Contingency Theory: An Assessment

MARK, Temitope
Department of Accounting,
Faculty of Management and Social Sciences,
Novena University, Amai, Delta State, Nigeria.
Email: topemark211@yahoo.co.uk

ERUDE, Shalom Ufuoma
Department of Public Administration,
Faculty of Management Sciences,
Delta State University, Abraka, Nigeria.
Email: shallomerude26@gmail.com

Article DOI: https://doi.org/10.58314/WT2023
Accepted February, 19, 2023

Abstract: This study is premised on contingency theory. It looks at it from a holistic point of- a critical study. Proponents of this theory, chief amongst them is Fred Fielder, are of the view that, there exist a plethora of ways to getting things done. There is no one best way. This theory is also referred to as the situational theory. It is of the argument that, whatever approach cum style a leader or manager adopts, is a function of several factors viz a viz size of the organization, leader-follower relationship, influence of the leader and the overall working condition of the organization. In a very large organization, management would tilt towards the Max Weber bureaucracy that is highly characterized by specialization, formal authority, hierarchy, and what have you. Whilst a relatively small organization would definitely fail, if it tries to follow the precept of the former. Managers cum leaders of the smaller organization would have to be less formal and establish a close rapport with the staffs and all that.

Keywords: Contingency Theory: Traits: Situations: Leadership.

1.0 Background of the Study

The contingency theory is a new theory that attempts to acknowledge all hitherto existing theories, by asserting that there are plethora ways of getting things done. Luthans (1973) argued that this approach has been seen often as 'a path out of the jungle' of management theory. The author added that the theory develops on the varied aspects of the systems approach. For instance, it admits that certain important organizational variables are interwoven cum related as well as, interdependent (Tanzi & Zee, 2001; Uwauwa & Ordu, 2016). On the basis of this, the theory asserts that there is no one ideal way of managing that works effectively in all regards, and indeed, that there are many effective cum efficient ways of achieving a specified goal given the same initial conditions. A technique or management approach that seems working in one situation may be ineffective in another scenario (Uwauwa & Ordu, 2016; Woodward, 1965). Managers cum leaders are, in this regard, expected to understand the peculiarities of situation that they are being faced with and then chart a course that will be appropriate and would likely be the most effective. Woodward (1965) opined that this is why the contingency theory is also sometimes referred to as the situational approach.

Richard (2010) reported that various contributors to the theory have attempted to distinguish the different task conditions that might face managers and how such conditions may be dynamic to managerial approaches. Woodward (1965) is of the view that differences in the techniques of production adopted by firms determine the degree of centralization of authority, coordination of functions and various other aspects of the organization structure. Burns & Stalker (1961) argued that a mechanistic system of management characterized by specialization of functions, precise role definitions, hierarchical structure, centralization of authority, etc., is more effective in stable environments. On the other hand, an organic system of management is more effective in environments that are unstable.

The mechanistic system of management is that in which tasks are less formally defined, methods of coordination, communication and control are less structured and more flexible, and individuals are better able to exercise discretion in utilizing their knowledge, skills and experience. It is easy to see that the mechanistic system of management is similar to Weber's bureaucracy (Rollinson et al., 1998; Sapru, 2013). But whereas it was claimed that bureaucracy would be effective in all circumstances, the evidence from Burns and Stalker's work shows that this is not necessarily the case. Pugh et al. (1971) mentioned that when the external environment in which the firm operates is unstable, adopting Weber's model of bureaucratic management (mechanistic system of management) would lead to ineffectiveness.

