Critically evaluate the relevance of the contingency approach

Business, Human Resources

Jane directly leads a team of seven HRS andcommunicationemployees and five operations staff, and has a strong Influence across the organization. Reporting to the CEO, with both board and ASS reporting responsibilities, Cane's role and authority at EX. Wealth Is prominent. As the HRS Director, Jane Is Involved In structure, employment Issues, human resource allocation. Recruitment and retention decisions and sets the people strategy for the organization (J. Smith, peers. Com, 2011). As she faces many different situations everyday in her work, she heavily relies on the contingency approach to management.

The contingency approach states that " organizations are different, face different situations (contingencies) and require different ways of managing" (Robbins, Bergman, Stag & Coulter, 2009 p. 53). The classical, behavioral and systems approach to management theory assumed a universal or 'one-best-way of management that applied the same techniques to all companies. However, experienced managers know that not all people and situations can be managed exactly the same. Thus the contingency approach to management suggests that what managers do In practice depends on the situation.

However, the contingency approach is not without its critics. A major problem is that it often is used as an excuse for not acquiring formal knowledge about management, but just lets managers make dados decisions. There are four popular contingency variables: organizational size, riotousness of tasktechnology, environmental uncertainty and individual differences (Robbins et al, 2009). In this essay, we will discuss how Jane at

EX. Wealth manages each of these variables. The first variable In contingency management theory is organizational size.

The way Jane manages her direct team of seven, Is very different to how she is seen as a manager across the 700 staff at EX. Wealth. For example, Jane holds weekly meetings with her team to advise of company-wide news and Information from her meetings at CEO and Board level. In relation to Skate's " human skill" (Katz, 1974) she Is an effective communicator In tans arena. However, one AT ten roles AT newer team Is to teen disseminate this information through their business groups and across the organization, so that all employees are aware of various company-edicts and general 'goings on' .

They did this through posting memos in breakout rooms, which were rarely noticed. Thus Jane (and in turn, her team) was perceived as having poor human skills' as the information coming from the HRS team was communicated across the larger organization ineffectively. Jane had to change her management style in relation to these larger communications and a company wide intranet was developed as a result. On it, important employee notices were communicated as well as information about the company and it's various activities. 0. Smith, peers. Com).

Employees were then able to access the information as it suited them, and remained just as informed as those in her direct team after their weekly meetings. Another variable in contingency management theory is the 'riotousness of task genealogy. Routine Technologies are those that have little variety and use objective, standardized procedures. They are mostly associated with a mechanistic structure and processes, with formal rules and rigid management processes (Daft, Murphy & Wolcott 2010). An example of this at EX. Wealth is in the Operations Department.

Their role is to scan all incoming mail, forward it to the correct person and file the hardcopy. Jane finds managing this department is relatively straightforward. She sets formal Kips at the start of each year and the Senior Operations Officer ensures that the team meets their targets. In effect, Jane is using one of Integers 'Managing on Three Levels' (being, information) technique (Integers, 1994). Non-routine technologies, however, have high task variety and experience and technical knowledge are used to perform the work and solve problems.

Using Woodward's research, organizations with more non-routine technologies are more likely to have organic structures (Robbins et al, 2009) Similar to many companies infinance, EX. Wealth has traditionally had a very bureaucratic structure based around division of labor, central controls and a strict hierarchy - almost Weeper's ideal bureaucratic structure. Robbins et al, 2009) - with the CEO at the top and the majority of staff (in processing and call centre roles) making up the bottom. Divisions were created by Job role and geography and the machinations of the firm had little to do with the head office and theirgoals.

However, since the challenge of Global Financial Crisis (SGF) companies, particularly in financial fields, have had to be leaner and more able to change and faster at doing it. EX. Wealth has started to develop a flatter management structure, with a matrix- reporting style and business units connecting with each other (Chapman, 2001). For instance, instead of all Human Resources (HRS) consultants sitting together in an HRS teamenvironment, those dedicated to a particular business group, now 'live' with their business, as business partners. Although they form part of Cane's team, they also have a reporting line through to their business manager.

Echoing Chessman's (2001) work, Jane feels that this new organizational structure is more desirable as interpersonal relationships are developed and knowledge and understandings are shared between the HRS team and the business. 0. Smith, peers. Com) I en Tanta variable Tort ten contingency approach to management Is environmental uncertainty. Because uncertainty threatens an organizations effectiveness, managers will try to minimize it. (Robbins et al. 2009) Operating in a post-SGF world, EX. Wealth is facing uncertainty on numerous levels. There are constant threats from competitors and the market is still Jittery and unpredictable at best.

EX. Wealth has a large insurance division that has recently been onset by claims from the various natural disasters that Australia has recently faced. In short, there is not a lot about EX. Wealth's environment that is certain. According to contingency theory, stable environments suggest mechanistic structures that emphasis centralization, standardization, and specialization. (Robbins et al. , 2009) Unstable environments suggest organic structures, which emphasis decentralization to achieve flexibility and adaptability (Robbins et al. , 2009).

EX. Wealth is effected by a rapidly changing and unstable environment and must evolve to ensure that it is able to operate efficiently through any uncertainty. An example of this was highlighted with an unprecedented retention issue with the Junior clerks in the Perth offices of EX. Wealth. Due to the mining boom, these staff were being lured away from EX. to earn significant amounts working in the mines. As hiring and retraining staff is an expensive exercise (and EX. Wealth was in no position to match the salaries on offer), the company offered an extended leave without pay program for Junior employees who had shown potential.

This gave them time off to work in the mines and then they were able to return to their previous roles (Smith, peers. Com). The final variable for the contingency approach to management thought is that of individual differences: " Individuals differ in terms of their desire for growth, autonomy, tolerance of ambiguity and expectations" (Robbins et al, (2009) p. 4). This final variable, makes it clear why so many found the classical theories of Payola and Taylor so limiting.

There are Just so many variables that could apply to motivating and leading individuals, that no classical theorist could cover them all. As Human Resources Director Jane Smith leads discussions at EX. Wealth on the remuneration levels of employees. Being a company in financial markets, employees who work in this industry are usually attracted bymoney. Thus, it has always been the main motivator for staff and all employees are eligible for performance related pay and company bonuses. However, since the SGF the focus on money as the main motivational tool has been lessened.

Other benefits such as more flexible working practices (either with hours, or working from home), study support or the ability to 'buy extra annual leave; have also been seen to highly motivate employees (Smith, peers. Com). As Mitchell and Nickel (1999) argue - money is an important motivator, but managers need to understand individuals - their attitudes, beliefs and behavior - before it will act as an effective motivator. In analyzing Cane's work as the Human Resources Director of EX. Wealth, it can be aid that she heavily relies upon the contingency approach to management.