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Universality of the Contingency Theory of Management

Amanawa, David Ebiegberi

Faculty Member, Centre for Continuing Education,
Ignatius Ajuru University of Education

***Abstract**: The process of overseeing the creation, maintenance, and allocation of resources to achieve organisational goals is known as management. The persons in charge of designing and implementing this management process are the managers. There are several theories that guide the actions and inactions of the manager and the responsibility to choose which management style to use lies in the hands of the manager. Amongst all other relevant theories, the contingency theory gives a realistic picture of management and organisation. It rejects the universality of principles by stating that managers are meant to be situational and not stereotypical. We examined Fiedler's Contingency Theory in this study, which claims that effective leadership is reliant not only on the leader's style, but also on the degree of control he or she has over the situation. According to situational leadership theory, leadership styles consist of four behaviours: telling, selling, participating, and delegating, the Path-Goal Theory, on the other hand, revealed to be a combination of two popular theories: goal-setting and anticipation. It supports the idea that excellent leaders help those under their leadership achieve their goals. Finally, we examined decision-making theory, which outlines how rational individuals should behave in the face of risk and uncertainty. Decision-making, according to the concept, comprises the adoption and use of rational choice for the successful management of a private, corporate, or governmental organisation. Finally, it is critical to emphasise that the contingency theory did, in fact, reject the one-best-way approach. Given the advantages of the contingency theory, it is no surprise that business leaders all around the world constantly embrace it.*

Keyword: Human Resource Management, Contingency Theory, Management Control System, Organizational Output.

INTRODUCTION

The trait of global inclusivity is known as universality. It is applicable to all people/objects in a certain group, with no exceptions. Universality is defined by the Cambridge dictionary as "the property or state of being universal."

The contingency theory is concerned with unique situational elements that might have an impact on the direct links between independent and dependent variables (Lombardo, 2013).

Contingency theories, or the contingency management method, are complex and have several ramifications. In a way, contingency theories call into question the universal applicability claimed by some of the existing theories. In a nutshell, contingency theories assert that excellent management will take on multiple forms depending on the circumstances (Richard, 2010). According to early research on contingency theory, elements like as leadership style, job design, decision-making involvement, and organisational structure are crucial to determining what will lead to a successful overall managerial outcome (Shepard & Hougland, 1978).

According to the contingency theory of leadership, a leader's efficacy is determined by whether or not their leadership style is appropriate for the context. According to this view, a person might be an excellent leader in one situation while being ineffectual in another. This idea proposes that in order to increase your chances of becoming a productive leader, you should be able to assess each scenario and determine whether or not your leadership style would be beneficial. In most circumstances, this necessitates self-awareness, objectivity, and adaptability. Furthermore, the contingency theory of leadership proposes that a leader's success is contingent on the situation at hand. Certain elements come into play when determining if a specific leader or leadership style is appropriate for a given circumstance. These considerations include the work at hand, the leader's personality, and the make-up of the group to be led. Its primary premise is that leadership success or failure is dependent on the circumstances.

Other kinds of leadership, such as trait-based management, where personality and individual make-up dictate patterns of management and responses to given events through time, contrast with the contingency approach. A style-based app is another management strategy. Organizations benefit from contingency theory because it allows them to learn from specific scenarios and apply what they've learned to future management of the same or similar situations. It's also advantageous to be able to adjust to external demands and changes. Contingency theory may also result in more well-rounded leaders who are able to improve their abilities in a variety of areas (HRZone, 2021)

In a nutshell, the best organisational / leadership style is determined by a number of internal and external factors. The scale of the company, how it responds to its surroundings, variances in resources and operational activities, managerial preconceptions about workers, tactics, and technology employed, and so on are all examples of restrictions.

CHARACTERISTICS OF THE CONTINGENCY THEORY

- Management theory's non-universality: There is no one optimum method to accomplish things.

- Contingency: Management decisions are based on the current circumstance.
- Environment: In order to be effective, managerial policies and practises must adapt to changes in the environment.
- Diagnostics: To predict and prepare for environmental changes, managers must have and continue to strengthen diagnostic abilities.
- Human Relations: Managers should be able to tolerate and stabilise change by having adequate human relations skills.
- Managers must establish a communication system that is capable of dealing with environmental changes.

