

DURING A CRISIS DOES THE SUCCESS OF A NON-PROFIT CULTURAL ORGANIZATION DEPEND ON THE DEMOCRATIC OR ON THE HIERARCHICAL/HYBRID DECISION-MAKING PROCESS?

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ABSTRACT

This research paper helps understand the effect of Hierarchical and Democratic decision-making process on the sustainability of non-profit cultural institutions in Europe especially during a crisis when there is a constant lack of funding. Due to the wide-ranging segment of the Non-Profit segment the author focuses on the contrasting outcomes of two similar symphony orchestra as a test subject; one in Germany and the other in Tunisia during the COVID-19 crisis. It addresses the outcomes based on the managerial decisions these two orchestras took during the financial crisis. The management style of one of the orchestras is a very democratic one whereas the other one has a very traditional hierarchical structure. This paper studies the results of the various management decisions taken based on hierarchical and democratic decisions by these two orchestras and how it affected their sustainability during the financial crisis. To distinguish the significant differences in the bottom line of both these two orchestras this paper focuses on the Social Entrepreneurship strategy aspects of the orchestras and the decision-making process using Hierarchy and Democracy when applicable. These decisions in turn helped them in either generating new revenues or created lost opportunities during the crisis.

Keywords: Decision-making process, Hierarchical decision, Democratic decision, Innovation process, Organizational structure, Social entrepreneurship strategy.

1. INTRODUCTION

Traditionally, for many decades many organizations were hierarchical in their decision-making process. Lower level employees were not a part of the decision-making process. Even until recently in many organizations most of the managers had not yet embraced the concept of democratic decision process as a part of the management (Kerr & Caimano 2004). However, in recent days there has been a certain change in this behaviour of the managers especially in the western world where now some decision-making processes are shared by the lower level employees even though not yet fully. However, despite decades of advice from many scholars and theorists the decision-making process still remains in the hands of the top managers. This is very true for the businesses in the non-western countries. During the late nineteenth and early twentieth centuries the decisions made by management teams in most organizations had traditionally been based on managerial hierarchy. Chandler (1977) stated that during this time the organizations were made up by multiple levels of managers in which the middle layer of managers were not the decision makers. The manager and subordinate relationship on the decision-making process is based on the hierarchy of authority of organizational designs (Gruenfeld & Tiedens, 2010; Pfeffer, 2013). The manager's decisions over their subordinates are ultimate especially when there is a crisis or a conflict. This hierarchical structure of management within organizations has not changed that much until very recently. Traditionally Symphony orchestras have had a very hierarchical management style. Even the position of the conductor being at the very centre of the orchestra is a strong symbol of a centralized leadership. The orchestra is under the strict direction of the conductor who has the over all ownership of the entire process. Very similar to CEO of any company the symphony conductors are involved in communication; trust building, understanding the different departments and making strategic decisions on how to utilize the best options to make it into a successful organization.

In general, the role of the conductor is to bring harmony into this large group. During this entire process although the conductor can interpret the score in his or her own vision the conductor must ensure that the