Sapru (2013) suggested that other variables that have been identified to induce variations in management are size, history of the organization, ownership and control and age. The contingency theory has also been applied to leadership. The argument here is that a particular leadership style is not equally effective in all circumstances (Amaihian et al., 2022; Ayers et al., 1997). For a leadership style to be effective, it must be appropriate for the situation or conditions that face the leader. The situation is defined by the relationship between the leader and group members, the degree of structure of the task and the power and authority of the position of the leader. The leader is expected to select a leadership style that is appropriate depending on his/her position power, the ability of the subordinates, the nature of the task etc (Baker, 1973; Burns & Stalker, 1961). One major criticism of the contingency theory is that it is not new. For example, Fayol's principles were expected to be applied taking into consideration the conditions facing the manager. It is also said that since there are many factors which managers are expected to take into account, the actual relationships between
these factors and managerial behavior ought to be clearly defined (Pugh et al., 1971; Richard, 2010). But this is not often the case.

Rollinson et al. (1998) reported that another problem which the contingency approach is said to have is that it has not effectively resolved the issue of multiple contingencies. In a given situation, several factors exist together but these factors seem to demand conflicting responses from the manager. However, managers operate in situations in which conflicting demands are made on them. How the conflict is resolved depends on the manager's belief with respect to the contingency that is most important in the given situation (Ayers et al., 1997; Baker, 1973; Burns & Stalker, 1961). The contingency theory enables managers to appreciate the need to carefully select the approach that will be most appropriate for a given situation. Not only is the manager required by the theory to carefully define the situation demanding managerial action, he/she must also have a sound knowledge of available theories to be able to select an approach that is appropriate (Ayers et al., 1997; Baker, 1973).

2.0 Literature Review

2.1 Contingency Theories

Contingency theories, or contingency as an approach to management are multidimensional with a whole lot of attendant implications (Johnson et al., 1964; Kast & Rosenzweig, 1985). In that regard, it will suffice to identify and present an overview that would be relevant. Contingency theories argue against the universal applicability asserted by some of the theories that are hitherto existing (Katz & Kahn, 1966). By and large, contingency theories purport that effective management will be different in outlook as a result of situational variables. Research carried out before now on contingency theory reveals that such variables as leadership style, job description, participation in decision-making and the structure of organization are pivotal to understanding what will lead to an effective overall managerial outcome (Burns & Stalker, 1961) A very contemporary definition of contingency theories in the lexical of Management breaks them down into two categories viz environmental contingencies and internal contingencies.

The theory of contingency asserts that the right managerial decision cum style is premised on the different variables that play in that situation. Katz & Kahn (1966) asserted that the right management decisions in a given situation are dependent on certain major components of that situation or in the situational environment. It prescribed that there is no one best way to manage an organization. Burns & Stalker (1961) observed contingency theory as a perception that asserts that the right management action is a function of the specific parameters of such situation. Therefore, instead of seeking fundamental rules that is ideal for all situations, contingency theory attempts to undercover contingency principles that prescribe actions to work with based on the characteristic features of the situation.

One of the studies that marked a major watershed to the contingency argument was carried out in 1950, by a team of researchers spearheaded by Joan Wood Ward. Joan was an industrial sociologist at the College of Technology in Britain, South Essex College of Technology. Koontz (1961) observed the contingency theory by asserting that there is never a single optimum management style open managers to work with. He went on to say that, what managers do in reality is dependent on a given set of situations, or the circumstances that is present in his definition of contingency management approach. Katz & Kahn (1966) opined that it is an approach that puts into consideration an organization's objectives, organizational cum job design, human
resources, environment, and managerial skills as interacting as well as influencing the decision management take vis-a-vis planning, organizing, commanding, and controlling.

Kast & Rosenzbeig (1985) asserted that the contingency approach of organization and their management reveals that the organization is a system that is comprised of subsystems and divided by identifiable boundaries from its environmental supra system. In this regard, the contingency view seeks to understudy the interrelationships that exists within and among the subsystems, as well as between the organization and its environment, and defined the patterns of relationships or configurations of variables (Drucker, 1977; Dawit, 2022; Dickson & Presley, 2013). Contingency approach place more emphasis on the multivariate nature of organization and attempt to understand how organizations operate under varying conditions and in given circumstances. That contingency view is ultimately directed toward suggesting organizational designs and managerial actions most appropriate for specific situation. Effiong & Ejabu (2020) stressed that what managers do in practice is a function of or is contingent upon, a specific set of circumstances or situation. By and large, this approach emphasizes "if then" relationships. If the situation variable exists, then this is the action a manager probably would take.

