

## **It Takes Three to Tango: Revisiting Paradox Management in Art and Culture Organizations<sup>1</sup>**

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### **Abstract**

The growing interest in creative industries research on the tension between the production of economic value and the production of symbolic value and its application in art and culture management has provided an interesting identification of different dilemmas, but not the practices that CEOs of art and culture organizations use to deal with the dilemmas. Our analysis of in-depth interviews with CEOs of successful, longstanding art and culture organizations in Israel extends theory on art and culture management by highlighting a *Three-to Tango* management model. According to the CEOs, there are three basic functions that are essential to address the conflict between art and business: The *Dreamer* – held by the artistic director, the *Doer* – held by the business manager, and the *Ambassador* – held by the chair of the board of directors. The chair supports the CEO by facilitating a delicate tango for three with the CEO and the artistic director. Managers reported that their engagement in a harmonious tango for three helped them to embrace the conflict between the production of economic value and the production of artistic value.

**Keywords:** Art and culture organizations, artistic value, business value, managerial dilemmas

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<sup>1</sup> Funds for this project were provided by the Henry Crown Institute of Business Research, Tel Aviv University

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Art and culture organizations constitute a form of organizations, one that is laden with symbols and meanings, in a field dominated by ambiguity (Evard and Collber, 2000). Art and culture organizations produce cultural goods, which are “nonmaterial” goods directed at a public of consumers for whom they generally serve as an aesthetic or expressive, rather than clearly utilitarian function” (Hirsch, 1972, pp. 641-642). Serving these aesthetic and expressive needs creates arenas of conflicts and contradictions, thus affecting multiple management aspects (Dewey, 2004; Phillips and Zuckerman, 2001; Zuckerman, 2000). In particular, managers of art and culture organizations must reconcile mass entertainment economics and space for expressing artistic principles (Caves, 2000; DeFillippi, Grabher, and Jones, 2007; Evard and Collber, 2000; Jones, Anand, and Alvarez, 2006; Lampel, Lant, and Shamsie, 2000).

In the present study we asked CEOs of long standing successful Israeli art and culture organizations to share with us their perceptions of the conflicting economic and artistic imperatives and how they consequently choose to address this dilemma. Benefiting from the CEOs’ willingness to share insights with us from their rich experience we applied qualitative content analysis method to highlight recurrent themes. Our findings, established upon the viewpoint of the CEOs, extend theory on art and culture management by highlighting a management model based on three functions: The *Dreamer* – held by the artistic director, the *Doer* – held by the business manager, and the *Ambassador* – held by the chair of the board of directors. The findings contribute to our understanding of how artistic and economic factors can be successfully combined to create value for the organization without either factor becoming dominant and overwhelming the other. Our findings also contribute to the literature on the role of the board of director in the non-profit field (i.e., Cornforth, 2003, 2004). Although the formal role of the chair of the board in organizations has been acknowledged in the literature as essential to the adequate management of firms, to the best of our knowledge, his/her informal role in supporting CEOs to embrace and successfully deal with inherent conflicts has been less investigated. The implications of our new conceptual framework can also benefit the management of organizations in other industries where knowledge and creativity are key to sustaining competitive advantage.

The following section provides the theoretical framework that leads to our research questions. Next, we describe the methodology including data collection and analysis. We then present the findings and offer an integrative discussion. We conclude with a summary of the theoretical and applied contributions and outline future research directions.

### **Theoretical Framework**

Organizations for which knowledge and creativity are key to sustaining competitive advantage, operate under the complex demands of market globalization and rapid technological development. As a result, these organizations face competing external demands (Pache and Santos, 2010, 2013) and internal identity conflicts (Jay, 2013; Kraatz and Block, 2008). CEOs of organizations operate under complex demands and must deal with the simultaneous existence of contradictory yet interrelated elements, such as between innovation and efficiency, collaboration and competition, or leveraging experience while exploring new skills (Eisenhardt, 2000; Jay, 2013; Smith and Lewis, 2011). Managing conflicting organizational elements means embracing and exploring tensions and differences rather than simply choosing between them. Managers tend to compromise between contradictory elements or hold simultaneously contradictory states through “both-and”

thinking (Cornforth, 2003, 2004; Eisenhardt, 2000; Jay, 2013; Lüscher and Lewis, 2008). According to Smith and Lewis (2011) tensions surface in the form of ambiguity that risks falling into vicious cycles of "stuckness," confusion, and conflict (Jay, 2013). Moving toward workability and creative action requires CEOs' cognitive and behavioral complexity, sometimes enabled by outside assistance (Denison, Hooijberg, and Quinn, 1995).

A special form of non-profit organizations, which exert an extraordinary influence on our values, attitudes and life styles are art and culture organizations, such as theaters, orchestras, operas, and ballet companies (Caves, 2000; Flew and Cunningham, 2010; Lampel, Lant, and Shamsie, 2000). Art and culture organizations produce "nonmaterial" goods serving aesthetic and expressive needs rather than a clearly utilitarian function (Becker, 1982; Hirsch, 1972, 2000). After the establishment of the Creative Industries Task Force (CITF) in the "post-industrial" UK in the late 1990s, an opportunity has emerged for the creative sector to gain status as a sector that contributes to national income, overall employment and wealth creation (Flew and Cunningham, 2010). To survive, art and culture organizations must reconcile the demands of artistic production with those of the marketplace. These two areas are not only different in character, but are often in opposition. Each is shaped by different needs, and each is judged by different criteria. The strategies that evolve as a result reflect the opposing pressures exerted at each end of the value chain. (Hirsch, 1972, 2000; Lampel et al., 2000). The shift in conceptualization of cultural products as subjected to both economic value and artistic value has promoted new practices that managers of art and culture organizations are preoccupied with. Such tensions might influence, for example, decision making regarding the selection of shows to the repertoire of a theatre organization; A well-known Broadway musical like *The Phantom of the Opera* might be attractive and entertaining to vast audience, thus has business appeal, whereas a new play by an emerging playwright might fit better with the theatre's artistic mission at the expense of less popular appeal. In the same manner, every year during Christmas holiday, many dance companies renew the classical ballet choreography *Nut Cracker* as an entertainment for all the family. This popular ballet is essential for the box-office revenues of many dance companies that cannot survive from their in-house contemporary dance productions that are aimed at specific dance fans.

