TEST Engineering & Management

May-June 2020
ISSN: 0193-4120 Page No. 30156 - 30169

EFFECT OF CONTINGENCY FACTORS ON LEARNING ORGANISATIONS IN NIGERIA

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Article Info
Volume 83
Page Number: 30156 - 30169
Publication Issue:
May-June 2020

Abstract

The major challenge of the Contingency Approach to management as practised globally is that causation effect is presumed but not explained. Ironically, some business can exist over a long period with poor fit because the industry is profitable enough or has successfully created entry barriers to support its operation even though it may be in sub-optimality. This study establishes the influence of contingency factors on Learning Organization. The sub-variables here were Organizational structure, information Technology, dynamic Capabilities, leadership characteristics, the legal and regulatory environment was discussed. The remaining contingency factors comprising of the environment, Organizational size, strategy, technology, and corporate culture also significantly impact on learning Organizations. The study used the Phenomenological Approach to research. Based on these findings, which revealed a various situational approach to issues, the study concluded that learning organizations should understand that, there is no one best method of organising, rather the best organizational structure is contingent on several contingency factors such as the complexity of the environment, the strategic positioning of the firm, or the technology among others. The study also recommended that learning organizations should put in place better organizational structural strategies, improved information technology and put in place strategies that encourage their leaders to have leadership characteristics and capabilities towards better performance.

Keywords: *Contingency Factors, Learning Organisation, Organizational Structure, Information Technology, and Dynamic Capabilities*

Article History
Article Received: *25 March 2020*
Revised: *19 April 2020*
Accepted: *15 May 2020*
Publication: *28 June 2020*

Background of the Study

Organizational contingency factors such as organizational structure, information technology, dynamic capabilities and leadership characteristics are critical in the realization of a Firm's goals (Kihara, Ngugi and Ogollah, 2016). The relationship between organizational factors such as its structure, information technology, dynamic capabilities and leadership characteristics and its performance depends upon the level of their contingent nature (Donaldson, 2006).

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According to Porter (1991), the organization structure is important because the way a firm fit into the system is seen as the primary source of competitive advantage. Modern enterprises operate in rapidly changing environments that are very competitive and turbulent where customers preferences are volatile with technology playing a transformational role. The point to note is that organizational factors cannot be generalized under such conditions. Therefore, each organization needs to be designed ready to respond to contingencies to avoid loss of performance. According to Thompson (2007), significant challenges for complex organizations, therefore, supposes that a firm should properly design their organizational factors to be contingent to specifically address them instead of operating under the earlier strategic arrangement (Kihara, Ngugi and Ogollah, 2016).

Contingency-based research has a long tradition which has become a dominant paradigm in learning organizations. Contingency theory claims that "there is no universally accepted model of the organization that explains the diversity of organizational design", therefore, "organizational design depends on contingent factors relevant to the situation" (Dropuli, 2013).

In the contemporary business world, researchers and business practitioners have recognized the need to adopt a contingency approach to emphasize the importance of situational influences on the management of business organizations. Essentially, the contingency approach questions the existence of a single and best way to manage or organize business activities. The contingency approach to management has its roots in general systems theory and the open systems perspective (Boulding, 1956; Katz & Kahn, 1966), as well as in the Simon-March-Cyert stream of theory and research (Cyert & March 1963; March & Simon, 1958 cited in Adebisi, Bika and Abiola, 2018).

In the opinion of Scott (1992), contingency approaches usually, are domesticated within management as mid-range theories between the two extreme views which state either that general principle of an organization where management exist or that each organization is exclusive and situations analyzed independently. In other words, the contingency approach involves recognizing commonly repeated sceneries and spotting how diverse structures, strategies, and behavioural practices operate in each setting (Hambrick, 1983). According to Scott (1992), contingency theory is deliberated, as a dominant, theoretical, rational, open system model at the structural level of analysis in organization theory. The fundamental basis of contingency theory is that the environment in which a business organization operates determines and influences the best way to run and manage it. Undoubtedly, the business does operate in a vacuum, it needs an environment. Put differently, the environment also determines the nature, forms, success and failure of any business. Therefore, a symbiotic relationship of interdependence exists between a business organization and its environment (Adebisi, Bika and Abiola, 2018).

