

Contingency Approaches to Management

In this recording we summarise the content of chapter 10 Contingency Approaches to Management. Studying this chapter should help you discuss what is meant by the contingency approach to management; contrast mechanistic and organic systems; distinguish six primary variables of structure; explain the congruence model of organisational behaviour based on the system paradigm; evaluate the contribution of systems theory to theories of management and organization; .

Introducing the chapter, the authors start with 1. The most recent formulations of systems theories tend to be labelled contingency theories because they emphasise the need to take specific circumstances, or contingencies, into account when devising appropriate organisational and management systems. There is no clear distinction between the systems approach and the contingency approach to the management of organisations. The latter has developed out of the findings of the former. A systems approach highlights the complexity of the interdependent components of organisations within equally complex environments. A contingency approach builds on the diagnostic qualities of the systems approach in order to determine the most appropriate organisational design and management style for a given set of circumstances. Essentially the contingency approach suggests that issues of design and style depend upon choosing the best combination, in the light of prevailing (or forecast) conditions, of the following variables: (a) the external environment, (b) technological factors, and (c) human skills and motivation.

2. The label 'contingency approach' was suggested by two American academics, Lawrence and Lorsch (1967). Their important contribution to this approach will be summarised shortly. Other British writers referred to within this chapter have adopted a contingency approach : Joan Woodward is noted for her important studies into the effects of technology on structure and performance; Burns and Stalker introduced the concept of mechanistic and organic types of structure and discussed them in relation to the environment; finally, the so-called Aston group (Pugh, Hickson et al.) have undertaken interesting studies into several of the technology-structure variables within organisations.

3. Unlike the Classical and Human Relations approaches to the management of organisations, the contingency approach does not seek to produce universal prescriptions or principles of behaviour. It deals in relativities, not absolutes. It is essentially a situational approach to management. The contingency approach does not turn its face against earlier approaches, but adapts them as part of a 'mix' which could be applied to an organisation in a particular set of circumstances. The following paragraphs look at several important research studies which have dealt with two or more elements of this 'organisational mix'..

The key concepts discussed within this chapter are:

contingency approach - An extension of the systems approach that implies organisational variables (e.g. strategy, structure, and systems) and its success or performance is dependent upon environmental influences (forces). There is, therefore, no one best way to structure or manage organisations; rather it must be dependent upon the contingencies of the situation.; Differentiation - the degree to which the tasks and the work of individuals, groups and units are divided up within an organization; Integration - The required level to which units in an organization are linked together, and their respective degree of independence (Integrative mechanisms include rules and procedures and direct managerial control); mechanistic system - A rigid system of management practice and structure which is characterised by a clear hierarchical structure, specialisation of task, defined duties and responsibilities and knowledge centred at the top of the hierarchy.; Organic system - "A fluid and flexible system of management practice and structure which is characterised by the adjustment and continual redefinition of tasks, a network structure of control, authority and communication and where superior knowledge does not necessarily coincide with positional authority."; situational approach - A viewpoint that emphasizes the importance of the environmental situation in determining (organization) behaviour; .

Other terms discussed include:

Centralization; Configuration; Environmental determinism; Formalization; specialization; Standardization; Strategic choice; .

Summarising and concluding, the author(s) make the following comments - [Insert Figure 10.2 the principal systems and contingency approaches to organisation and management theory here]

32. In summary the contingency approach is an extension of the systems approach that implies organisational variables (e.g. strategy, structure, and systems) and its success or performance is dependent upon environmental influences (forces). There is, therefore, no one best way to structure or manage organisations; rather it must be dependent upon the contingencies of the situation (see also environmental determinism). The table (Figure 10.2) summarises the principal systems and contingency approaches to organisation and management theory. The dates refer to the first publication of the relevant theory or research report. The general model implicit in contingency theory is shown in figure 10.3.

[Insert Figure 10.3 General model of contingency theory here]

33. Whilst the classical theorists argued for universal principles of administration, the simple idea behind Contingency theory is that organization structure should be dependent upon the organization context i.e. it should be regarded as a contingent variable. Organization theory is not therefore about one-best-way to manage but to guide managers through insights that enable the formulation of responses enabling their organizations to fit their specific internal and external context. The contingency approach emphasises the need for flexibility. Later theorists (see Child in particular) developed the view that an organization's environment, market and technology is the result of senior management decisions (strategic choice)..

We have now reached the end of the chapter 'Contingency Approaches to Management'.

There are a number of references for this chapter where further reading opportunities are identified for you.

Additionally, there are questions or activities to help develop and test your understanding of this chapter