

**Designing Work Organization**  
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**Lecture 19**

**Contingency Decision-Making Framework**

We have discussed in the previous sessions about the decision making from workers. In this particular session, we will be talking about that is the how this contingency decision making framework works, what are the different problem consensus, technical knowledge about the solutions, then the contingency framework is there. As usual, we will discuss the case studies, here we will discuss the Jindal Saw Limited and FMCG company and design essentials, then the research papers and the book recommendations and the references as usual. It is not hard to make the decisions once you know what your values are. So therefore, we see that is the success of the organizations that we have talked under the organizational effectiveness also, that is the whenever you are taking a particular decision, then the decision depends on the what are the value systems are there. On the basis of the value systems that one possess accordingly the organization culture is developed and then the organizational values they lead to the success.

So, here the contingency decision making framework, each decision approach is a relatively accurate description of the actual decision process and yet all differ from the each other. Management science, for example, reflects a different set of the decision assumptions and the procedures than does the garbage can model is there. So therefore, in that case, here the one reason for having the different approaches is that they appear in the different organizational situations are there. So earlier we have talked about the different models of the decision making and here when we are talking about the contingency decision making framework, so all models are applicable in a given situation.

Now you have to judge that is the in your organization which model will be applicable and accordingly you have to take the decisions are there. For example, in some organizations the internal environment and the external environment that analysis is necessary. So therefore, in that case you have to find out that is what are your strengths and what are your weaknesses are there. In the some organization, it is the only the customers or external environmental factors they are important, then you have to focus only on the external environmental factor is there. So, this contingency decision making framework also talks about that is the in the different organizational situations.

What decisions are to be taken? The use of an approach is a contingent on the organization situations. So therefore, in that case it is very important that is the what is the procedures, value systems, what are the resources available in that organization and

accordingly the decisions are to be taken. Two characteristics of the organizations they determine the use of the decision approaches are the problem consensus and the technical knowledge. So therefore, in that case the first and foremost is that is the problem consensus is there that is you have to develop that consensus that is yes, identifying the problem and the existence of the problem is there. While the in the case of the second is a technical knowledge about the means to solve the those problems are there.

So, once you identify the problems and then what knowledge you are having that is a technical knowledge and here technical knowledge means job knowledge. So, analyzing the organizations along these two dimensions suggest which approach is the most appropriate for making the decisions are there. While identifying these problems says the problem consensus refers to the agreement among the managers about the nature of a problem or the opportunity and about the goals and the outcomes to pursue is there. So therefore, here whenever we are making about the identifying the problem consensus then we have to find out that what is the nature of the problem is there and what are the opportunities are there to solve this particular problem. This variable ranges from the complete agreement to the complete disagreement.

When managers agree, there is little uncertainty, the problems and goals of the organization are clear, and so are the standards of performance is there. So, here we find out that is the yes, these problems and goals in the organizations they are uncertain and so there is a need for the developing the standard of performance is there are the benchmarking practices we can say. When managers disagree organization direction and performance expectations are in dispute. So, when managers are agree so they definitely there is a little uncertainty is there in the identifying the problems and goals of the organizations because there is a consensus is there so they know about the it is organizational goals are clear. But when managers disagree then the performance expectations in dispute is there.

So, therefore, this developing the consensus that is what is the problem is there because you will able to implement the solution once everybody agrees that this is a problem is there. So, creating a situation of the high uncertainty when the managers are under the disagreements. So therefore, that model also we have discussed about the certainty and uncertainty, low certainty and high certainty. So, here we you have to also see the in the contingency, contingency situation, in a situation whether it is the low uncertainty is there in this organization or the high uncertainty in a certainty is there. So, low uncertainty means that is the managers they are they agree while the high uncertainty is there it means that the managers are disagree for their this particular problem.

Problem consensus tends to be low when organizations are the differentiated. So

therefore, in naturally there will be the organizations are differentiated and then different opinions are there then the consensus will be low. Recall that the uncertain environment causes the organizational department to differentiate from one another in goals and the attitudes are there. So therefore, this particular uncertainty environment is there it will naturally cause a differentiated from the one organization in goals to the another organizations in goal or the attitudes of the organization. This differentiation leads to the disagreement and conflict.