Business environment involves social, political, cultural and economic factors or other circumstances that are capable of affecting the life, growth and development of the business venture. These environmental factors are capable of either impeding or facilitating business activities in any economy. Kotler (2001) expresses that the business environment is the physical and operational factors, both internal and external, that upset the flow of activities in a business. They include; customers, competitors, suppliers, distributors, industry trends, substitutes, regulations, government activities, the economy, demographics, social and cultural factors, innovations and technological developments among others (Adebisi, Bika and Abiola, 2018).

Global trends and competition have forced learning organizations to adopt world-class organizational practices capable of boosting firms' performance (Dubey et al., 2017). However, there has been a persistent gap in the body of knowledge concerning the combination of theoretical angles — which are

Published by: The Mattingley Publishing Co., Inc.

May-June 2020
ISSN: 0193-4120 Page No. 30156 - 30169

necessary to understand the complex relationship between contingency factors — the adoption of complementary organizational practices, adoption of performance measurement systems, and firms' performance.

Against the background of this research, this study will look at the effect of contingency factors on learning organization and will also shed light on the contingency factors that can influence the adoption of advanced managerial practices in learning organizations.

Objectives of Study

i. To establish the influence of organizational structure performance of learning
organizations in Nigeria.

ii. To assess the influence of information technology on the performance of learning
organizations in Nigeria.

iii. To determine the influence of dynamic capabilities on the performance of learning
organizations in Nigeria.

iv. To analyze the influence of leadership characteristics on the performance of learning
organizations in Nigeria.

2.0: Literature Review

Historical Background of Contingency Theory

Research inquiry on contingency theory first appeared in the 1950s in different, isolated fields of science (Zsolt 2012). According to this author, the development of contingency theory evolved empirical studies in the field of sociology, which instituted the countless existing forms of organizational bureaucracy that could not be described by Weber's bureaucracy theory. The contingency theory supposes that under different conditions, diverse solutions may prove successful, (Dobak & Antal, 2010). The historical account of contingency theory, according to Reid and Smith (2000) begins in the '60s when Burns and Stalker (1961) studied the effects of the external environment on the firm structure. According to Lawrence and Lorsch (1967), the word "contingency theory" was coined in line with the notions of differentiation and integration of sub-units.

Therefore, the origins of contingency theory lie in organizational studies, when the classical management school was confronted by philosophers arguing that controlling organizations would be aided by more decentralized tactics (Donaldson, 1999). The discoveries of these early studies have since been expanded by other scholars, for instance, culture has been incorporated as a contingent variable (Chenhall, 2007). These early theorists indicated any of the several different forms that could be used by an organization under any given conditions. Although some organizational forms were presented to be advantageous, there is no assurance that an organization can find the best form which ultimately is a matter of strategic choice (Andrew & Robert, 1984). Other scholars institute that the size of an organization could clarify countless characteristics of its structure (Pugh, Hickson, Hinings & Turner, 1968).

An Overview Contingency Elements

According to Donaldson (2006), the phrase 'contingency theory' was first revealed in the literature by Lawrence and Lorsch in 1967, in the context of organizational structure. Subsequently, the open systems viewpoint laid the foundation of the contingency theory of management. Contingency theory views the business organization as a complex entity consisting of a set of mutually dependent fragments that, together, create a whole which, in turn, is interdependent with some bigger environment. Contingency theory is often termed the "it all depends" theory because a contingency theorist typically responds to questions by advocating dependability. Chenhall(2006) noted that evaluating the contingencies on which decisions depend can be very complex. Thus, the collaborative nature of the components within the organization — and between the organization and the environment — result in two open system features that are fundamental to the contingency approach i.e.

Published by: The Mattingley Publishing Co., Inc.

May-June 2020
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adaptation and equifinality. The doctrine of adaptation, stresses that the elements within the system adapt to one another to uphold the basic character of the system. The principle of equifinality on the other hand holds that a system can stretch to the same final state from divergent original settings and through a diversity of paths (Andrew & Robert, 1984).