MODELS OF THE CONTINGENCY THEORIES

Under the umbrella of contingency theory, there are various distinct theories of contingency leadership. Fiedler's Contingency Theory, Situational Leadership Theory, Path-Goal Theory, and Decision-Making Theory are among them. While these contingency leadership approaches appear to be similar on the surface, they each have their own unique leadership perspectives.

Fiedler's Contingency Theory

Professor Fred Fiedler, an Austrian psychologist, created the hypothesis in the 1960s. He analysed the personalities and qualities of leaders and came to the conclusion that, because leadership style is established through one's life experiences, changing it is extremely difficult, if not impossible.

Fiedler's Contingency Theory proposes that effective leadership is dependent not just on the leader's style, but also on the level of control he or she has over the circumstance. Strong leader-member relationships are required for success. Leaders must also clearly convey tasks, including goals and methods. They must also have the capacity to administer penalties and incentives.

Fiedler thought that the correct leader for any task should be picked based on their skill set and the situation's requirements. Each leader must first identify their natural leadership style in order to effectively match leaders with situations. They must next assess if their leadership style is appropriate for the scenario.

Fiedler's Contingency Theory is only applicable in situations when groups are carefully overseen rather than working as a team. It also employs a least preferred co-worker (LPC) scale to assess the sort of employee with whom the boss has the most difficulty. The capacity to lead is defined by the leader's disposition, according to this contingency model. You are more relationship-oriented if you rank your least favourite co-worker favourably on a range of different parameters. You are more task-oriented if you rate them less favourably on the same criteria. This primarily means that:

- You're a relationship-oriented leader if you have a high LPC rating.
- You're a task-oriented leader if you have a low LPC.

Building connections, creating team cohesion, and managing interpersonal conflict are all skills that relationship-oriented leaders excel at. Task-oriented leaders are good at managing projects and teams so that they can complete tasks quickly and effectively.

According to (Asana, 2021), the reasoning for these two leadership styles is rather simple:

- You see the best in people, even those you wouldn't necessarily like to work with, if you give your least favourite co-worker a positive rating.
- If you give your least favourite co-worker a negative rating, it means you don't see their contributions since you prioritise efficiency and effectiveness over other qualities.

HERSEY & BLANCHARD'S SITUATIONAL LEADERSHIP THEORY

Blake and Mouton's Managerial Grid Model and Reddin's 3-D management style theory are combined in this theory. With this approach, the notions of connection and task dimensions in leadership were expanded, as well as a preparedness factor. According to situational leadership theory, leadership styles are based on four behaviours: telling, selling, participating, and delegating (Villanova, 2021).

(Asana, 2021), believes that three variables determine situational favourableness, they are as follows:

- The foundation of any leader-member relationship is trust: Does your team have faith in you as a leader? The greater your level of leader-member interactions and the more beneficial the scenario becomes, the more they do.
- The clarity of the tasks necessary to finish a project is referred to as task structure. A more advantageous condition emerges from a higher work structure. The greater the task structure of a circumstance, the clearer and more explicit the tasks are; the lower the task structure, the more ambiguous they are.
- Finally, as a leader, position power relates to your influence over your team. Your position authority is great if you can reward, penalise, or instruct them what to do. As you can expect, having more authority in a position improves the situation.

PATH-GOAL LEADERSHIP THEORY

The Path-Goal Theory is a hybrid of two prominent theories: goal-setting and anticipation. It promotes the belief that good leaders assist people under their command in achieving their objectives. Leaders in this contingency model are responsible for ensuring that their subordinates receive the assistance and knowledge they need to fulfil the objectives. Effective leaders, according to this view, provide clear routes for their subordinates to follow in order to assist them reach their objectives and try to eliminate roadblocks.

According (House, 1971), the Path-Goal Theory incorporates the need for various leadership responsibilities, as well as the leadership attributes that managers should develop in their work. House also suggested principles for leaders to follow in order to compensate for any skill deficits among subordinates.