So managers must make a special effort to build the coalition during this decision making is there. So naturally, whenever there are the disagreement and conflicts are there, the manager must take a special effort that is there is a coalition is there, they are working together and during the decision making process is there. Now, for example, NASA was severely criticized for the failing to identify problems with the Columbia Space Shuttle that might have prevented the February 2003 disaster. So, part of the reason was high differentiation and conflicting opinions between the safety managers and the scheduling managers were there in which the pressure to launch on the time overrode safety concern is there. So therefore, in that case when there is a team, team is working on a project like this is example of NASA where the team is working and when there are the team members, there is a disagreement is there.

Managers there was the safety manager and the scheduling managers, they were having the conflict on that it is high differentiation and conflicting opinions were there. But and as a result we see there is a 2003 disaster has happened. So, in addition, after the launch, the engineers three times requested and were denied better photos to assess the damage from a piece of foam debris that struck the shuttle's left wing just seconds after launch is there. So, investigations that indicated that the damage caused by the debris may have been the primary physical cause of the explosion is there. Mechanisms for the hearing dissenting opinions and the building coalitions can improve decision making at NASA and at other organizations dealing with the complex problems are there.

So therefore, this decision making process, it requires an attention, it requires an attention to develop a common consensus is there and when the consensus will be developed there will be the mechanism where the decisions making will be possible. Problem consensus is especially important for the problem identification stage of the decision making is there and when problems are clear and agreed on, they provide a clear standards and expectations for the performance is there. When problems are not agreed on, problem identification is uncertain and the management attention must be focused on the gaining the agreement about goals and the priorities are there. So therefore, it has become important that is even problems are not agreed on, so naturally the problem identification that becomes the uncertainty is there. So it is very important that is there is required to be

the agreement among the managers, so that is the low uncertainty can be created and when there is a low uncertainty is created then definitely decisions will be better.

Otherwise, there will be the conflicting situations and the management attention has to be required to be the focus on gaining the agreement about the goals and the projects are there. Technical knowledge about the solutions, so technical knowledge refers to the understanding and agreement about how to solve problems and the reach organizational goals. This variable can range from the complete agreement and certainty to complete disagreement and uncertainty about the cause-effect relationships leading to problem solution. One example of the low technical knowledge occurred at Dr. Pepper/seven-Up in corporation, managers agreed on the problem to be solved, they wanted to increase the market share from the 6 percent to the 7 percent.

However, the means for achieving this increase in the market share were not known or agreed on. A few managers wanted to use discount pricing in supermarkets, other managers believed they should increase the number of the soda foundation outlets in the restaurants and in fast food chains are there. A few other managers insisted that the best approach was to increase the advertising is there. So therefore, here we find that is it is creating the high uncertainty is there. Now, the managers did not know what would cause an increase in the market share from the 6 percent to the 7 percent.

The advertising judgment prevailed, but it did not work very well. So, the most the focus was given on the advertising and the as a result of which the judgment was in the favor of the advertising, but it has been seen even after the advertising there is no increase. The failure of its decision reflected manager's low technical knowledge is there. When means are well understood, the appropriate alternatives can be identified and calculated with the same degree of certainty is there. So, it is very important that is the what resources you are having.

If you understand the resources, you can create the proper mean mechanism, means mechanism or tool and therefore, the appropriate alternative can be identified and the calculated for the solving that particular problem or the degree of uncertainty. So, when means are poorly understood, potential solutions are the ill-defined and uncertain are there, then there is no question of the consensus and because of the technical knowledge is lacking, the people are not able to develop that particular consensus. Intuition judgment and the trial and error become the basis for the decisions are there. Many times the people ignore, ignore the data, ignore the statistics, ignore the information and as a result of which they find that they are taking the judgment and this type of this attitude which the decisions are based on the intuition. Sometimes intuition based decisions are right, but therefore, there should be a situation where there is a need after taking the intuition decision rather

than the rational decision is there, but otherwise it is a rational decision framework that works well and that is the basis for the decisions was there.