The Simon-March-Cyert study adds to the open systems perspective by viewing business organizations within the context of problem entities (Zeithamletal., 1985). Thus, the business organization need to consistently cultivate procedures for searching, learning and taking a course of action to achieve a satisfactory level of performance under the conditions of bounded rationality (Paaso, 2013). Although several scholars express an opinion that contingency theory of management or approach develops almost simultaneously from a variety of sources (Fiedler, 1964; Andrew & Robert, 1984). As expressed by Thompson (1967), the bulk of the theoretical superstructure of the contingency viewpoint; by conceiving it as a complex organisation faced with uncertainty and subject to a rationality principle. He contended further that dissimilarities in technological and environmental dimensions result in differences in structures, strategies and decision processes.

Contingency Variables or Factors

Researchers have identified several factors such as environment, technology, age and size of the organization as the principal contingency factors. Mintzberg (1979) identified 11 contingency variables, with four relating to the environment, stability, complexity, diversity and hostility. He further recognized the design of positions, design of superstructure, design of lateral linkages and design of decision-making system as structural design factors. Researchers such as Khandwalla (1971) acknowledged 8 structural considerations. However, contemporary studies have suggested the need to identify multiple contingencies, looking for an advanced degree of the description of relationships and attempting integration with other theories (Pennings, 1992). The findings in these early works have since been expanded to advance understanding of contingency theory, for instance, organizational culture has been incorporated as a contingent variable (Chenhall, 2007). Furthermore, the use of intervening variables has also been presented as a promising substitute for indicators of organizational effectiveness, to assess output that is compatible with organizational objectives which may not always be feasible (Otley 1980). Accordingly, the intervening factors are perceived as the best likely estimate of effectiveness, presumed to indicate actual performance, because business operations are complex and the premises are typically intersectional and inseparable. Therefore, there is bound to be at least some disruption in any contingency model (Otley, 1980). Some of the contingency factors highlighted by Chenhall (2007) related to this study are as follows:

- **Environment**

The rate of change in the environment of the organization is a vital factor in whether the structure of the organization is mechanistic (hierarchical) or organic (participatory). In mechanistic arrangements, the task of the organization is allocated into specialized roles, which is contingent on knowledge and information; in organic structures, participants collaborate in fluid and ad hoc ways to execute tasks.

- **Size of the Organization.**

Size denotes the geographical coverage of the business entity, as well as the scope of its activities. No doubt the size of the organization affects the degree of bureaucracy in that organization. A bureau-cratic structure is well suited to large organizations because the decision-making process is based on rules that guarantee efficiency and cost-effectiveness.

- **Strategy**

The strategy is the main force that creates a fit between the business organization and its environment. Therefore, the strategy adopted by a business organization to some degree influence its capability and

Published by: The Mattingley Publishing Co., Inc.

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the form of approach to mitigate the negative effect of the business environment on the firm's profitability and competitiveness. The strategy is also closely related to the choice of functional strategies adopted by the firm.

- **Technology**

Technology refers to the production, knowledge, and application of the methods, processes, or systems employed by the business organization. While a mechanistic (hierarchical) structure fits repetitive technological processes, and an organic (participatory) structure may be more suitable to non-routine processes

- **Organizational structure**

The prevailing organizational structures influence the degree of firm's control, flexibility, and degree of adaptation to changing business environment. Also, the form of organizational structure will influence the decision-making mechanism and the allocation of responsibilities and tasks accountability.

- **Corporate Culture**

Corporate culture has been defined as patterns of shared values and beliefs over time which produces behavioural norms that are adopted in solving organizational problems (Owens, 1987; Schein, 1990). This implies that the difference between successful and less successful business organizations rests in the roots of establishing strong corporate culture. According to Nelson and Quick (2011), corporate culture performs four major functions: it gives members of an organization's a sense of identity, increases their commitment, reinforces organizational values, and serves as a control mechanism for shaping behaviour.

Theoretical Review

The Contingency Theory of "Fit"

This theory was proposed by Robert Drazin and Andrew H. Van de Ven in 1985 in their study of the concept of fit in structural contingency theory (Van de Yen & Drazin 1985). The present research introduces a third strand of research for investigating fit that focuses on the organizational level as compared to the group or individual performance level. In doing so, it is necessary to start with Van de Yen and Drazin (1985) summary of the structural contingency theory of fit where fit is broadly described in terms of "congruence, internal consistency of multiple contingencies, structural and performance constructs." The concept of "fit" in contingency theory is well documented in various areas of organizational behaviour research.