The challenge of dealing with tensions and oppositions is by no means new to organizational scholarship. Three decades ago, Poole and Van de Ven (1989) called management and organization researchers to abandon their tendency to capture a multifaceted reality with finite, internally consistent statements, and rather to pursue theoretical inconsistencies. The authors suggested paradox as one key to understanding how to work with contradictions and oppositions embedded in complex social systems. Following Heigenoort's definition (1972, p. 45), a paradox consists of two contradictory propositions supported by apparently sound arguments. Taken singly, each proposition is incontestable, but taken together they seem to be inconsistent or incompatible. Although the paradoxes in management are not logical paradoxes per se, CEOs of art and culture organizations who deal with tensions, oppositions, and contradictions in their organizations can benefit from understanding ways to work with paradoxes in the philosophical tradition. Specifically, Poole and Van de Ven (1989) suggested four general methods to address paradox: *opposition*, *spatial separation*, *alternating temporal order*, and *synthesis*. Applying opposition to manage tradeoffs between artistic and business value creation in art and culture organizations, means that in each situation, the CEO studies the business and artistic implications of the action on both sides of the coin to choose a course of action. For example, an opera house launches an educational program to expose children and youth to the world of opera. From an economic perspective educational programs are good means to raise money from budgets of public and private educational institutions and/or by gaining governmental subsidy. In the long term, educational programs sow the seeds of the potential future audience. From artistic

perspective, the opera house is committed to introduce the children with the “hard core” of opera pieces. In the second mode the tension is addressed through spatial separation: The CEO analyzes various organizational actions and decides which action should be managed from a business perspective and which should be managed from an artistic perspective. For example, many dance companies operate a representative ensemble of salary-paid professional dancers as well as a “young ensemble”, aimed to provide rigorous studio training, mentoring and support for young dancers at the beginning of their careers. From an artistic perspective the young dancers are selected through highly competitive auditions run by the artistic manager and the artistic committee. However, the decisions on the repertoire of the young ensemble is based on economic considerations; the ensemble takes all the family shows, tours and workshops that are aimed to raise money for the company, usually with very low salaries to minimize expenses. In the third mode, temporal separation, the CEO may decide, for example, that everyone works according to the artistic vision in the period in which the organization develops its annual program (selects a repertoire, hires staff), and then moves to a business approach after program development is complete. From this moment onward until conclusion of the annual program, actions are directed to reinforce business value in the organization. The final mode is synthesis, which leads to an infinite number of creative configurations, such as the mode of operation also known as the dual management model (Denis, Langley, and Rouleau, 2007; Fjellvaer, 2010; Reid and Karambayya, 2009), in which two managers typically have equal formal authority and are subjected to the oversight of the board of directors. These managers lead two distinct functional groups in the organization: artistic performers, technicians, and creators, headed by the artistic director, and the business and managerial staff headed by the CEO.

Two decades after Poole and Van de Ven’s (1989) paper on managing paradoxes, Eikhof and Haunschild (2007) studied how German theaters manage the conflicts between economic and artistic norms and values. The results of their qualitative analysis show that in art and culture organizations, economic factors ultimately dominate aesthetic considerations. Austin, Hjorth, and Hessel (2018) applied a single in-depth case study of a design firm to address the question – how the economic and aesthetic can be constructively combined. They propose the concept of *conversation* as a way of theorizing a constructed sociality via which creative firms manage this conflict; they also propose the concept of *ensemble* as a way of theorizing a conversationally nurtured but fragile form of intensified sociality that most successfully combines conflicting influences when it can be achieved. Together, these theoretical conceptualizations contribute new insights and help organize the conflicting economic and artistic imperatives.

This paper contributes to the research on managing conflicts in creative firms, by providing elaborated concepts based on comprehensive interviews with CEOs of the most leading art and culture organizations in Israel. To the best of our knowledge, our paper is the first to study art management based on data taken from the cultural policy designers across a wide range of artistic fields (theater, dance, classical music, opera, cinema). These CEOs not only hold major share in the cultural sector, but also shape the artistic preferences of culture consumers on a national-level. We focus on how the CEOs define their operations, the boundaries of their activities, and their managerial vision to combine aesthetic and economic factors in a way that creates value on different dimensions. We address the following questions:

*How do CEOs of art and culture organizations deal with the inherent tension between the production of economic value and the production of artistic value?*

And consequently:

*Is there a managerial model that is compatible with the unique features of art and culture institutions?*

## **Method**

We used an inductive, qualitative research design, which is appropriate for theory building and elaboration about complex organizational and managerial dilemmas (Creswell, 2012; Gioia, Corley, and Hamilton, 2013; Lee, Mitchell, and Sablinski, 1999; Maitliss, 2005). In common with other exploratory studies, we made trade-offs that favored exploration over confirmation (Lawrence and Dover, 2015). We used purposeful sampling, finding research context that offers transparent observation of the dynamics of our theoretical interest (Harrison and Rousse, 2014; Yin, 2015). We constrained our research context only to large, well-established art and culture organizations in which creativity and aesthetic values as well as business success were evidently important. Project groups that provide solely high artistic value, and commercial entertainment production companies that focus mainly on revenue generation were omitted from our sample, although these forms are very common in the cultural sector (Cattani and Ferriani, 2008; Caves, 2000; Ferriani, Cattani, and Baden-Fuller, 2009). We are aware that given the narrow range of our sample our findings cannot provide a comprehensive model on managing conflict and tradeoffs between artistic and business value creation. Rather, we suggest a set of understandings that have potential relevancy to broader questions of management in the creative industries in general.

