

Importance of contingency management in organization

Vahid Khalatbari Limaki ^{1,2*}

1- MSc student, Department of Public Administration, Qaemshahr Branch, Islamic Azad University, Qaemshahr, Iran

2- Expert in Central Bank of the Islamic Republic of Iran

*Corresponding author: Vahid Khalatbari Limaki,

E-mail: khalatbarivahid@yahoo.com

Abstract: Management, like other sciences has vicissitudinous history, the history which its formal and scientific beginning started at the beginning of 20 century by systemic and empiricist efforts by Taylor. Different schools and theories were formed after scientific beginning of studies in management, which finally resulted in contingency school (approach/attitude/theory) in 70s. However, we can find the origin of the contingency approach in predecessor's ideas such as Henry Faiol and Mary Parkerfalt but this approach was known by Fidler who considered contingency aspect of leadership, more. After appearing contingency school in management, nothing exists as "one Best Way" longer. This means that success of one approach in one place does not guarantee its success in other place but various factors including cultural and civilization context, national identity, history of one nation, and ... all involved in success or lack of success of one approach.

[Vahid Khalatbari Limaki. **Importance of contingency management in the organization.** *Rep Opinion* 2013;5(6):41-43] (ISSN: 1553-9865). <http://www.sciencepub.net/report>. 9

Keywords: contingency management, organization

Introduction:

Contingency theory was presented by Stonner in 1995. This theory determines that there isn't anything as "best way" in management. There are not also any program, organizational structure, leadership style, control method and ... which be consistent with all conditions but manager should search and find different ways which are consistent with different conditions.

This theory emerged based on concepts and principles of schools and previous theories such as other management theories. This theory is based on this thought that since conditions are different, the results are also different. Thus, focus of this theory is on the consistency between method for performing organizational tasks and features of conditions.

Contingency management requires manager ability to recognize conditions and circumstances and coordinate behaviors and activates with its needs. Therefore, manager duty in contingency management is to recognize what decision or action in certain conditions and circumstances will help effectively fulfilling management goals. Contingency management is considered as main milestone for path of management thought, because considers the subject using all previous thoughts and knowledge's and tries to make relations between conditions, management activities and results of organizational performance, predictable. Basicly, method of managing based on contingency emphasis on this fact that what manager does in practice depends on series of current conditions. In this theory, not also current

condition was considered but considered effect of offered solutions on the behavioral templates of organization.

Duty of theory and science isn't to prescribe what to do or not in certain condition. But the goal is to find basic relations, fundamental techniques and organize current knowledge based on used clear concepts and how to use these techniques depends on current condition in practice. So, it is said that effective management also is based on contingency, thus:

This theory will be presented within systems. This was presented when managers said that why we decide same at two times but couldn't arrive at one conclusion?

Managers' performance in same style has resulted in their failure during different times. So this theory was created to note managers that certain style should be presented in every different condition. Because today organizations and environment changes permanently so we should analyze them and decide according to conditions and features of organization. Is it possible for organization to decide which result in unemployment and even be successful without considering unemployment problem in the society? So the organization will be successful, if consider all aspects. Lack of considering each factor, will lead to no confidence in officials' sayings by people. Therefore, manager should constantly identify organizational environment around. What is difference between contingency management and treating according to his/her taste (anarchy and ...)?

In taste style, sometimes analysis is performed but is acted according to individual opinion but in contingency management analysis is performed but decision-making is performed according to management principles not to individual taste.

Traditional theorists of management tried to identify “best way” for managers’ activity in different conditions; so that after accessing to universal principles then the “proper management” will depend on learning and how to use them. But not so after, researchers found that sometime it is necessary to ignore traditional principles (such as Fayol unity of command i.e. each person should response to just one boss) in order to reach better results. Therefore, contingency theory formation began. Contingency approach which sometime is called situational approach too, emphasis on avoidance of absolute fundamentalism; in fact, necessity for management is originated from this reality that manager’s performance should be verified according to his/her conditions and set of operation conditions every time.

Duty of theory and science isn’t to prescribe action for certain condition, but to find basic relations, fundamental techniques and organize current knowledge based on clear concepts because how to use above techniques depends on the condition; so it was emphasized that “effective management” always is fulfilled based on identification of contingencies.

Therefore, it is tried according to contingency approach that managerial responses being coordinated with unique issues and different conditions. Using contingency approach enjoy certain importance in today management. So that using this approach is extended to all managerial tasks. For example, concept of bureaucracy in Weber’s view was represented to offer desired and proper form of organization ; but if we look bureaucratic plan of organization by contingency attitude then this plan just can be used as one of organizing pattern; i.e. selection of best structure for any certain condition depends on multiple factors including extent of environmental changes, major technology of organization, strategy which organization seeks, organization size, and power and control networks in the organization; according to these factors, use of bureaucratic follows best performance only if its operations be predictable and the size be large; it means that we should use other structural options. In fact, one useful structure for one organization maybe is non-optimal for other one and even it can be said that what works good at one time maybe works bad in future (due to contingency changes).