According to Van de Yen and Drazin (1985), the key thread common to all scholarly research in this area is that an organizational outcome is the consequence of a "fit" or match between two or more factors. There are three ways to define and test the concept of fit namely selection, interaction and the systems approach. Due to its relevance to this study, the focus is on their description of the systems approach. Under the systems approach, "fit is a feasible set of equally effective, internally consistent patterns of organization and context and structure". Furthermore, they argue that "organization design can only advance if we address, in a simultaneous manner, the many contingencies, structural alternatives and performance criteria inherent to organizational life" (Van de Yen & Drazin, 1985).

The concept of fit has a broad utility to various areas of theory development wherein "organizational performance is a function of the match, congruence, intersection or union of two or more factors" (Lee & Runge, 2001). The Fit concept here implies that there is a match between two theoretically related variables without reference to a criterion variable (Zigurs & Buckland, 1998). Hence, consistent with the systems approach for defining and assessing "fit," in the context of the present research study, the notion of Information Technology (IT) appropriateness is described as consisting of the conditions under which a business should consider itself a likely candidate for (new) IT implementation.

Appropriateness is thus an issue of determining the "readiness" of a firm for new IT implementation. It goes to the question of "fit" between current environmental business conditions faced by a candidate firm and the nature of IT being considered for

Published by: The Mattingley Publishing Co., Inc.

May-June 2020
ISSN: 0193-4120 Page No. 30156 - 30169

adoption/implementation and its potential impact on organizational performance.

Dynamic Capabilities Theory

Teece, Pisano and Shuen, (1997) define dynamic capabilities as 'the ability to integrate, build and reconfigure internal and external competencies to address rapidly-changing environments'. The concept of dynamic capabilities arose from a key shortcoming of the resource-based view of the firm. The RBV has been criticised for ignoring factors surrounding resources instead assuming that they simply "exist". The considerations of how resources are developed, integrated within the firm and released have been under-explored in the literature.

Dynamic capabilities approach to attempt to bridge these gaps by adopting a process approach by acting as a buffer between firm resources and the changing business environment. The dynamic resources help a firm adjust its resource mix and thereby maintain the sustainability of the firm's competitive advantage that otherwise might be quickly eroded. While the RBV emphasizes resource choice or the selecting of appropriate resources, dynamic capabilities emphasize resource development and renewal.

According to Wade and Hulland (2004), resources may take on many of the attributes of dynamic capabilities, and thus may be particularly useful to firms operating in rapidly changing environments. However, reviewing key articles in this academic field, Zahra et al. (2006), Salvato (2003) as well as SchreyOgg and Kliesch-Eberl (2007) uncover inconsistencies, overlapping definitions and contradictions in the differentiation of dynamic capabilities from other capabilities. Zahra and George (2002) regard dynamic capabilities neither as a firm's abilities nor as processes but as capabilities to match customer demands and competitor strategies.

A central concern of a firm's overall strategy and management is to maintain a dynamic fit between what the firm has to offer and what the environment dictates (Miles & Snow, 1978). Achieving this fit again requires that the firm can change its processes. As such, a firm has to possess a dynamic capability which besides increasing the firm's opportunities to survive, often provide organizations with the potential for growth (Helfat et al., 2007). The roots of dynamic capabilities are based in evolutionary economics (Nelson & Winter, 1982) and briefly, the essence of dynamic capabilities approach is that competitive success arises from the continuous development, alignment and reconfiguration of firm-specific assets (Teece et al., 1997; Augier & Teece, 2006).

In other words, dynamic capabilities impact the resource base of the firm which in turn is the source of the firm's competitive advantage (Ambrosini & Bowman, 2009). However, dynamic capabilities are typically the outcome of experience and learning within the organizations.

Situational Leadership Theory

The situational leadership theory put forth by Paul Hersey and Ken Blanchard in 1969 proposes that effective leadership requires a rational understanding of the situation and an appropriate response rather than a charismatic leader with a large group of dedicated followers (Graeff, 1997; Grint, 2011). The theory evolved from task-oriented versus people-oriented leadership continuum (Conger, 2011). The continuum represented the extent that the leader focuses on the required tasks or focuses on their relations with their followers.