## *Sample*

We conducted seven in-depth interviews with CEOs of six of Israel's largest, most influential art and culture organizations, including a repertory theater, two repertory music institutions, a film foundation, and two repertory dance organizations. All organizations have operated for over 30 years, receive public funding, and maintain extensive local and international activities. All are classified as major organizations by the Ministry of Education and Culture. With the exception of the film foundation that supports external productions, these organizations present an annual repertory designed mainly for subscribers. The organizations' revenues come from municipal and government funding, box office sales, and ancillary activities including training, workshops, and performances for children. The organizations also receive handsome private donations from associations of benefactors. The interviewees have held the position of CEO for many years and are publically identified with their respective organizations. The identities of the organizations and CEOs have been masked for the sake of confidentiality. A brief description of the participating organizations appears in Appendix A.

## *Data Collection*

Data were collected on the basis of in-depth interviews conducted with the CEOs. All interviews were recorded and transcribed immediately after the interviews were concluded. Interviews lasted between 90 to 120 minutes and were conducted in the interviewees' offices. Our research questions were interspersed with other questions designed to promote spontaneous discussion, including questions about the CEO's life history, artistic and business inspirations, vision, decision making processes, how they select the artistic cast, and how the team works toward new production. We adjusted our questions during the interviews in accordance with the flow of the conversation. Transcription generated 150 double-spaced pages of text: excerpts presented below represent narrative vignettes that help elaborate our findings. We also collected information from the organizations,

government, and private websites (e.g., Pilat Center for Information and Culture Research <https://www.pilat.co.il> ).

### *Data Analysis*

Analysis was based on a narrative approach to in-depth interviewing (Rubin and Rubin, 2011). We engaged in an iterative process moving between data collection, analysis, and existing literature to generate insights (Gioia et al., 2013; Eisenhardt, Graebner, and Sonenshein, 2016). Data analysis comprised the following key stages: First, we integrated the various interviews, allowing key themes emerging from the data to guide our subsequent analysis. At this point, the conflict between artistic and business value creation emerged as a consistently important theme across all interviewees, and was therefore selected as the frame of our analysis. The CEOs' understanding of the relationship between the creation of artistic and business values informed their decision making and strategic management of their dual missions. In line with Eikhof and Haunschild (2007) we focused our analysis on the various practices that the CEOs use to cope with the inherent conflict of managing art and culture organizations. We engaged in open coding to identify these main practices, first establishing a set of first-order concepts taken directly from the data. We iterated among empirical themes and between the themes and theoretical constructs in order to move from first-order open codes to second-order conceptual categories. This process of moving back and forth between data and theory yielded the following categories: *accepting the conflict*, *structural separation*, *support*, *passion*, and *vision for the future*. The second-order analysis allowed us to reach a higher level of generalization (Gioia et al., 2013). Repeating the process of iterating between data, 1<sup>st</sup> order concepts, 2<sup>nd</sup> order concepts and theory resulted in two aggregate dimensions. The first we term *structural and cognitive practices*, and the second we term *emotional practices*. Finally, we asked a colleague to independently re-code a sample of 18 themes and other accounts of our first-order concepts. The independent coding yielded similar results, which confirmed that our analytical description of each theme matched its empirical content.

### **Findings**

Figure 1 presents the data structure. We supplement the data described in our findings narrative with additional "proof quotes" for each conceptual category in Table 1 (Pratt, 2009).

#### *Structural and Cognitive Practices*

We found two groups of management structure. The structure of Cinema, Dance1, and Dance2 Organizations have dual management structure; the CEO works in collaboration with a second lead artistic director over their entire term of service. The second group (Theater and Music2 organizations) is headed by CEOs who served as the single chief operating officer for the duration of their term, and who are formally in charge of both the artistic and the business aspects. Music1 Organization is positioned between the two groups: Although the CEO is assisted by two artistic directors, she is the single final authority.

