

Contingency theory essay sample

[Business](#), [Leadership](#)



Contingency Theory is a class of behavioral theory that claims that there is no best way to organize a corporation, to lead a company, or to make decisions. Instead, the optimal course of action is contingent (dependent) upon the internal and external situation. The leading practitioners of which were Tom Burns, Joan Woodward, Paul Lawrence, Jay Lorsch, and Fred Fiedler, an otherwise theoretically eclectic group who were nevertheless united in their belief that no single organizational structure was inherently more efficient than all others. Rather, since organizations differed in the tasks they performed and environments they faced, the appropriate organizational structure was in each case a function of such factors as technology, market, and the predictability of tasks. Joan Woodward was a pioneer for empirical research in organizational structures and author of analytical frameworks that establish the link between technology and production systems and their role in shaping effective organizational structures. She classified the technology into Unit based or (Small scale), Mass based or (large scale) and Continuous process organizations.

All successful organizations in these categories, according to her, were having a particular organizational structure. She wrote a book entitled, *Industrial Organization: Theory and Practice* which has rightly been described as a “ classic” in the history of organizational theory. First published in 1965, the book stood in marked contrast to the traditions of scientific management. In doing so, Woodward offered lasting insights into issues of levels of hierarchy and spans of management control – issues that today might be discussed in terms of “ delayering” and “ process re-engineering”.

Jay Lorsch and Paul Lawrence (Organization and Environment, 1967) found, in a study of ten firms in three different industrial environments (plastics, food, containers) in the United States, that the degree of uncertainty in the three ‘ task sub-environments’ of the firms (market, techno-economic, and scientific) was strongly related to their internal organizational arrangement. The greater the uncertainty, the greater the need to differentiate the sales, production, and research and development departments within the firm. However, the greater the degree of internal differentiation, the greater the need for appropriate mechanisms for integrating and resolving conflicts between the various segments.

In The Management of Innovation (1961), Tom Burns and his co-author G. Stalker examined the impact of technical innovation on electronics companies, and attributed the differential adaptability of firms to the prevailing system of management. They devised an influential typology of ‘ mechanical’ and ‘ organic’ (or ‘ organismic’) systems of management. In mechanical management systems, decision-making takes place within a tightly controlled and familiar normative framework, in which: individual employees are responsible for well-defined tasks; functions are precisely defined; control, authority, and communication are hierarchical; interaction between members is typically vertical (between subordinate and superior); there is an insistence on loyalty to and obedience of superiors; and a greater importance is attached to internal (local) than to general (cosmopolitan) experience and skills.

Organic management systems display characteristics which are the obverse of these: continual adjustment and redefinition of tasks through interaction with others; network structures of control, authority, and communication; a lateral rather than vertical direction of communication through the organization, involving frequent communications between people of different rank, with communications taking the form of consultations rather than command; and so forth. Burns and Stalker argued that the former structure was only suited to 'a concern for which technical and market conditions approximated very closely to stability'. Changing market and technological conditions, which create unforeseen problems and tasks which cannot therefore be described functionally or distributed automatically throughout a clearly demarcated structure, required an organic system of management. Managerial leadership has influenced organizational activities in many ways. These influences include motivating subordinates, budgeting scarce resources, and serving as a source of communication.

Over the years researchers have emphasized the influences of leadership on the activities of subordinates. These emphases by researchers led to theories about leadership. "The first and perhaps most popular, situational theory to be advanced was the 'Contingency Theory of Leadership Effectiveness' developed by Fred E. Fiedler" (Bedeian, Glueck 504). This theory explains that group performance is a result of interaction of two factors. These factors are known as leadership style and situational favorableness. These two factors will be discussed along with other aspects of Fiedler's theory. "In Fiedler's model, leadership effectiveness is the result of

interaction between the style of the leader and the characteristics of the environment in which the leader works” (Gray, Starke 264).

The first major factor in Fiedler’s theory is known as the leadership style. This is the consistent system of interaction that takes place between a leader and work group. “ According to Fiedler, an individual’s leadership style depends upon his or her personality and is, thus, fixed” (Bedeian, Gleuck 504). In order to classify leadership styles, Fiedler’s has developed an index called the least-preferred co-worker (LPC) scale. The LPC scale asks a leader to think of all the persons with whom he or she has ever worked, and then to describe the one person with whom he or she worked the least well with. This person can be someone from the past or someone he or she is currently working with. From a scale of 1 through 8, leader are asked to describe this person on a series of bipolar scales such as those shown below:

Unfriendly 1 2 3 4 5 6 7 8 Friendly

Uncooperative 1 2 3 4 5 6 7 8 Cooperative

Hostile 1 2 3 4 5 6 7 8 Supportive

Guarded 1 2 3 4 5 6 7 8 Open

The responses to these scales (usually sixteen in total) are summed and averaged: a high LPC score suggests that the leader has a human relations orientation, while a low LPC score indicates a task orientation. Fiedler’s logic is that individuals who rate their least preferred co-worker in relatively favourable light on these scales derive satisfaction out of interpersonal relationship; those who rate the co-worker in a relatively unfavourable light get satisfaction out of successful task performance” (Gray, Starke 264). This

method reveals an individual's emotional reaction to people with whom he or she cannot work. It is also stressed that is not always an accurate measurement.