Various authors have classified SLT as a behavioural theory (Bass, 2008) or a contingency theory (Yukl, 2011). Both conceptions contain some validity. It also portrays effective leadership as contingent on the follower's maturity which fits with other contingency-based leadership theories including Fiedler's contingency theory, path-goal theory, leadership substituted theory and Vroom's normative contingency model (Glynn & DeJordy, 2010; Bass, 2008; Yukl, 2011).

Published by: The Mattingley Publishing Co., Inc.

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4.0 Relationship between Contingency Factors and Learning Organization's Effectiveness

The concept of organizational contingency is the cornerstone of the contingency theory paradigm in organization studies. The contingency theory paradigm covers a plethora of contingency theories that focus on different organizational characteristics and various organizational contingencies. The earliest and arguably most developed stream within this paradigm focuses on those contingencies that influence organizational structure and is therefore usually referred to as structural contingency theory. Contingency theories have also spread to other areas of organization studies, including strategy and leadership. The Contingency Approach to the organizational structure was pioneered by Burns and Stalker (1961), followed closely by Woodward (1965) and Lawrence and Lorsch (1967) amongst others. The main organizational contingencies associated with the organizational structure are organizational size, strategy, technology, and environment. Each of these contingencies is linked to a particular typology of organizational structures that highlights a specific set of the salient characteristics of organizational structure.

Contingency theory is founded on the postulation that organizational performance is a result of how the firms respond to the contingent variables; therefore, for every situation generated by a contextual factor, there is a response to maximize performance in that circumstance (Donaldson, 1999; Gerdin & Greve, 2004). Originally, the collective knowledge of "fit" relate to the design that an organization must adapt if it is to survive or be effective (Andrew & Robert, 1984). In other words, organizational context is conjectured to influence organization design, based on the proposition that effective organizations embrace structures that fit their situations relatively better than those that are not effective (Chenhall, 2007). The central notion of selection fit is that under any given context only the firms which can adjust their strategies will perform efficiently in the marketplace (Drazin & Vande-Ven, 1985).

The three ways of considering contingency fit according to Drazin and Van de Ven (1985) are selection, interaction and systems approach. Selection fit is typically examined as the association between variables, Interaction fit, on the other hand, it considers that performance is the outcome of both context and organizational control which account for the differences in performance rather than the causality of these variables (Chenhall, 2007). According to Chenhall and Langfield-Smith (1998), selection fit is not an optimal strategy because it fails to account for the effects of individual contextual factors or responses but somewhat reflects strategic choice. According to Hartman and Moers (1999), interaction fit tacitly presume that some permutations of context and control result in better performance than others, hence, some other forms of fit should be used instead of interaction fit. Systems approach to fit, on the other hand, examines how numerous circumstantial factors and management control determinations influence each other and performance (Drazin & Van de Ven, 1985).

The system fit addresses fit of the whole set of chosen variables concurrently and therefore avoids constraints posed by perceiving only a limited set of variables. According to Chenhall (2007), a system fit is a contemporary form of contingency fit and its use has spread, through the use of software partial Least Square modelling and Statistical Packaging for Social ScienceSPSS etc. Gerdin and Greve (2004) plotted a more comprehensive description of the forms of fit integrated into contingency studies. Their categorization is separated into two groups, Cartesian and configuration methods. Under both Cartesian and configuration approaches, there are two potential ways to model context, contingency and congruence (Meyer, Tsui, & Hinings, 1993). A Cartesian interpretation analyses and condenses context into distinct components and assumes linear relationships between these operationalized variables (Gerdin & Greve,

Published by: The Mattingley Publishing Co., Inc.

May-June 2020
ISSN: 0193-4120 Page No. 30156 - 30169

2004). Configuration viewpoint, on the other hand, posits that contextual factors cannot be detached and studied in isolation from each other. Hence, some restrictions have to be set to the likely mixtures of context and control as they otherwise become too many and make study unrealistic (Gerdin & Greve, 2004).