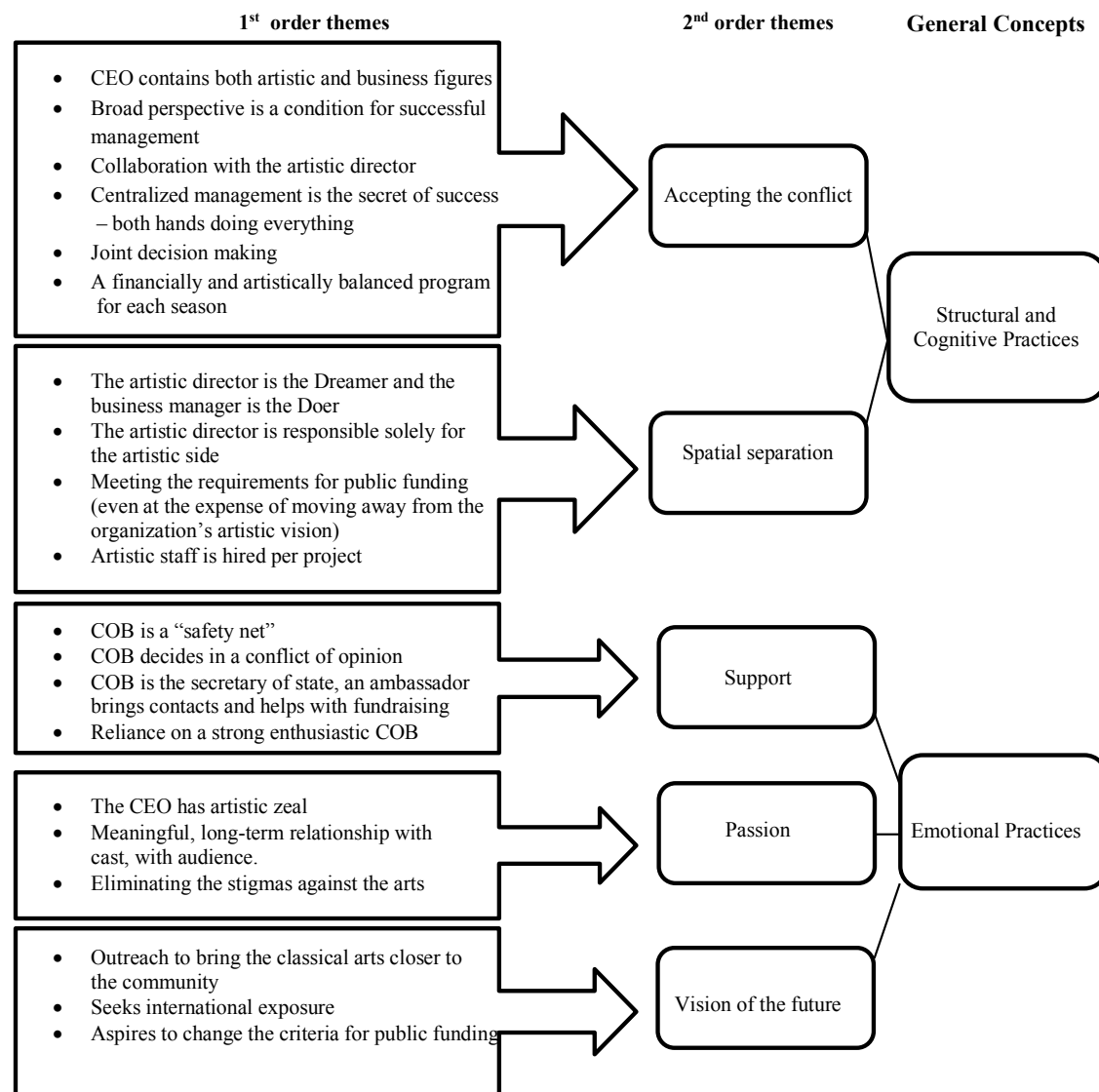


Figure 1: Data Structure

CEO contains both the artistic and the business figure	<ul style="list-style-type: none"> <li>I am able to contain the conflict between artistic demands and business demands.</li> <li>The artistic and managerial tasks are tied very closely. You can make a managerial decision but you are dependent on a with no shelf life.</li> </ul>
Broad perspective is a condition of successful management	<ul style="list-style-type: none"> <li>I set up the entire organization from nothing. There wasn't a lightbulb that was changed without my knowing all about its purchase.</li> <li>You have to take a very broad view of everything. The era of narrow specializations no longer exists.</li> </ul>
Collaboration with the artistic director	<ul style="list-style-type: none"> <li>I know how to be a manager. It's important to collaborate with the artistic director.</li> <li>We developed the strategic plan together. We worked together with the artistic director and his rehearsal director.</li> </ul>
Centralized management is the secret of success – both hands doing	<ul style="list-style-type: none"> <li>I am the business and the artistic director.</li> <li>I am all for centralization because I automatically translate the artistic side into finance,</li> <li>I decide everything.</li> </ul>

everything	<ul style="list-style-type: none"> <li>I don't believe in two hands working separately. I think that both hands should do everything together.</li> </ul>
Joint decision making	<ul style="list-style-type: none"> <li>We come to agreement even though we have a different taste in films.</li> <li>Despite the differences of opinion, we both have the same values and principles.</li> <li>There are hardly any unilateral decisions.</li> </ul>
A financially and artistically balanced program for each season	<ul style="list-style-type: none"> <li>You have to plan each season so that part of it appeals to the general audience; that makes the program safe</li> <li>I have a closed economy for every project. Every opera is a stand-alone project but a number of productions together have to fit together in terms of finances.</li> </ul>
The artistic director is the Dreamer and the business manager is the Doer	<ul style="list-style-type: none"> <li>He protects me. Every day I come up with a new dream.</li> <li>He manages to pour the content into my vision, he sets the boundaries.</li> <li>I and the artistic director shaped the vision. he was the Dreamer and I was the Doer.</li> </ul>
The artistic director is responsible solely for the artistic side	<ul style="list-style-type: none"> <li>The repertory, the artists, the musicians, and the selection of musicians, even the seating – they are all the responsibility of the artistic director.</li> <li>He thinks that the money grows on trees.</li> </ul>
Meeting the requirements for public funding at the expense of deviation from artistic vision	<ul style="list-style-type: none"> <li>The government really doesn't care who the choreographer is or what moves the dancers are doing.</li> <li>There are no criteria related to quality.</li> <li>We are forced to produce quantities.</li> </ul>
Artistic staff is hired per project	<ul style="list-style-type: none"> <li>I have people who have worked here for 17 years. I put them into the project and then make the repertory choices accordingly. None of the employees have tenure. I could fire them whenever I wish.</li> <li>We have 700 employees here, 600 are freelancers.</li> </ul>
The COB is a safety net	<ul style="list-style-type: none"> <li>She has given me a stable safety net all the way.</li> <li>The COB must provide a network of assistance because he is the one with the connections.</li> </ul>
COB decides in a conflict of opinion	<ul style="list-style-type: none"> <li>The COB attenuated tensions between myself and the artistic director, and knew how to offer an outside perspective. She could pass resolutions on all kinds of political issues.</li> <li>The COB moderates the storm.</li> </ul>
COB is an ambassador	<ul style="list-style-type: none"> <li>She made a dramatic impact on fundraising through her personal connections.</li> <li>He provides a sense of security.</li> <li>The COB is the organization's ambassador.</li> </ul>
Reliance on a strong enthusiastic COB	<ul style="list-style-type: none"> <li>She had enormous desire to make a contribution.</li> <li>The COB has accompanied me since Day One.</li> </ul>
The CEO has artistic zeal	<ul style="list-style-type: none"> <li>I can't describe my passion for the theater; it's what keeps me going.</li> <li>Every manager has to have the passion.</li> </ul>
Meaningful, long-term relationship with cast, with audience	<ul style="list-style-type: none"> <li>I have a very good relationship with the musicians, like a circus family.</li> <li>The employees trust me because I am good for them.</li> <li>I want to give a true artistic answer for the needs of all music lovers and also of the people who you want to learn to love music.</li> </ul>
Eliminating stigmas against the arts	<ul style="list-style-type: none"> <li>"Either you love or hate classical music" – that's a stigma and it takes a lot of work to break it down.</li> <li>The idea is to bring classical music closer to everyone in Israel.</li> <li>Culture management in Israel happens <i>despite</i> the government</li> </ul>
Outreach to bring the classical arts closer to the community	<ul style="list-style-type: none"> <li>We said let's take this gift of music that we have and do something with it bringing people closer to classical music.</li> <li>In the past only children who grew up in Tel Aviv went to concerts.</li> </ul>