Now this contingency framework has been developed. So therefore, it is a certainty, this is uncertainty and this is about the problem consensus is there and therefore, in that case again it is a certain and it is a uncertain is there. So, when solution knowledge and problem consensus are certain, individual rational approach computation that will work and the organizations are for example, the management science is there because they are working on the logics, they are working on the rationality and rational approach computation is there and situations are also certain. So therefore, the solution knowledge is certain, the problem consensus is certain. So then there is a no problem in case of the knowledge consensus or the organizational consensus.

Now, when the problem consensus is the uncertain people are not agreeing, management disagree for the some agree, some disagree, for that particular problem and but the solution knowledge they are having the consensus. So therefore, individual bargaining, coalition, formation is there. So here, that is which strategies, the bargaining strategies, coalition, formation, that will work. In the organization, that is here, the example is that is a Carnegie model which we have discussed into the previous session is there. Third situation is about the problem consensus is certain.

So therefore, people, the managers, they agree that yes, this is the problem is there, but solution knowledge is uncertain so people are having the disagreement on this. So individual judgment, trial and error will be there. Now how to take the decisions? So in this situation the decision will be taken on the basis of the judgment which the individual will take or the trial and error will be there. In the organization here you will find that is the incremental decisions are there and here process model will work and here one decision will be taken seeing these consequences then another decision will be taken and like this the incremental decision making process that will work here. When the problem consensus is also uncertain and solution knowledge is also uncertain then the bargaining and judgment inspiration and imitation is there.

So in this case learning organization that is a Carnegie and incremental decision process models will work and evolving a garbage can will be there. So therefore, in that case you have to see the all your decision making styles and then find out that is which decision making style that will work well. The previous figure describes the contingency decision making framework which brings together the two dimensions of problem consensus and technical knowledge about the solutions are there. So each cell represents an organization situation that is appropriate for the decision making approaches. So, as we have seen in cell 1, the rational decision procedures are used because of the problems are agreed on and

cause-effect relationships are well understood, so there is a little uncertainty is there.

Decisions can be made in a computational manner. Alternatives can be identified and the best solution adopted through the analysis and calculations are there. Cell 2, in cell 2 there is a high uncertainty about problems and priorities so bargaining and the compromise are used to reach the consensus are there. Taking one problem might mean the organization must postpone action or the other issues are there. The priorities given to the respective problems are decided through the discussion debate and the coalition building.

So managers in this situation should use the broad participation to achieve the consensus in the decision processes there. Now opinion should be surfaced and discussed until the compromise is reached. So here in this case the priorities are to be decided by the managers and this can be developed the common consensus can be developed through the discussion, debate and coalition and managers in this situation should use the broad participations to achieve the consensus in the decision processes there. So the opinion should be surfaced and discussed until the compromise is reached and the organization will not otherwise move forwards as an integrated unit. So when groups within the organization disagree or when the organization is in conflict with the constituencies, (government regulators, suppliers, unions), bargaining and the negotiations are required.

So the bargaining strategy is especially relevant to the problem identification stage of the decision process is there. So, once bargaining and negotiations are completed the organization will have support for the one direction is there. So here we have to decide that is the when there is this type of the group disagreement is there and the conflict situation arises then definitely in that case the negotiation strategy that will be working well and that is required. The bargaining strategy is especially relevant to the problem identification stage of the decision process is there. So once bargaining and negotiations are completed the organization will have support for the one direction is there.

Cell 3, the situations, problems and standards of performance are certain but alternative technical solutions are vague and uncertain. So techniques to solve a problem are the ill-defined and poorly understood. When an individual manager faces this situation intuition will be the decision guidelines. The managers will rely on past experience and judgment to make a decision. The incremental decision model reflects trial and error on the part of the organization.