DECISION MAKING THEORY

This is also known as the normative decision theory or Vroom and Yetton's decision participation contingency theory: According to this model, the effectiveness of a decision procedure is determined by a number of factors, including the importance of decision quality and acceptance, the amount of useful details possessed by the leader and subordinates, the possibility that employees will embrace an autocratic decision or work cooperatively in trying to make a good decision if given the opportunity to participate, and the amount of disagreement among subordinates regarding their preferred alternative.

The decision-making theory describes how reasonable people should act in the face of risk and uncertainty. According to the idea, decision-making entails the adoption and use of rational choice for the effective administration of a private, corporate, or governmental organisation. Making a decision, according to the theory, involves deciding between possible courses of action. It may even imply a choice between action and inaction (Alijoyo, 2021).

Professors Victor Vroom, Philip Yetton, and Arthur Jago created the normative decision model to help leaders determine the amount to which they should include subordinates in the decision-making process based on the context and the subordinates. In this theory, the following items were considered by actions were taken:

- Decision significance: To what degree will the question affect a particular scenario, person, or organisation?
- Importance of commitment: Is it necessary for the leader to enlist the help of subordinates to carry out the decision?
- Leader expertise: Is the leader in possession of all the information needed to make a decision?
- Likelihood of commitment: How inclined are employees to accept a choice made without their input?
- Goal alignment: Are employee objectives well-aligned with company objectives?
- Group expertise: Is the group of subordinates knowledgeable about the problem or subject?
- Team competence: Is the team of subordinates capable of solving the problem or dealing with the situation? The model gives the leader a score that shows which styles are most suited for success in a specific circumstance.

CONTINGENCY VARIABLES

A contingency variable is a set of distinct elements that can influence the outcome of an event, either favourably or adversely. A manager's ability to recognise the contingency factors that may affect his or her organisation in the short and long term is critical. In this review we would be covering business strategy, external environment, and the company size as well as the company type.

Business Strategy

Porter (1998) used three approaches to describe his generic business strategy. He coined the terms "Cost Leadership" (something offered to customers at no extra charge), "Differentiation" (developing uniquely appealing products and services), and "Focus" to describe the general methods (offering a specialised service in a niche market). The Focus method was then broken down into two components: "Cost Focus" and "Differentiation Focus."

The words "Cost Focus" and "Differentiation Emphasis" are a bit perplexing since they might be taken as "cost focus" or "differentiation focus," respectively. Keep in mind that Cost Focus refers to focusing on cost-cutting within a targeted market, whereas Differentiation Focus refers to seeking strategic differentiation within a focused market.

Table 1.0 Porters Generic Strategy

<table>
<tr><th>Cost Leadership</th><th>Differentiation Strategy</th></tr>
<tr><td>Profits are increased by cutting expenses and charging industry-average pricing.
Increasing market share by offering lower prices while maintaining a respectable profit margin on each transaction due to lower expenses.</td><td>Good research, development, and innovation are all important.
The ability to produce or provide high-quality goods or services.
Efficient marketing and sales, such that the market is aware of the advantages of the distinct products.</td></tr>
<tr><th colspan="2">Focus Strategy</th></tr>
<tr><td colspan="2">Companies that utilise Focus strategies focus on certain niche markets and build low-cost or well-specified goods for those markets by studying the dynamics of those markets and the unique demands of their consumers. They tend to generate high brand loyalty among their customers since they serve clients in their market uniquely effectively. As a result, rivals are less interested in their specific market niche.
Regardless of whether you utilise Cost Focus or Differentiation Focus, the key to having a generic Focus approach work is to make sure you're delivering value by serving just that market segment. Because your company is too tiny to service a larger market (and if you do, you risk competing with better-resourced broad market competitors' products), focusing on only one market segment is simply not enough.</td></tr>
</table>

Source: Compiled by Author

External Environment

According to Chenhall (2003), the external environment is an important contextual component in contingency-based research. Uncertainty is perhaps the most studied feature of the environment. The consequences of uncertainty on organisational structure were the subject of early contingency studies in organisational design.