	And the rest? Nothing! Why not make it accessible to everyone?
Seeks international exposure	<ul style="list-style-type: none"> <li>• To do something at an international standard, at a high artistic standards. That's the first and more important thing. Then, to become an international organization at the highest standard that we can attain.</li> <li>• In Rome we put on an Israeli production, I was very proud of it.</li> <li>• If you want to appear in dance series, you can't do that without international exposure.</li> </ul>
Aspires to change the criteria for public funding	<ul style="list-style-type: none"> <li>• Ministry of Education criteria are corruptive.</li> <li>• We need to develop criteria that concern the product and not the production.</li> </ul>

**Table 1: Examples of 1st order concepts**

The CEOs acknowledged the need to manage conflict and tradeoffs between artistic and business value creation. Adopting Poole and Van de Ven's (1989) typology, the major practice that the CEOs used for working with organizational conflicts is *opposition*: In each situation, the manager examines both the business and the artistic potential implications and chooses a course of action accordingly. In the first group, acceptance of the artistic/business dilemma is reflected in an appreciation of the importance of the other managerial partner, and of regular consultations and collaboration in decision making. These CEOs invariably attend to both artistic and economic imperatives in all decision making situations. In Dance1 Organization, the CEO has an artistic background thus, despite the presence of an artistic director who defines the organization's artistic vision, she operated under both hats when she felt it is needed, and both managers made decisions about the organization's future together. In Cinema Organization, the official CEO is in charge of the organization's artistic strategy, and he believes that his partner is critical in order to balance "between the organization's dreams and its factors of production." As a result, decisions are made jointly and both managers respect the other's opinion and invariably consult with each other. In Dance2 Organization, the CEO contends that understanding the economic implications of a production is extremely important in any product, yet in his specific case, the organization's artistic director is an introverted individual who is wholly immersed in the artistic aspects of the productions, with limited understanding or appreciation of the economic implications of the organization's operations. The CEO himself has been connected to the art world for many years therefore, similarly to organization Dance1, the CEO of Dance2 Organization states that he "wears both hats" on occasion, making both the artistic decisions and the financial decisions.

Opposition was evident also in the second group of organizations. Although Music1 Organization also has a chief artistic director, the CEO has much greater decision making authority and takes the lead in most decision making events. The CEOs in this group were appointed at a critical point in the organization's history, and the organizations' success is largely attributed to them. They thoroughly examine each situation down to the smallest detail, and address each product's artistic reception and the implications for the organization's financial balance sheet. As the CEO of Theater organization states, "I don't know how to think of only half [the picture]." The CEO of Music2 Organization states, "The foundation of success is to have two hands that do everything." These CEOs describe a galaxy-shaped managerial structure: the organizational functions are a group of planets that revolve around a sun, the CEO. By engaging in advance planning, and leaving room for business flexibility, these CEOs accept and embrace the artistic/business dilemma to the point where it no longer constitutes an obstacle in daily management.

In the second group, employees are hired on a per-project basis, which allows the CEO a large degree of flexibility to expand or limit each project according artistic/business needs. The CEO of Music2 Organization suggested creating an "autarchic economy" for each production.

The CEOs in the first groups cope with the artistic/business dilemma through negotiation, acceptance of contrasting opinions, and collaborative consultations with the second manager. The CEOs in the second group fully embrace the conflict and accept both the artistic and the economic perspective without a conflict arising in day-to-day operations.

#### *Emotional Practices and the Chair of the Board's Role as Third Arm*

The CEOs acknowledged that they were emotionally involved in their respective organizations, and that their passion for the organization's creativity enabled them to situate their business decisions within an artistic context, and vice versa — it allowed them to take artistic risks within the constraints of financial considerations. Attending to a clearly defined "vision for the future," made it possible to constructively promote conflicting organizational goals. For example, the CEO of Music2 Organization looks for "the next generation" in the audience, and established a school for young artists. The CEO of Dance2 Organization wishes to draft new criteria for budgeting Israeli dance companies. The vision of the future ensures that the organization is not exclusively focused on provisional obstacles.

Whereas passion encouraged risk taking in addressing the artistic/business dilemma, a supportive environment reduced the uncertainty entailed in cultural industries. In dual management organizations, a supportive climate allowed the artistic director and the business manager to express contrasting considerations and priorities without undermining their mutual trust and closeness. For centralized management organizations, a supportive climate fostered trust between the CEOs and the employees, such that even though most were employed on a per-project basis, the crews and staff worked together for many years with mutual respect and trust.