Aghonfoh et al. (1999) is of the view that contingency theory recognizes that organizations varies, likewise individuals, and that what may be appropriate for one organization may be a misfit for the other. In short, it suggests that in analyzing an organizational problem, all the factors in the situation must be taken into consideration. To them, the best solution to any problem should be the one that most appropriately speaks to, and channelled toward the entire factors in the situation being faced (Sofer, 1972; Shu'ara & Amin, 2022). Hence, there is no best style of leadership, no best system of motivation. What style of leadership is utilized must reflect the nature of the leader, the nature of those being led, and the nature of the entire situation surrounding then. Sofer (1972) stated that the contingency approach is an attempt to determine through research which managerial practice and techniques are appropriate in specific situation. Rollinson et al. (1998) asserted that contingency theory tried to understudy how structural design needs is arranged to suits cum accommodate particular organizational circumstances, and the factors which have received most attention are: the size of the organization, the nature of technology open to an organization, and the environment of the organization. The contingency theory of structure states that the most appropriate structure for an organization is one that matches its particular circumstances.

Shu'ara & Amin (2022) described environmental contingency theories as premised on the peculiar stability of the environment. The example cited is for instance the libraries, change is occurring at a very fast level, thereby leading to a substantial level of unstableness. With this, it seems to buttress the aspect of flexibility. On the other hand internal contingencies focus more on factors such as the organizational size. A bigger library having more staff would be managed differently as it is expedient and perhaps need less informality. For instance, all other factors being equal, then a library with fewer staff. The kind of workers in any organization also play a key role here within the purview of internal contingency (Sofer, 1972; Shu'ara & Amin, 2022; Shu’ara, 2021a; Shu’ara, 2021b). Managing librarians with MLIS qualification and a broad range of experience is definitely going to be far from those who manage high-school students engaging part-time at McDonalds. Still, if flexibility is needed as a result the external situation libraries experience, an appraisal of and ability to make use of well-trained employees fully are needed to the internal situation.

Drucker (1977) mentioned that one of the foremost theorists amongst the plethora in this field is Fred Fiedler. Fiedler is celebrated for a method referred to as the LPC or 'least preferred co-worker'. The researcher stressed
that any manager who goes through this test is required to evaluate his or her least preferred associate from a wide range of different characteristic features. Once tallied, the outcome shows if the individual is task or relationship driven. Other studies have indicated that a task awareness to management, which premises almost overtly on what should be done as against to the individual employees, is very useful at the polar extremes whereby a manager has a very high or very low intensity of power as well as group cohesion (Dawit, 2022; Dickson & Presley, 2013; Effiong & Ejabu, 2020). The relationship approach, premised as one would anticipate on the employee relationship with others works effectively in a very moderate environment.

2.2 Traits and Situations

Contingency theories of leadership vary in perception vis-a-vis the degree an individual's prioritized awareness plays into their capacity to lead successfully. In this regard, it is very important to assess some of this theory independently. In contingency theory, a leader's idiosyncrasies play an important function in the capacity for a successful tenure in a plethora of situations (Ohanyelu, 2022; Ohaka & Argwdu, 2012; Olaniyi & Oyedokun, 2019). Precisely, the theory asserts that leaders who favor a human-orientation (High LPC) approach will achieve maximally in a favorable circumstance as considered whilst task-orientation leadership (Low LPC) will achieve maximum results in an unfavorable situation(s). The theory tries to carefully provide equilibrium between the relevance of an individual's preferential choice and situational realities. Figure 1 speaks directly to this.