Measuring business performance in today's economic environment is a critical issue for academic scholars and practising managers. In general, business performance is defined as "the operational ability to satisfy the desires of the company's major shareholders" (Smith & Reece, 1999). Given that performance needs to be assessed to measure an organization's accomplishment many scholars have examined the importance of performance evaluation and practices (Dess & Robinson, 1984; Song, Droge, Hanvanich, & Calantone, 2005; Gruber et al., 2010). According to Narasimhaiah, Toni and Betty (2010), business performance is a complex and multifaceted construct and can be influenced by numerous internal and external factors surrounding the organization. Chenhall (2007) contextualizes variables affecting the performance of the organization into the external environment, technology, size, organizational structure, strategy and culture. His categorization, however, is non-exhaustive and may overlap.

Organizational size is linked to a typology of organizational structures that distinguishes between simple structure (centralized, low on functional specialization and formalization) and bureaucratic structure (decentralized, high on functional specialization and formalization), Blau (1970). Small organizations perform better with a simple, non-bureaucratic structure; but, beyond a certain size, a greater degree of bureaucratization is positively correlated with better performance (Child 1988).

Organizational strategy is linked to a typology of organizational structures based on the principle of departmental grouping. This typology distinguishes between functional structure, or U (unitary) form, in which activities are grouped by task (e.g., marketing, finance), and divisional, or M (multidivisional) form, in which activities are grouped by output (e.g., product 1, product 2). Functional structure is said to be better suited to a strategy-oriented on the production of a single product line or service, or an undiversified strategy. Divisional structure is said to be better suited to a strategy of diversification. The dictum "Structure follows strategy" refers specifically to the historical shift in the strategy and structure of large firms, first documented in the development of American industry (Chandler 1962). This shift involved the transition in strategy from single to multiple product lines and the concomitant structural innovation, the introduction of divisional structure, which made it possible to overcome the inefficiencies of functional structure (in particular, decision overload at the top of the organizational hierarchy).

Technology is linked to a typology of organizational structures that distinguishes between mechanistic structure and organic structure. In mechanistic structure, tasks are broken down into specialized, separate parts and are rigidly defined. There is a strict hierarchy of authority and control, and there are many rules; knowledge and control of tasks are centralized at the top of the organization and communication is vertical. Inorganic structure, employees contribute to the common task of the department. Tasks are adjusted and redefined through employee teamwork; there is less hierarchy of authority and control, and there are few rules; knowledge and control tasks are located anywhere in the organization; communication is horizontal (Burns & Stalker 1961). Based on the degree of technological complexity, production processes have been subdivided into unit production (production of simple units to order or of small batches). Also mass production, (production of large batches on an assembly line), and process production (continuous flow production of liquids, gases, or solid shapes). The mechanistic structure is said to be better suited for mass production, while the organic structure is better suited for unit and process production (Woodward 1965).

Published by: The Mattingley Publishing Co., Inc.

May-June 2020
ISSN: 0193-4120 Page No. 30156 - 30169

Organizational environment is linked to the two sets of typologies: the mechanistic organic typology and the typology based on the degree of differentiation and integration. Both typologies pertain to one important characteristic of the environment — environmental uncertainty. The first, mechanistic-organic typology, has been already described above. It is sufficient, then, to state here that mechanistic structure is said to be better suited to relatively stable and certain environments, while the organic structure is said to be better suited to volatile and uncertain environments (Burns & Stalker 1961). The second typology emphasizes two organizational characteristics:

(1) differentiation,
i.e., differences in cognitive and emotional orientations among managers in different organizational departments, and the difference in formal structure among these departments, and (2) integration, or the quality of collaboration between departments. It has been noted that organizations that perform well in uncertain environments have high levels of both differentiation and integration; in contrast, organizations that perform well in less uncertain environments have lower levels of differentiation and integration (Lawrence & Lorsch 1967).

Theories focusing on leadership present the most elaborate models of contingency outside structural contingency theory. The essence of a contingency approach to leadership is that leaders are most effective when they make their behaviour contingent upon situational factors, such as group member characteristics. For example, a manager who supervises competent employees might be able to practice consensus readily. Fiedler's (1967) theory of leadership is the most widely cited. Its key proposition is that leaders should adopt a more task-oriented style if the situation is one of high or low control for the leader, but that when a leader has a moderate control, a relationship-oriented style works best. In practical terms, the theory suggests that leaders can improve their situational control by modifying leader-member relations, task structure, and position power.