All CEOs described their dependency on the existence of a supportive Chair of the Board of Directors (COB). Although as public representatives, the COBs are formally overseeing and critique the CEOs' actions, we found that the COBs provided support, and were essential in the resolution of many conflicts in the managerial dyad, conflicts with the board, and conflicts with other parties outside the organization. The COB combines a business perspective with genuine concern for artistic quality. Thus, beyond the structural and cognitive practices, a "third arm", filled by the COB who acts as the organizational *Ambassador* provided emotional practice. Beyond his/her structural position as a networked mediator both in and outside the organization, the Ambassador is also important for the emotional trust and sense of constancy that is exuded.

Before presenting our proposed three-to-tango managerial model we provide a short summary of our findings:

1. The CEOs perceived the structure of the top management team as a structural practice to address the tension between the production of economic value and the production of artistic value. We discern between two structures: A *centralized management model*, where the CEO holds both the position of an artistic director and business manager, and a *dual management model*, where the CEO is the business manager and the position of artistic director is held by another manager.
2. The CEOs perceived *opposition* (Pool and Van de Ven, 1989) as their major cognitive practice for addressing the tension between the production of economic value and the production of artistic value. Opposition drew on the CEOs' deep understanding that every production has two equally significant sides. In dual management organizations

the CEOs and the artistic director negotiated the conflicts. In centralized management organizations the CEOs contained the tension).

3. A significant element was the role of the COB. The CEOs perceived the COBs as emotionally invested in the organization, willing to “fight” for the organization’s interests. The CEOs defined the COB as an ambassador, an arm that bridges and links the artistic and business functions in the organization, and links the organization to important parties outside the organization such as benefactors, municipal and governmental institutions. Despite the COB’s formal position, our interviewees emphasized the important informal role as a “trustworthy support,” not only during crises and conflicts both in and outside the organization, but also as a “constant presence.” In this sense the CEOs perceive their relation to the COB as an emotional practice.

4. The addition of the “third arm” in the form of the COB, lead us to propose a *three-to-tango managerial model* that is based on the *Dreamer*, the *Doer*, and the *Ambassador*. These three functions may be but are not necessarily structurally separate: In the dual management model the artistic director is the Dreamer and the CEO (business manager) is the Doer, yet in a centralized model the CEO fills the Dreamer and the Doer roles. In the dual management organizations, the Ambassador functions mainly as *the minister of interior affairs*, negotiating between the artistic director and the CEO when needed, and in centralized management organizations the Ambassador functions mainly as *the minister of foreign affairs*, helping through his/her contacts with the environment. Irrespective of whether or not the artistic and business managements are structurally separated, we found that for successful resolution of the conflict and tradeoffs between artistic and business value creation it takes three to tango: The Dreamer, the Doer, and the Ambassador.

### **A Three-to-Tango Model for Managing Art and Culture Organizations**

Figure 2 depicts the proposed theoretical three-to-tango management model that combines structural, cognitive, and emotional practices based on three functions: The Dreamer, the Doer, and the Ambassador.

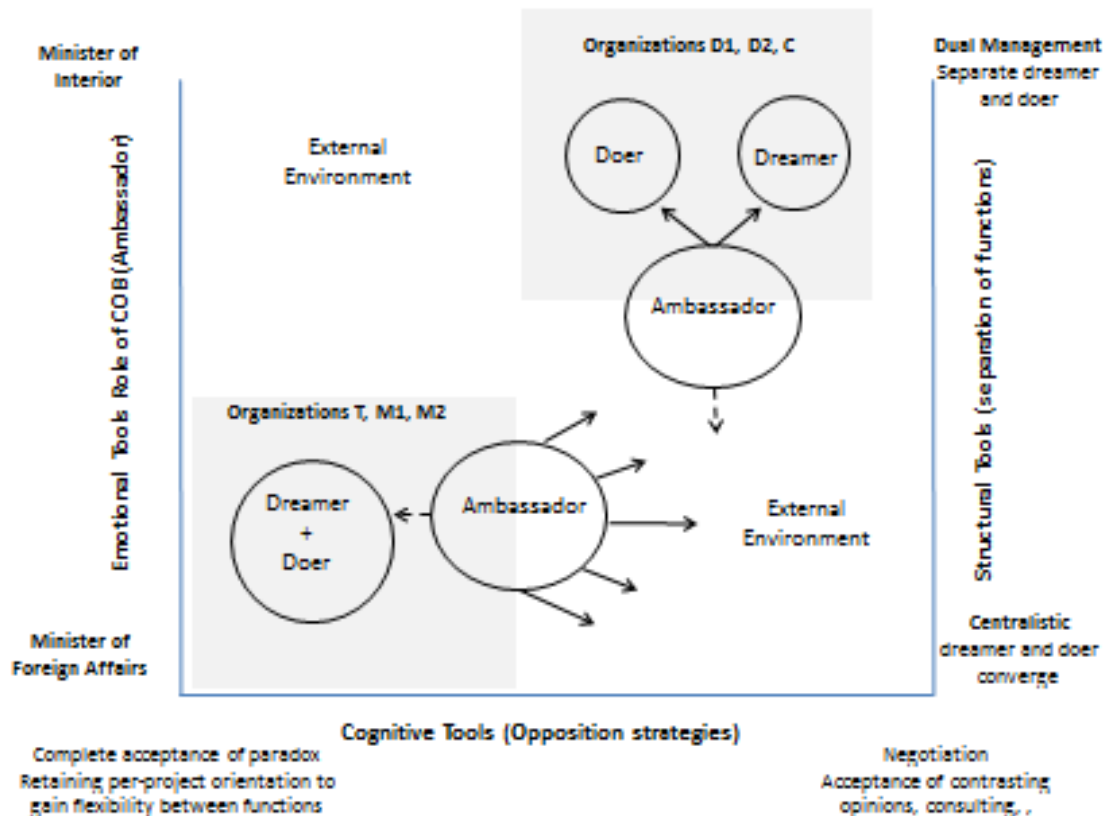
#### *The Dreamer*

The first function that emerges from the data analysis is the role of the Dreamer, which is filled either by the artistic director in a dual management structure, or by the single CEO of the centralized management structure. In our three-to-tango model, the Dreamer’s role is to determine and lead the artistic vision of the organization, and champion the artistic merits of the organization’s work, even on the expense of business costs. The artistic director of Cinema Organization admitted: “[E]very day I come up with new dreams”