Once a problem is identified, a sequence of small step enables the organization to learn a solution is there. As new problem arise, the organization may recycle back to an earlier point and the start over is there. So eventually, over a period of months or the years the organization will acquire sufficient experience to solve the problem in a satisfactory way

is there. In cell 4 the situation they characterized by the high uncertainty about the both problems and solutions and is difficult for the decision making. An individual manager making a decision under this high level of uncertainty can employ techniques from both cell 2 and cell 3.

So, the managers can attempt to build a coalition to establish the goals and priorities and use the judgment, intuition, or trial and error to solve the problem. Additional techniques, such as inspiration and imitation, also may be required. Inspiration differs to an innovative creative solution that is not reached by the logical means. Inspiration sometimes comes like a flash of insight, but the similar to intuition it is often based on the deep knowledge and the understanding of a problem that the unconscious mind has had time to move over. Imitation means adopting a decision tried elsewhere in the hope that it will work in this situation is there.

Research has found a decision made following the prescriptions of the contingency decision making framework tend to be more successful. However, the study noted that nearly 6 of the 10 strategic management decisions failed to follow the framework, leading to a situation in which the misleading or the missing information decrease the chance of an effective decision choice is there. So, managers can use the contingency framework to improve the likelihood of the successful organizational decisions are there. Here now we will come to the different case studies these after understanding that is in the cell 1, cell 2, cell 3 and cell 4 that is what are the different decisions are there and on basis of these different decisions the situations of the certainty and uncertainty and technical solutions and then problem levels we can develop the consensus or if there is no consensus, then we can go for this particular strategy so that the problem can be solved. In this particular case study we will see that is the how the decisions are taken.

So Jindal SAW Limited saw a long time client of JSW and Kumar was its senior customer relationship manager. He needed to decide how to transport finished material to JSW in a short span of time less than that where, he found himself in a tough spot. He needed to choose be were transporting materials by barge that is the sea route which was cheaper but slower or by rake which was the faster but more expensive. So, he was into the dilemma that is whether he has to go by the slow route with the economic budget or he has to go by the faster route which is the more expensive is there. Usually this would not have been every difficult decision to make but since JSW required the materials urgently and their logistic team was putting pressure on Kumar release the material immediately and send it by the rake.

Kumar did not want to shut down his customers production process but felt that he could meet their demand in by spending the material through the barge as well and additionally

save his company some cost also. Based on the location that the material needed to be transported to, the logistics team JSW would use different modes of transportation. In this case, the client JSAW, was located in the Mundra region of Gujarat and thus the closest port was Mundra and the closest railway siding Gandhidham was there. Since the time the two companies has tried to working together JSA's products had been transmitted by the railways. However, since JSW had recently started focusing on having a responsible supply chain, the sea route was also being considered as a viable alternative.

The combined cost of the transporting the materials to a port in Goa by rake and then to Mundra was coming to be around 22 percent cheaper than the cost of these transporting the material directly by rake is there. However, JSW's the past record showed variation in the activity time across and both models of the transport which added to the complexity. What further decided to Kumar's pressure was the fact that that this was the last week of the quarter. While timely delivery to JSAW was Kumar's priority at the moment. The Logistic Department of JSW could not confirm the availability of rakes until the next year.

Thus, Kumar was wondering what could be done in this in this situation. Several questions went through his mind as he said and pondered about the situation at hand, should he wait to get the confirmation on the rakes. What if it is unable to get the number of the type required or should he at least try to get a confirmation on the availability of a clear barge by the taking to a port official. Since until now JSAW's shipment had been delivered by the rake, would relying on a recently developed sea route to make a high priority delivery be risky and most importantly, would this his final decision affect the so far the good relationship between the two companies are there. Here you can see that is the certainty and the knowledge that is the both you have to combine and find out that is what will be the right way is there.