Another example of the contingency approach outside structural contingency theory is Mintzberg's (1990) decision-making framework for dealing with environmental uncertainty. The framework suggests that a rational model of strategy should be followed in a relatively certain environment, while under more complex environmental conditions
the decision-maker may need to adopt a more emergent approach to strategy. The practical implication is that the decision-maker should engage other members of the organization, allowing strategy to emerge from existing structures and processes in the context of continuous interaction.

Contingency theory of ownership represents an example of the more recent extensions of the contingency approach to other areas of organization studies. Contingency theory of ownership suggests that in the "opaque" industries -industries which have highly specific capital investments and where the monitoring of managers thus requires special expertise and information, which most shareholders are unlikely to possess (e.g., microprocessors, pharmaceuticals) — large block owner-managers may be more effective. Alternatively, in the more" transparent" industries — industries characterized by less firm-specific capital and thus by relatively simpler monitoring requirements (e.g., textiles, steel)
large block outsider owners may be more effective (Kang & Sorensen 1999).

To return to the general discussion of organizational contingencies, the contingency paradigm belongs to a group of organization theories espousing an adaptationist view of organizations (which also includes, among others, resource dependence theory, transaction cost economics, and neo-institutional organizational sociology). This view holds that organizations are capable of changing their structures, procedures, and practices in such a way as to adapt their characteristics to the requirements and pressures of

Published by: The Mattingley Publishing Co., Inc.

May-June 2020
ISSN: 0193-4120 Page No. 30156 - 30169

their environment and to improve thereby their performance and/or survival chances. Contingency approach suggests that organizational change can be described by the following model of' structural adaptation to regain fit" (SARFIT) (Donaldson 1987): an organization initially in fit changes its contingency and thereby moves into misfit and

suffers declining performance. This causes adoption of a new structure so that fit is regained and performance restored. Hence, the cycle of adaptation:" fit — contingency change — misfit — structural adaptation — new fit."

To put research on organizational contingencies into a historical perspective, the contingency theory paradigm emerged in the early 1960s as a counterpoint to classical management theory. The main quest of classical management theory was to find the best organizational structure. In contrast, contingency theory declared that no one best structure would fit any organization under any circumstances and focused instead on specifying what structure would be more appropriate for a particular set of conditions. The emergence of contingency theory can be regarded as the beginning of modern organizational analysis as we know it now.

Research on contingencies, particularly structural contingencies, flourished during the 1970s and 1980s. Since then, its popularity within organization theory has declined. New theories, such as resource dependence (Pfeffer & Salancik 1978), neo-institutionalism (Powell & DiMaggio 1991), and organizational ecology (Hannan & Freeman 1989), have subsumed or superseded contingency theory. The general contingency principle — that different organizational structures, procedures, and practices are suitable to different environmental conditions -has, however, permeated practically all modern organization theories in some shape or form. Contingency theory has also spread to other disciplines such as public administration, information technology, marketing, and accounting, which continue to draw upon and to develop its principles. Contingency theory (unlike many more recent organizational theories) has also found its way into most of the introductory textbooks on organizational behaviour, organizational theory, and organizational design.

The theory's intuitive appeal, ease of representation, and reasonably unequivocal managerial implications all contributed to this wide acceptance. The concept and the theory, however, are far from being common sense and common knowledge, as research on managers suggests (Priem & Rosenstein 2000).

Despite its favourable status, contingency theory is continually being called into question because of its apparent inability to resolve persistent theoretical and empirical problems. One of the main lines of critique is captured by the concept of "equifinality": even if the contingencies facing the organization are the same, the final state or performance can be achieved through many different organizational structures (all roads may lead to Rome) (Pennings 1987). The possibility of multiple, equally effective designs undermines the predictive value of the contingency approach (Galunic & Eisenhardt 1994). Another line of critique concerns managerial preferences: managers may vary in their response to contingency according to their perceptions, interests, and power. They may prefer to minimize misfit rather than to maximize fit (Drazin & Van de Ven 1985). Thus, there is a degree of" strategic choice" in organizational structuring (Child 1972), particularly apparent in the case of top managers.