#### *The Doer*

The second function we found is the role of the Doer, which is either filled by the business manager, in the dual management organizations, or by a single manager in the centralized organizations. The Doer’s role is to translate the organization’s artistic vision into practicalities by taking into consideration both the minutest operational details as well as long-term thinking and strategic planning. The Doer is in charge of strategy, logistics, and administration, and is responsible for functions such as publicity, marketing, and fundraising. The CEO of Cinema Organization described the necessarily collaborative nature of the Doer and Dreamer functions, and said of himself, “I know how to execute: If I have a

task, I will do it. I don't have a far-reaching vision; I don't know how to look ahead. [The artistic director] comes with a vision; he knows how to look to the future."



**Figure 2: Summary of Findings: The Three-to-Tango Model**

### *The Ambassador*

All interviewees acknowledged the significance of the organization's ambassador-liaison function, filled by the COB. At the intra-organizational level, this function mediates between the business and artistic managers, and at the inter-organizational level, this function connects with other organizations, with respect to funding needs, crisis control, legitimation and accreditation procedures, or infrastructure needs. Despite the COBs' formal powers, the CEOs referred primarily to the COBs' informal ambassadorial function that constitutes a source of constant, unconditional emotional support and maintains a collegial relationship with both the artistic and business management functions. The Ambassador is described as having a broad range of talents and abilities: The CEO of Dance1 Organization described the chair as "a fighter to the end...a safety net, a full partner.... There is trust between us, he has my back". The CEO of Theater Organization described the COB as "caring...protective". According to CEO of Music1 Organization the COB "knows how to handle a crisis", and the CEO of Cinema Organization described "a person with a vision...makes it possible to go forward...provides broad support" (CEO of Cinema), "a mediator...a source of support..." (CEO, Dance2). In the organizations in our sample, the COBs typically have served in this position for many years, have accompanied the CEOs over their entire term, and were perceived as the "organization's secret weapon".

Tango is a partner dance. To move in one axis, dancers must keep a closed embrace and firm ground contact. However, to keep the musicality and playfulness of the tango, the dancers go on-and-off beat rhythm with the legs relaxed and their torso slightly bent away from each other. In the same vein, to deal with the conflict between the production of economic value and the production of artistic value, managers of art and culture organizations must alternate between work in tight contact with their partners while at the same time adhere to their idiosyncratic role – hence our use of the metaphor here.

The three-to-tango management model shifts the inquiry from identifying the specific position of a function in the organization's structure to focus on the co-existence of the three functions. Both dual management organizations and centralized management organizations can successfully resolve the artistic/business paradox as long as they succeed in the complex task of performing a synchronized tango for three: The Dreamer, the Doer, and the Ambassador.

## **Discussion**

We studied the artistic/business dilemma in cultural industries. Our analysis led to the development of a three-to -tango managerial model, where the cooperation of three functions: The Dreamer, The Doer, and the Ambassador is critical for CEOs who manage conflict and tradeoffs between artistic and business value creation. Each of the cases we studied manifests a specific combination of structural and cognitive practices accompanied by high emotional involvement and care for the future of the organization. The managerial structure, specifically, dual management or centralized management, determines the specific strategic role of the COB as the organizational ambassador: the minister of interior, or the minister of foreign affairs.

As a structural practice, artistic and business tasks can be divided between two managers to balance the inherent artistic/business tension of art and culture organizations. In addition, single managers who effectively achieved the organization's conflicting goals can lead their organizations to both artistic and financial success. In both cases we identified two functions: The Dreamer and the Doer. However, the current study shows that to maintain stability a third arm, executed by the COB as the organizational Ambassador, was essential.

In the dual management organizations, the COB's essential ambassadorial function was his/her ability to function as a minister of interior affairs, assist in conflict resolution between the dreamer and the doer. In centralized management organizations, the organization's success was conditioned by the COB's ability to function primarily as a liaison, connecting the organization to its environment, and to use his/her network of connections with other organizations and institutions that are crucial to the organization's survival. Here, the COB can be pictured as a minister of foreign affairs who assists in all aspects of obtaining material resources and legitimacy from the environment. Our three to tango model adds to Austin and Nolan's (2007) paper on high tech company innovation "Bridging the Gap Between Stewards and Creators". Whereas Austin and Nolan discern between three types of personalities: Creators, Stewards, and Bridging Personalities, in our paper we discern between three types of functions: the Dreamers, Doers, and Ambassadors functions. Moreover, whereas in Austin and Nolan's (2007) paper bridging personalities are people who have credibility in both steward and creator camps, in our model the ambassador is a stand-alone function with specific formal and informal characteristics. The fact that the empirical material of Austin and Nolan's (2007) work comes from far beyond the world of art and culture organizations, suggests that the three-to-tango model has broader relevance and generality.

