

MANAGEMENT

PRINCIPLES AND APPLICATIONS

UNIT-1, 1.1

PART-XIV

CONTINGENCY SCHOOL OF MANAGEMENT

The contingency approach incorporates and takes care of environmental factors and attempts to bridge this existing theory-practice gap. This approach advocates that management actions and organisational design must be appropriate to the given situation and a particular action is valid only under certain conditions.

In fact, there is no one best approach to management and it depends on the situation. Every management action is dependent upon the external environment. There cannot be a single best approach for all the situations.

MEANING AND DEFINITIONS

(1) The contingency approach to management is based upon the premise that there is no one best way to handle the management problems. The application of management principles and practice should be contingent upon existing circumstances."

-J.W. Lorsch

(2) *Contingency approach is an approach in which the behaviour of one sub unit is dependent on its environment and relationship to other units or sub-units that have some control over the sequences desired by that sub-unit.*

-Tosi and Hammer

(3) *"The contingency view seeks to understand the interrelationship within and among sub-systems as well as between the organisation and its environment and to define pattern of relationships of variables."*

-Kast and Rosenzweig

It is also known as situational approach which emphasises the fact that what a manager do in practice depends upon a given set of circumstances. This approach not only takes into account only given situation but also the influence of given solution on behaviour pattern of an enterprise.

Contributors

It is latest approach or school of management to the existing management approaches. It was developed during 1970's aims at integrating theory with practice in the system framework. It was developed by J.W. Lorsch and P.p. Lawrence, they were critical of other approaches which were pre-supposing "one best way to manage". They were of the opinion that management problems are different under different situations and need to be tackled as per the demand of the situation. One best way of doing may be useful for repetitive things but not for managerial problems.

FEATURES

- i. Managerial policies, procedures, strategies to be effective must adjust to changes in environment.
- ii. It stresses that there is no one best way of doing things.

- iii. The conditions of the contingency or situation will determine which techniques and control systems should be designed to fit in a particular situation.
- iv. It should apply the contingency model in designing the organisation, developing its information and communication system.
- v. Management is situational in nature and efficient managers should prepare objectives, policies, procedures, rules and regulations, strategies and budgets accordingly.

Applications

In fact, all tools of management like functional, behavioural, quantitative and system approaches should be applied situationally. Generally, there are three major parts of the overall conceptual framework for contingency:

- i. Environment
- ii. Management concepts, principles and techniques
- iii. Contingent relationship between the first two.

A very broad and abstract contingency model can be shown as the environment (IF) is an independent variable where the Management (THEN) is a dependent variable. The independent 'ifs', are along horizontal 'X' axis and dependent variable 'then' are on 'Y' axis.

The goal of the contingency management is to fill as many cells of matrix as possible.

In conclusion, it can be said that there is no one best way of leadership which will suit every situation. The effectiveness of a particular leadership style will vary from situation to situation. In facts manager should develop Situational Sensitivity and Practical Selectivity. Adoption of this approach can be useful in the formulation of strategies, planning information system, establishing communication and control system.

DISTINCTION BETWEEN SYSTEM SCHOOL AND CONTINGENCY SCHOOL OF MANAGEMENT

System School of Management	Contingency School of Management
1. It simply finds that organisation interacts with environment.	The impact of environment on the organisation interacts with organisation structure and managerial style is the major concern of contingency approach.

2. Lays emphasis on the inter- dependencies and interactions of systems and sub-systems.	Identifies the nature of inter dependencies and the impact of environment on organisational design and managerial styles.
3. It studies organisation at a philosophical level.	It is action-oriented approach so is pragmatic.
4. Appears to be neutral and non- committed on the universality of principles of management.	It is based on empirical studies. Rejects the universality of principles "No one best way of managing."
5. It treats all organisations alike, size of the organisation and its social-cultural settings are not considered.	Each organisation is to be studied as a unique entity.