Given criticisms of contingency theory, there is a need for more research, particularly in the area of structural contingency theory. One may want to consider, for instance, how classical contingency arguments hold under more dynamic conditions that characterize contemporary organizations. Contingency studies might be designed to permit comparative evaluation of several forms of fit. Relatedly, one might attempt to delineate the boundaries of proactive behaviours possible at the organizational and individual manager

Published by: The Mattingley Publishing Co., Inc.

May-June 2020
ISSN: 0193-4120 Page No. 30156 - 30169

level. Other areas of contingency theory, such as those in leadership or strategy, may also benefit from a more explicit examination of fit in their area. Managers having the responsibility for organizational design, study the contingency factors that affect the organizational design and then design a structure to fit these contingency factors.

(i) Strategy:

Logically structure follows strategy because organizational structures are built to achieve objectives by implementing the strategies. When strategy changes, the structure must change. At the corporate level, strategies are formulated based on the company's mission and strategic goals or objectives.

(ii) Environment:

The environment has an impact on decision making — specifically the difficulty of making decisions in an uncertain or unpredictable environment. Similarly, the stability and predictability of the environment have a direct bearing on the ability of the organization to function effectively. An unstable environment that changes rapidly and is less predictable has two requirements:

a. The organization must be able to adapt to change, for which it needs to be flexible and responsive.

b. The organization needs greater coordination among departments.

(iii) Size of the organization:

The number of employers working in an organization indicates its size. It is observed that large organizations differ structurally from small ones in terms of division of labour, rules and regulations, performance appraisal and budgeting procedures.

(iv) Age of the organization:

With age; an organization incorporates standardized systems, procedures and regulations. Like people, organizations evolve through a stage of the life cycle — birth, youth, midlife and maturity. In the birth stage, the organization created by the entrepreneur is informal, with no rules and regulations. Decision making is centralized with the owner and tasks are not specialized.

In the youth stage, the organization is growing — it expands and hires more employees. It incorporates the division of labour and formal rules and policies. Decision making is still with the owner although it is shared by few persons close to the owner.

In the midlife stage, the company has become quite large. It now has extensive sets of rules, regulations, policies and systems to guide the employees. Control systems are used, professionals are hired, tasks are decentralized and authority is delegated to functional departments. In the maturity stage, rules, regulations, specialized staffs, budgets, a refined division of labour and control systems are in place.

Conclusion

This paper discusses contingency theory of management that there is no best way to practice and have excellent management that the best approach to management is that which can solve a problem based on the situation at hand.

Contingency management theory is also known as situational management theory. Nigerian learning Organizations should by this paper learn how to apply this theory to manage any situation they may find themselves in Organization. Also, organizational managers should be able to design means through which they can help to solve the problem at hand this is what makes individual a successful manager in any given firm. For management to be effective and efficient, it must be able to adapt new dimension of handy management of issues in production, marketing, finance and personnel. So, the paper suggests that contingency management theory should be adopted in managing situation in the Nigerian learning Organizations to enhance organizational effectiveness and efficiency. The study concluded that organization structure, Dynamic Capabilities and leadership characteristics have a significant influence on the performance of learning organization.

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Recommendations

1. The study recommended that learning organizations should put in place better organizational structure strategies as it leads to high performance.
2. Also that the firms should ensure they have a specialized organization structure, high nature of the span of control, centralized structure and have departmentalization.
3. On the importance of IT, the study recommended that learning organizations should have an improved information technology system in terms of having written down IT policy, high rate of both IT software and hardware adoption and frequently sharpen IT skills of the employees through training.
4. Learning organizations should also invest more in research and development, training, networking and innovation.
5. On the leadership characteristics, the study recommended that learning organizations should put in place strategies that encourage their leaders to have leadership characteristics as it has a positive influence on performance. To do that, the firms should encourage and put in place measures that promote idealized influence, intellectual stimulation, inspiration motivation and individualized consideration as they influence performance positively.
6. The study established an optimal model which indicated that organization structure, information technology; dynamic capability and leadership characteristics have a significant influence on firm performance.

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