The literature on inter-organizational networks has addressed extensively how individuals who hold key positions as brokers can connect remote actors and control flows of resources. The perspective on this function derives from the functional-structuralism approach, and distinguishes between situations in which a broker mediates between competing actors, and situations in which a broker mediates between remote actors willing to collaborate (e.g., Burt 2004; Cattani and Ferriani, 2008). For example, Simmel's (1950) *tertius gaudens* mediator role is based on the explicit assumption that a third party takes advantages of an existing conflict between two bridged parties. In contrast, studies on innovation and change in the culture industry have suggested that actors who occupy intermediate positions that span two or more unconnected parties willing to collaborate are the most suitable for facilitating novelty (Cattani and Ferriani, 2008). According to Becker (1982), the success and permanence of artistic ideas rest on the organization of a good network that enables taking over audiences and sources of support, rather than on the intrinsic worth of the artistic works, which is always difficult to ascertain. The theory of structural balance distinguishes between balanced and unbalanced triadic structures (Heider, 1946), suggesting that unbalanced triads are unsustainable and hence either dissolve or evolve toward balanced triads. In our study, the interviewees described the COB as embodying the role of the "third arm," but in contrast to the literature, the COB concurrently functions as a broker that links the competing functions of artistic and business managers, and connects the art and culture organization to potential donors outside the organization. The COB is a broker who has no wish to exploit existing conflicts between the artistic and business managers. In addition, both balanced and unbalanced triads were sustainable structures. The absence of the third party function (for example if the COB retired at a certain point, such as the cases of Dance1 and Dance2 organizations) eventually led to the collapse of the triad structure, and an unstable dyadic structure.

The CEOs addressed the artistic/business dilemma by constructive acceptance, and applied various practices, according to the circumstances. In the dual management organizations, the two leaders maintained a permanent division of tasks, according to each manager's specialization, yet generally made joint decisions, and if they failed to reach agreement, one of the managers "took the reins in his hands." In the centralized management organizations, CEOs considered both sides of the coin in every situation, separated the artistic and business considerations in each project and selected the degree of freedom they granted to other organizational functions to make influential decisions. All the CEOs pointed to two essential functions for the organization's success: The Dreamer, who develops the artistic vision, and the Doer, who decomposes this dream into operational details and makes its realization possible. However, to ensure that these functions are channeled into mutual encouragement rather than an adversarial relationship, the organization required a third function, the Ambassador, embodied in the function of the COB.

Importantly, the three-to-tango management model is based on *functions*: The Doer, the Dreamer, and the Ambassador. Their formal structural position in the organization is modular; each function can be divided among a number of individuals or be performed by a single individual and the practical expressions of each function are dynamic and context dependent. The Doer function is critical for realizing the Dreamer's function, and the two are not only competing over organizational resources but can also share these resources. Both the Dreamer and the Doer are necessary but they are insufficient by themselves.

Tango was originated in the 1880s in Argentina. Tango is radically different from the couple dances that came before it (the Viennese Waltz and the Polka) because it introduced the concept of improvisation for the first time (Denniston, 2003). Today, many variations of the dance exist around the world (Denniston, 2003). Inspired by the idea of tight partner work while allowing a sense of degree of freedom, we found the tango dance as the appropriate

metaphor to describe management in art and culture organizations. Taking the tango out of the ballroom space to the organizational scene, found that the perfect tango needs a third function, the Ambassador, who pushes the organization beyond managing the artistic/business dilemma to containing the tensions and conflicts it entails. Whereas prior studies recognized the importance of three types of personalities for creative organizations (i.e., Austin & Nolan, 2007), we take a step forward and argue that in order to address the conflicts and contradictions that the management of art and culture organizations place, it is imperative to talk about three different stand-alone functions. Once the three functions co-exist their operation can variate depending on the specific organizational structure (i.e., a centralized vs. dual management organizations). Looking at the importance of functions instead of personalities and/or structures is critical not only to art and culture organizations but to the management of complex organizations in general. Our model highlights the importance of three critical functions: the dreamer, the doer, and the ambassador that are independent from the persons who occupy the position and the constraints of the given organizational structure as long as the interaction between them is dynamic. The three to tango model suggests that it is the dynamics between the three critical elements that can keep complex organization highly professional yet turn them into to flexible social entities.

### **Managerial Implications and Future Research**

While we don't recommend art and culture organizations to adopt a single best organizational structure, we do stress that it is imperative for art management that the three qualities of dreamer, doer and ambassador will be expressed. Successful art and culture organization managers are virtuosi who move in space, alternating between leader and follower roles, keeping their eyes on their distinct functions, yet looking closely into others' eyes to maintain a shared sense of vision and direction.

We are aware of the potential limitations of this study: This is a qualitative study based on the subjective reports of the CEOs and on a small number of organizations, all of which are considered successful. Following the research methodology of purposeful sampling, which allows the development of theoretical concepts by induction (Yin, 2015), we did not examine failed organizations, or small or medium-sized organizations. It is important for a follow-up study to test the theoretical conceptualization offered here on a larger sample that includes different types of culture organizations to allow for a quantitative examination of the model. Future studies may expand the scope of the present study by exploring whether the proposed three-to-tango model is found in other organizations that also deal with the enormous inherent uncertainty. Last but not least, the literature on cultural industries will benefit from a wide scope research design that compares between the management of art and culture organizations across countries.

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## **Appendix A: Description of the Organizations**

### **Dance1 – Repertory dance company**

The repertory company has been active for over 50 years. The company has a senior company and a young ensemble. The company holds 250 performances a year before an audience of 75,000.

### **Dance2 – Repertory dance company**

Located in the north of Israel, the company has been active for over 50 years. The company has a senior company and a young ensemble. The organization operates a school of dance that also includes a track for professional dancers.

**Cinema – Film fund**

This public fund has been active for over 30 years. Since its establishment, the fund has supported approximately 300 narrative films. The fund supports the distribution and marketing of Israeli films in and outside Israel.

**Theater - Repertory theater**

One of Israel's largest repertory theaters. In more than 35 years of operations, the theater has staged over 1,000 European, American, Israeli, and contemporary plays.

**Music1 – Repertory music:**

A public organization for over 25 years. The orchestra is involved in numerous education and social projects throughout Israel. The orchestra appears regularly in Israel and around the world.

**Music2 - Repertory music:**

One of the mainstays of Israeli culture with over 30 years of experience. The organization showcases sight production per season and regularly collaborates with leading institutions all over the world. Also hosts performances from other fields including dance, classical music, jazz, and a series of music for children.

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