Common-sense also proves necessity for using contingency approach in management behavior. Since that organization vary in terms of size, goals,

type of activities and like then finding universal principles which be useful at different conditions and circumstances seem unusual. Thus it can be said that all depends on ... and this question can be presented that “on what it depends?”

Management researchers try to identify “variables or things while finding answer to this question. In following chart four known contingency variables are offered which were selected among hundred different variables. These variables have been used in common and offer image for understanding contingency variable.

Impacts of some known contingency variable on determination of management position

1. **Organization size:** it implies employees number of organization and follows major impact on the managers mode of performance; because whatever organization size be larger, then the issue of establishing coordination will increase, for example we should use certain structure for establishing coordination in one organization with 50 employees which absolutely is different form proper structure for one organization with 50.000 employees.
2. **Iterative production technology:** each organization uses type of technology in order to access its goals that are used for converting input to output. If technology was duplicated then organizational structure, leadership styles and required systems by organization contains no difference with what is needed in organization with non-duplicated technology.
3. **Environmental uncertainties:** the degree of uncertainty due to constant changes in economic, social, cultural, technological and political environments effects on management process. What woks properly for sustainable and predictable environment can be completely improper for unpredictable and fast and constant changing environment?
4. **Individual differences:** people vary in terms of tendency to growth, maturation level, independency, ambiguity tolerance, expectations and like. These differences will be important especially when manager wants to employ proper options according to workforce condition, among motivation methods, leadership style and job designs.

Some management scientists are interested in contingency approach because practically caused kind of compromise and convergence between system approach and merely conditional approach. System approach is criticized because is general and abstract. Merely conditional perspective is criticized

because is objective and holistic; conditional perspective believes that each condition in real life calls for different and special approach rather than other conditions. Advocates of contingency approach tried to obtain benefit from common aspect of system and conditional theories and extend them to certain conditions in addition to classify intended contingencies. Contingency approach has three main features: 1) open-system view 2) tending to scientific research 3) considering set of factors (approach based on multi-variable analysis).

Open system perspective:

Using open system view enjoys high importance in contingency approach. Contingency theorists didn't consider merely focus on the inner operations of organization, enough and know it necessary to identify how to combine micro-organizational systems in order to interact with economic, political and social systems of outer environment.

Trends in scientific research:

scientific research will result in more effective management of work operation; so that contingency scientist try to convert their findings to instruments and purifiers which enable managers to identify each condition and treat it more effectively using above instruments and purifiers.

Approach based on multi-variable analysis:

According to traditional thinking based on close-system view it was tried to discover causal relations between all factors. This approach depends on two-variable analysis. For instance, it was assumed in traditional attitude in human relations that "employee's high spirit" automatically would result in more efficiency. In this two-variables analysis, variable of "spirit" was considered as the only direct reason for changes in "efficiency" variable; however later multi-variables analysis showed that many variables such as "employee character", work nature", "rewards", "job status" and "life satisfaction" totally cause changes in efficiency. Multi variable analysis as a technique for research, will be used to determine how to combine variables which results in certain result which interacting each others. So it is assumed that if employee character be strong; Structured work be high; and above employee be satisfied with his/her life and work then it is possible to conclude that we can expect high efficiency in such conditions. Contingency management theorists try to use multi variable analysis practically in order to explain role of related management.

Contingency approach however isn't developed yet completely, but is considered as useful step in evolution path of management thinking; because considers appropriateness of each decision according to current condition. People, organizations, and social issues are so complex that "pure follow of universal principles of management" cannot be justifiable. Contingency thinking can be assumed as a result of kind of scientific extension of system approach. If system thinking be considered as unifying factor in management thinking path then it is possible to count on contingency approach as kind of practical guidance to achieve this goal.

Conclusion:

Social, cultural and social activists' increased degree of confidence in their operations through stability in micro and macro plans puts away contingency management and guide activists in certain path. If organizations, government and private section involve in contingency management instead considering plan in activity and working, therefore it means that warning signs which are considered for future, do not enjoy enough validity and reliability.

Without correct informing of future, the road map will be valueless document and priorities will fade, targeting will be converted to dependent variable of contingency management and in this situation, everything will emerge in unpredictable conditions. Unpredictability of decisions will make aforesought plans, inefficient and unreliable.

Resource:

1. Shorini, S. "Organizational Leadership theories and their application in management system of" first edition, publication of Negah, 1994.
2. Jasbi, A. management principles. Islamic Azad University Press 2000.
3. Kuntz, Herold et al, Principles of Management, translated by Mohammad Ali Toosi and others, published by Center for Public Management, 1991, Vol 2.
4. Mirsepasi, N. Strategic management of human resource and labor
5. Abbaspoor, A. Enhanced human resource management
6. Mirsepasi, N. "Management and Organizational Culture" Besat Press, 2002.

3/10/2013