“ According to Fiedler, the effectiveness of a leader is determined by the degree of match between a dominant trait of the leader and the favorableness of the situation for the leader.... The dominant trait is a personality factor causing the leader to either relationship-oriented or task-orientated” (Dunham 365). Leaders who describe their preferred co-worker in favourable terms, with a high LPC, are purported to derive major satisfaction from establishing close relationships with fellow workers. High LPC leaders are said to be relationship-orientated. These leaders see that good interpersonal relations as a requirement for task accomplishment.

Leaders who describe their least preferred co-worker unfavourable terms, with a low LPC, are derived major satisfaction by successfully completing a task. These leaders are said to be task-orientated. They are more concerned with successful task accomplishment and worry about interpersonal relations later. The second major factor in Fiedler's theory is known as situational favorableness or environmental variable. This basically is defined as the degree a situation enables a leader to exert influence over a group. Fiedler then extends his analysis by focusing on three key situational factors, which are leader-member, task structure and position power. Each factor is defined in the following:

1. Leader-member relations: the degree to which the employees accept the leader.
2. Task structure: the degree to which the subordinates' jobs are

described in detail. 3. Position power: the amount of formal authority the leader possesses by virtue of his or her position in the organization. (Gannon 360) For leader-member relations, Fiedler maintains that the leader will have more influence if they maintain good relationships with group members who like, respect, and trust them, than if they do not. Fiedler explains that task structure is the second most important factor in determining structural favorableness.

He contends that highly structured tasks, which specify how a job is to be done in detail, provide a leader with more influences over group actions than do unstructured tasks. Finally, as for position power, leaders who have the power to hire and fire, discipline and reward, have more power than those who do not. For example, the head of a department has more power than a file clerk. By classifying a group according to three variables, it is possible to identify eight different group situations or leadership style. These eight different possible combinations were then classified as either task orientation or relationship oriented. In the following diagram, it shows that task-oriented leadership was successful in five situations, and relationship-oriented in three. Fiedler's Contingency Theory of Leadership

Leader-Member Task Position Power Successful Leadership

Relations Structure of Leader Style

Good — Structured — Strong — Task Orientation

Good — Structured — Weak — Task Orientation

Good — Unstructured — Strong — Task Orientation

Good — Unstructured — Weak — Consideration

Poor — Structured — Strong — Consideration

Poor — Structured — Weak — Consideration

Poor — Unstructured — Strong — Task Orientation

Poor — Unstructured — Weak — Task Orientation

(Gannon 360)

“ According to Fiedler, a task-orientated style of leadership is more effective than a considerate (relationship-orientated) style under extreme situations, that is, when the situations, is either very favourable (certain) or very unfavourable (uncertain)” (Gannon 361). Task-orientated leadership would be advisable in natural disaster, like a flood or fire. In and uncertain situation the leader-member relations are usually poor, the task is unstructured, and the position power is weak. The one who emerges as a leader to direct the group’s activity usually does not know any of his or her subordinates personally. The task-orientated leader who gets things accomplished proves to be the most successful. If the leader is considerate (relationship-orientated), he or she may waste so much time in the disaster, which may lead things to get out of control and lives might get lost. Blue-collar workers generally want to know exactly what they are supposed to do. Therefore it is usually highly structured. The leader’s position power is strong if management backs his or her decision

. Finally, even though the leader may not be relationship-orientated, leader-member relations may be extremely strong if he or she is able to gain promotions and salary increases for subordinates. Under these situations is the task-orientated style of leadership is preferred over the (considerate)

relationship-orientated style. “ The considerate style of leadership seems to be appropriate when the environmental or certain situation is moderately favourable or certain, for example, when (1) leader-member relations are good, (2) the task is unstructured, and (3) position power is weak” (Gannon 362). For example, research scientists do not like superiors to structure the task for them. They prefer to follow their own creative leads in order to solve problems.

Now under a situation like this is when a considerate style of leadership is preferred over the task-orientated style. Fiedler’s theory has some very interesting implications for the management of leaders in organizations: 1. The favourableness of leadership situations should be assessed using the instruments developed by Fiedler (or, at the very least, by a subjective evaluation). 2. Candidates for leadership positions should be evaluated using the LPC scale. 3. If a leader is being sought for a particular leadership position, a leader with the appropriate LPC profile should be chosen (task-orientated for very favourable or very unfavourable situations and relationship-orientated for intermediate favourableness). 4. If a leadership situation is being chosen for a particular candidate, a situation (work team, department, etc.) should be chosen which matches his/her LPC profile (very favourable or unfavourable for task-orientated leaders and intermediate favourableness for relationship-orientated leader). (Dunham 360) Several other implications can be derived from Fiedler’s findings.

First, it is not accurate to speak of effective and ineffective leaders. Fiedler goes on by suggesting that there are only leader who perform better in some

situations, but not all situations. Second, almost anyone can be a leader by carefully selecting those situations that match his or her leadership style. Lastly, the effectiveness of a leader can be improved by designing the job to fit the manager. For instance, by increasing or decreasing a leader's position power, changing the structure of a task, or influencing leader-member relations, an organization can alter a situation to better fit a leader's style. In conclusion, the Fiedler's Contingency Theory of Leadership, has been cautious of accepting all conclusions.

Fiedler's work is not without problems or critics. Evidence suggests that other situational variables, like training and experience have an impact in a leader's effectiveness. There are also some uncertainties about Fiedler's measurement of different variables. For instance, there is some doubt whether the LPC is a true measure of leadership style. " Despite these and other criticisms, Fiedler's contingency theory represents an important addition to our understanding of effective leadership" (Bedeian, Gleuck 508). Fred Fiedler's theory became an important discovery in the study of leadership. His theory made a major contribution to knowledge in the leadership area.

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