Figure 1: Fielder's Contingency Model

Drucker (1977) argued that Situational Leadership Theory is premised more on situational happenings rather than on an individual's preferred orientation. Emphasizing more on the level of maturity of employees cum followers’ vis-a-vis their capacity cum willingness to accomplish tasks, it requires leaders to be less rigid or
bureaucratic and more flexible in their style of leadership if they would be successful. Leaders must be able to understand their followers' peculiarities such as skill and motivation levels so as to determine the appropriate leadership style to use. By so doing, a leader's perception for task or human orientation is less significant as there is the need to be able to alternate between the two as needed to respond to the maturity level of the group (Ohaka & Argwdu, 2012; Olaniyi & Oyedokun, 2019; Peter & Kiabel, 2015). Figure 2 clearly illustrates matching maturity level to the most appropriate leadership style.

Figure 2: Hersey-Blanchard Leadership Model

The decision tree utilized by the Vroom-Yetton-Jago-Decision model is premised only on the situational determinants to form as the base for a peculiar leadership style (Wells & Allen, 2001; Zee et al., 2002). The model is arranged to predict cum determine the extent of a group involvement that is needed for decision making by evaluating cum discussing the value of the decision, availability of information, and probability of acceptance of the decision. Just as an individual provide answers to certain questions they would be limited to use either an autocratic, consultative or a group-oriented leadership method (Zee et al., 2002). The model jettisons a leader's awareness choice and considers solely the capabilities cum readiness of followers if they are needed to bring about success. The diagram in Figure 3 carefully speaks to the decision tree process.
2.3 Empirical Analysis of Contingency Theories

James & Van (2010) used the term structural contingency theory and asserts that the most relevant cum important structure for any organization is contingent that is based on the structure that is ideal for the organization's level of contingency determinants. Jooda et al. (2022) argued further that in a situation where the said structure suits the contingencies, then there would be top notch performance, in contrast, where it is unsuitable, the contingencies would then experience a mediocre cum under performance results. Studies found that the major contingency determinants are the size, diversification as well as task uncertainty (Hammed, 2018; James & Van, 2010; James et al., 2022; Jooda et al., 2022). Organizations are different based on their levels on the highlighted contingency factors and on other structural determinants. As size expands, so it is with the suitable structure is likely bureaucratic- has a lot of departments, some levels of hierarchy, a very high specialization, as well as high formalization, and low centralization. Hammel (2018) stressed that as task are increasingly becoming unpredictable, so the suiting structure becomes less bureaucratic and increasingly decentralized and this also encapsulates structures to align amongst functional divisions viz a viz project teams.

As diversification increases so is the suiting arrangements becomes departmentalized and this has increased the extent of bureaucratization. Fakile & Uwuigba (2018) suggested that the deeper the diversification, the more independent the departments and the lesser the concentration on a central office. Departmentalization also needs to suit the preference prone to innovation vis-a-vis cost reduction. Matrix structures, of different forms, suit lower strands of diversification. In a nutshell, large size and diversification increase the required extent of bureaucratic structure, with task unpredictability creating certain changes to it (Fakile & Uwuigba, 2018;
Fowewe, 2013). There are certain bank governance pitfalls, failings and risk management in developing economies. The researchers further highlighted some risk control lessons of contingency oriented leadership in bank managements. However, the theorist of contingency theory of leadership-highlighted three determinants that informed leadership success level. Fowewe (2013) argued that to the authors the situational characteristics are leader member interaction, the degree to which the manager relates and is accepted by subordinates or members of an organization; structure of task, the structuring of the task and its stages and whether they are well understood by the members of a group and leader-position power-the degree to which the manager is helped cum motivated viz a viz formal authority to go about their work (Fakile & Uwuigba, 2018).