It’s critical to distinguish between risk and uncertainty. Risk refers to circumstances in which probability can be assigned to specific events, whereas uncertainty refers to situations in which probabilities cannot be associated and even the environment's elements may be unpredictable.

Environmental uncertainty is described as a person's perception of being unable to effectively forecast something due to a lack of knowledge or the capacity to distinguish between important and irrelevant facts (Divesh, 2002).

Company Size

Profits, sales volume, assets, share valuation, and workers are all methods to evaluate a company's size, but for most contingency-based management control systems, studies have defined and quantified size as the number of people employed by the organization. Depending on the context and dimensions of the management control system under investigation, a precise measurement of size may be necessary.

Company Type

A company is a legal organisation founded by a group of people to engage in and operate a commercial or industrial business. Depending on the corporate legislation of the country, a corporation can be constituted in a variety of ways for tax and financial responsibility purposes (Kenton, 2021). However, it is necessary to not that depending on the nation in which it is located; a company can have several meanings (Pahwa, 2022).

Table 2. Definition of Company by Location

COUNTRY	DEFINITION
Federal Republic of Nigeria	• The Companies and Allied Matters Act governs the registration of businesses in Nigeria (CAMA). In Nigeria, the Act also governs the creation and operation of various forms of corporate organisations. Part A of CAMA creates the Corporate Affairs Commission (CAC), a regulatory entity tasked with registering businesses in Nigeria. • Under the requirements of CAMA, a company is defined as a legal organisation or person separate and distinct from its members (owners) who came together with a shared aim or objective. • In Nigeria, companies are classified into; Unlimited Company, Company Limited by shares, Company Limited by Guarantee and Business Name (Business Enterprise).
United Kingdom (UK)	In the UK, a company is an incorporated business entity that has been registered under the Companies Act. It might be a private or public business, a limited or unlimited company, a corporation limited by guarantee or a company with a share capital, or a community interest company (Pahwa, 2022). In the United Kingdom, there are eight different types of companies: public limited company (PLC), private company limited by shares (LTD), company limited by guarantee (CLG), unlimited company (UNLTD), Limited Liability Partnership (LLP), Community Interest Company (CIC), Industrial and Provident Society (IPS), and Royal Charter (RC).
United States of America (USA)	In the United States, there are many different sorts of businesses. The majority of state-owned corporations in the United States are private firms, with only a few exceptions. A firm should operate in the state in which it was founded, and if it expands to another state, it must re-register in that state. As a result, every enterprise is restricted to the state and is governed by the state rather than a single organisation. The Business Corporation and the Limited Liability Company are the two most common forms of corporations in the United States (LLC). A company can be a corporation, partnership, association, joint-stock company, trust, fund, or organised group of individuals, whether incorporated or not, as well as any receiver, trustee in bankruptcy, or similar official, or liquidation agent for any of the aforementioned (in an official role) (Pahwa, 2022).
India	A company, according to India's Companies Act 2013, is a registered organisation that is an artificial legal person with a perpetual succession, a common seal for its signatures, a common capital consisting of transferable shares, and limited liability. The Companies Act of 2013 establishes the sorts of businesses that can be promoted, created, and registered. Private businesses, public companies, and one-person firms are the three primary types of corporations formed under the Companies Act, 2013.

Source: Compiled by Author

In a nutshell, the management control system design will be influenced by a thorough study of the regulations regulating the place where a firm is created and the sort of business.

CONCLUSION

In conclusion, it is vital to note that the contingency theory did indeed repudiate the one-best-way approach. Given the benefits of the contingency theory outlined below, it is no wonder that corporate executives all over the world are consistently embracing the CT:

- The contingency strategy is fluid in nature. As a result, it varies depending on the circumstances. It enables managers to adapt policies to changing circumstances.
- The contingency strategy assists managers in improving their leadership and decision-making abilities.
- The contingency strategy gives employees alternatives, which enables them to improve and share their ideas with the company.

- It aids in the creation of organizational structures and the planning of information decision systems.

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