Music Group | Raising funds for a new building | Board, CEO, heads of other music organizations | Garbage can |

The second implication to emerge from this preliminary study focuses on the role of aesthetic judgements in strategic decisions. As mentioned above, in only one of the four decisions did purely aesthetic considerations impact directly on the strategic decision making process and its outcome. However, in the other three decisions aesthetic issues shaped the context in which the decision took place. The plan to fund a building grew out of the need to have a venue with proper acoustics as well as more mundane financial concerns. The new educational program reflected the desire to bring the enjoyment of classical music to students who would otherwise miss that opportunity. Even the overtly political decision to help regional museums mount exhibitions stemmed in part from the conviction that the Repository's riches should be more widely appreciated. As the research unfolds and further cases are subject to analysis, the factors that influence the importance that aesthetic concerns assume in the decision process will be closely examined. We will also be concerned with the influence, if any, that the inclusion of artistic criteria has on the decision process itself.

The final line of inquiry that emerges from this preliminary analysis concerns the role of leaders in the strategic decision process. There are two main issues here. First, each model of decision making implies a certain role for organizational leaders. We will examine our collection of decisions to see if leadership behaviour is congruent with theoretical predictions. Second, some arts organizations, specifically companies which offer performances, often have leaders acting in parallel but complementary roles. The annual program decision illustrated such a case. The not-for-profit literature indicates that this type of dual leadership structure can lead to conflict, especially in times of crisis or when major changes are necessary (Bradshaw, et al., 1992). Another paper from this project offers some preliminary findings on the roles of leaders in arts organizations. More detailed analysis awaits complete data collection.

The data at hand indicates that strategic decisions made by arts organizations utilize process that are similar to those found in other industrial and governmental sectors. At some level aesthetic concerns affected all the decisions examined in this paper, but often only at an abstract level. One mechanism, the bifurcation of authority in decision making between leaders concerned with artistic and operational issues, requires further examination to determine whether this is a common structure in arts organizations or only applicable to particular issues. This question also points to the larger issue of leaders' roles in making strategic decisions. A larger sample of such decisions

will provide more scope for analysing these roles in specific situations. The results of the larger study should also yield information on decision making in organizations which require leaders to accommodate dual or even multiple rationalities within organizational processes.

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