This is another second case study which I will be like to talk that is a FMCG company. So, Ayush Gangwar, a project manager at an FMCG company was wondering how he should approach the issue of Kide commercials are there. So, Kide has been doing well in the market but not a week went by the without a customer writing to complain about the commercial is there. So, it feature a woman saying "muddy shirt! muddy shirt" in a condescending voice to a man whose shirt was soiled with the dirt. The man looked at his wife who was very embarrassed at the entire situation later the commercial shows her washing the shirt after rubbing Kide into it, and the other woman saying so bright and tidy.

So, the complaining letters almost exclusively from women express objections to the commercial because it was a misogynistic and otherwise offensive as well. Many of these unsatisfied customers said that they would not buy the brand because of the offensive commercial and because it was demeaning to the woman. So, on the one hand the brand



was doing well, it was the brand leader in a growing market, through a much larger competing company was quite capable of the beating Kide. So, Ayush was a believer in the profit motive, but not at the cost of the condoning the unethical behavior. He had been asked to make a recommendation for the commercial.

After reviewing the sale data and reading the letters of the complaint Ayush was contemplating his next move is there. So, he analyzed the data which showed that the primary decision makers and purchasers of the product were women. Part of the reason the Kide's success was believed to be their advertising message which not only had a high level of recall but a high level of association with the brand. Ayush wondered if, in spite of this its apparent success it was ethical to continue with the advertising message if it was misogynistic. So, how should Ayush approach the situation and what is the best course of the action by the Ayush to be there.

So, we can conclude like this that is decisions, problems, ideas and people flow through organizations and mix together in various combinations. Through this process the organization gradually learns. Some problems may never be solved but many are and the organisations will move towards the maintaining and improving its level of performance. Many organisations operating in high velocity environment must make decisions with speed which means staying in the immediate touch with the operations in the environment. Moreover, in an uncertain world organisations will make the mistakes and mistakes made through the trial and error should be appreciated.

By managing the trial and error the increments facilitates organisational learning will be there. Here is a paper a contingency approach to the international marketing strategy and decision making structures among the exporting firms are there. So, although the relationship between the standardization, adaptation strategy and performance has been extensively examined in the international marketing literature, the findings concerning those factors are still inconclusive. The conflicting results might relate to the analysis approach towards in the prior research which tends to focus on the direct effect of marketing strategies. So, by utilizing the contingency theory the purpose of this paper is to uncover the moderation factors for the strategy structure performance paradigm in the export sector and internal, external and product related factors are there.

So, in this paper you will find that is a paper is talking about this particular issue where the approaches and performance are measured and the marketing programs are the taking here. Research finding presented in the paper have significant implication for this future research and the strategic application because it talks about that is this particular decision in their decisions regarding whether they should consider the direct as well as indirect effects of these factors in the standardisation, adaptation, decision making structure

performance formulation is already there. This is the another paper which is talking about the organising for the post implementation ERP is there. The importance of the involving subject matter experts in ERP implementation is well established. So, SMEs are the knowledge of business and system processes are critical to conducting the gap analysis and the configuration the enterprise systems.

But what happens to SMEs on the completion of the implementation phase prior qualitative research is founded that some organisations which an SMEs in their old determines which have it can contribute to the knowledge transfer while other organisations retain the service for SMEs to assist in the ongoing efforts with support and enhancement of the systems are there. The purpose of this study is to understand post implementation organisational choices where SMEs are retained and the retained are there. So, this particular paper is talking about that particular issue and therefore, you can go through this paper and find out that is the what are the it is having the knowledge for you and what is the future research in this particular area is to going on. This is the book which is recommended the contingency agreements and the joint decision making and introduction to the integrative contingency agreements and the definitions of opportunities, barriers and the prescriptions are there. So, this book will be talking about these all issues the practical scholarly framework for decision makers such as the policy maker, negotiators and the mediators to engage in the process of the decision making process is there.

These are the references which you can refer, these references will give you the more details about this particular concept and whatever I have discussed with you, please go through these references and make the understanding that is in the case of the knowledge subjects and time on uncertainty, how to take a right decision. With this will also help you to find out that is the if there is a not a fixed result or the strategy is there, then how to take a right decision in the given situation. Thank You. Thank you.