Hammed (2018) mentioned about eight possible arrangements of the determinants that informed the choice of style of leadership. The author added that the situations that takes place in the work could be highly positive or negative to the manager. A favorable condition exists in a situation where the manager is very charismatic (top notch leader cum position power), enjoys a very cordial working relationships with employees (topnotch leader-follower relations), and a highly structured task (task structure). On the other hand, where these situational characteristic features are in deficit, work environment becomes negative for the leader (James & Van, 2010; James et al., 2022; Jooda et al., 2022). Whilst relating leadership types vis-a-vis group performance, Fiedler is of the opinion that, the most appropriate or fitting leadership style be utilized, given the situation's peculiarities.

James et al. (2022) summarized by submitting, either of two forms of leadership approach could be subscribed to; the leader may apply the task-oriented or relationship-oriented leadership. In application, the task-oriented style, entails cordial leader-member rapport, well arranged task, and a very powerful leader-position relation (Fakile & Uwuigba, 2018; Fowewe, 2013). Pragmatically speaking, ceteris paribus, if the other extreme occurs, task-oriented leadership is suitable in a situation where the work is either favorable (perhaps, relatively) or unfavorable (to some extent). In a scenario where the working situation is averagely favorable, the relationship-based style seems to be more suitable (Gideon et al., 2019). A case study is where the leader-member interactions might be cordial, but an unstructured task, whilst there is weak leader-position power.

Egounleti (2022) viewed leadership as a charismatic process, the author believes that a leader cannot be studied without bias or error, if he or she is isolated from their environment. He is of the opinion that leadership is more or less an interactive process that exists between the manager, the subordinates and the situation. This approach is a paradigm shift from hitherto existing approaches. The lacuna with most situational theories prior to this period is that they had a very narrow point of convergence (Fakile & Uwuigba, 2018). For example, initiation versus consideration, social awareness versus task orientation, autocracy versus democracy-dimensions as these are generally simple and in explaining leadership in its regard (Fowewe, 2013; Gideon et al., 2019). More so, the foremost studies on relationship premised far too much on exclusive superior-subordinate interactions, without paying cognizance (or slighting) the varied foundation of the leader, viz a viz the environment of the industry, the national identity, as well as the values that characterizes the organization.

Koontz & Weihrich (1989) observed a noticeable drawback has paved the way for a new look at charismatic leadership. The authors mentioned another reason for this direction of research has been the prevalence of a business climate characterized by uncertainty and unpredictability-a breeding ground for the emergence of charismatic leadership. In our competitive, global world, where the transformation and revitalization of organizations holds a central position, the leader is increasingly seen as a crucial agent of change (Kuhn, 1970). The recent attention, before now, is on the inspiration the leader brings to the work environment. Researchers are now shifting to understudy leaders who by virtue of their unique leadership traits have an overwhelming impact on their followers (Egounleti, 2022; Fakile & Uwuigba, 2018; Fowewe, 2013).
3.0 Conclusion of the Study

Having reviewed the various literature one can rightly state categorically that the contingency approach is the view that the management techniques that best contribute to the attainment of organizational goals might vary in different types of situations or circumstances. That the managers task is to identify which technique will, in a particular situation under particular circumstances, and at a particular time, best contribute to the attainment of management goals. The development of the history of management philosophies has witnessed a convergence of ideas in the contingency theory. Even though the theory has so far failed to provide a clear guide to managers in terms of the appropriate response in given situations, it challenges them to carefully define the situation demanding managerial action and to select a response that is appropriate. In a changing world, new situations are constantly emerging. New information technology, globalization, environmental concerns, etc. are a few of the factors to which management theory must respond in the 21st century. In general, the contingency approach to management attempts to outline the conditions or situation in which various management methods have the best chance of success. The main message from the contingency theory to managers is that there is no one best way to manage an organization, that appropriate managerial style to adopt depends on the circumstances in the organizational environment. That, managers should carefully analyze the various variables in a given organizational situation or environment and take appropriate action that will suit the situation.

4.0 References of the Study


