

Contingency Theory in Accounting Research: Its Application and Relevance

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ABSTRACT

Purpose: This paper aims to explore the application and relevance of contingency theory in accounting research, highlighting its significance in understanding how various internal and external factors influence management practices and organizational performance.

Design/methodology/approach: A comprehensive literature review was conducted, analysing 20 high-ranking journal articles that integrate contingency theory within the field of accounting. The review categorized the articles into conceptual, empirical, and literature review types, focusing on their methodologies and findings.

Findings: The findings reveal that contingency theory provides a robust framework for understanding the dynamic interplay between organizational variables and management practices. The review identifies key contingency factors, such as environmental uncertainty and technology, that significantly impact strategic management and accounting practices across different industries.

Research limitations/implications: The study is limited to articles published in high-ranking journals, which may exclude relevant research from lesser-known sources. Future research should consider a broader range of publications and explore contingency theory's applicability in diverse cultural and industrial contexts.

Theoretical/practical implications: This paper contributes to the theoretical understanding of contingency theory by identifying gaps and suggesting areas for future research. Practically, it offers insights for managers on how to align accounting practices with organizational strategies in response to varying contingency factors.

Originality/value: This paper provides a unique synthesis of existing literature on contingency theory in accounting, offering a fresh perspective on its application and implications for both theory and practice. It serves as a valuable resource for researchers and practitioners seeking to enhance their understanding of management accounting in a contingent environment.

Keywords: Contingency Theory, Management Accounting, Organizational Performance, Strategic Management

INTRODUCTION

Contingency theory, a pivotal concept in management, asserts that there is no universally applicable approach to organisational management. Instead, it suggests that the effectiveness of management practices depends on various internal and external factors. This theory emerged in the 1960s with notable contributions from scholars such as (Burns and Stalker 1961, Woodward 1965, and Lawrence and Lorsch 1967). These theorists challenged the idea of a standardised organisational structure, proposing instead that organisational effectiveness is shaped by contextual variables, such as technology, production methods, and the broader environment. Such factors influence an organisation's capacity to adapt to bureaucratic management systems (Garavan et al., 2024). Over time, the scope of contingency theory has expanded to encompass the alignment of organisational strategies with performance measurement systems (Nassou et al., 2024) and addressing issues such as human resource management and strategic conflict management (Garavan et al., 2024; Pang et al., 2023).

Contingency theory explores how situational factors affect organisational performance and the design of management accounting systems. As a dominant framework in management accounting research, it investigates the effects of contextual elements such as organisational size, technology, culture, and strategy on outcomes (Ismail et al., 2010). According to this perspective, the effectiveness of managerial practices and accounting systems depends on these factors, with organisational success contingent on the alignment of these factors and the design of management accounting systems (Islam et al., 2012). Research shows that both internal and external contingencies play a crucial role in the implementation of strategic management accounting (SMA), particularly in emerging economies (Nguyen et al., 2023). Competitive intensity and organisational structure are the key determinants of accounting practices.

Further studies have highlighted the importance of perceived uncertainty in management accounting practices (MAPs), particularly within the hospitality sector during the COVID-19 pandemic. In these cases, uncertainty was found to be a significant factor in improving financial performance (Hongpukdee et al., 2024). Contingency factors such as organisational size, competitive intensity, and market instability have been identified as influential factors driving the adoption of SMA in manufacturing enterprises (Nguyen et al., 2023). Additionally, the role of digitalisation in budgeting processes has been examined through a contingency lens, with findings suggesting that internal factors such as company size and organisational structure continue to affect the effectiveness of budgeting practices (Piosik et al., 2023). Environmental uncertainty, as noted by Pires and Alves (2022), underscores the importance of incorporating nonfinancial information in decision-making processes. While financial data remain essential, the complementary relationship between financial and nonfinancial information is particularly crucial in uncertain environments.

This study aims to review articles that have applied contingency theory, categorising them into conceptual, empirical, and literature review articles. The objective is to contextualise the findings related to how accounting scholars have applied contingency theory in their research and identify potential avenues for future exploration within this field. The paper provides a summary of key concepts and arguments, outlines the methods for identifying relevant articles, presents the key findings, and concludes with suggestions for further research.

OVERVIEW OF THE CONTINGENCY THEORY

An overview of contingency theory is outlined in the core concepts and assumptions as the initial step and the ideas of early writers during the development stage of the theory through recent writing on the theory.

Core concepts and assumptions of contingency theory

Contingency theory provides a robust framework for understanding organisational management, positing that the effectiveness of management is contingent on various situational variables including organisational size, technology, and environmental factors. Consequently, management practices must be tailored to the specific conditions of each organisation, taking into consideration its culture, operational environment, and external influences (Garavan et al., 2024; Nassou et al., 2024). Performance outcomes are dynamic and evolve as strategies and performance measurement systems are aligned with organisational goals (Nassou et al., 2024). Similarly, effective leadership is contingent upon the nature of the organisation and its workforce, requiring differentiated approaches based on factors such as organisational size and structure (Mark et al., 2023). Within any given organisational context, the interaction between variables may be influenced by a third factor, highlighting the complexity of organisational dynamics. Therefore, organisations must align their structures and processes with specific situational contexts to optimise their performance (Lechler et al., 2013).

In the accounting literature, contingency theory is based on several key assumptions, namely, the external environment, organisational structure, and technology. Ajibolade (2013) notes that external market dynamics and environmental uncertainties significantly shape accounting practices, while organisational characteristics such as size, culture, and strategy determine the design of accounting information systems (Ismail et al., 2010). Additionally, the level of technological advancement impacts the sophistication and complexity of management accounting systems (MAS) (Reid et al., 2000). Successful accounting systems align with an organisation's specific context, ultimately contributing to improved organisational performance (Ajibolade, 2013; Islam et al., 2012). Other factors influencing contingency theory include organisational culture, which comprises the beliefs,

values, and norms that guide behaviour within the organisation as well as the size and scale of the organisation, which affect its complexity and resource availability, and the strategies that define its goals and actions.

The operationalisation of contingency theory in the field of accounting incorporates several critical dimensions, including contextual factors, adaptability, fit/match, customisation, strategic decision support, and efficiency in performance. Contextuality acknowledges the role of both internal and external factors in designing accounting systems, such as organisational size, industry, structure, economic conditions, regulatory environments, and the competitive landscape. Adaptability requires accounting systems to be flexible and capable of adjusting to changing conditions and responding to new demands and circumstances. The effectiveness of accounting systems is further determined by their ability to fit or match contingent factors such as technological demands, environmental volatility, and organisational size. Accounting systems must be customised to align with the organisation's unique circumstances and strategic goals

Ideas of early writers

The central tenet of early proponents of contingency theory asserts that there is no universally applicable approach to achieving organisational effectiveness. Woodward's research exemplifies this perspective, which highlights the need for flexible and tailored management structures in specific operational contexts. Woodward classified organisational structures based on technology and production methods, emphasizing the importance of contingent factors. In the 1961, Burns and Stalker advanced this theory by examining the relationship between organisational structure and environmental dynamics (Liu, 2020). Lawrence and Lorsch (1967) further contributed by introducing the idea that organisational differentiation and integration are influenced by external environmental factors. Woodward (1965) emphasised that there is no one-size-fits-all organisational structure; rather, the most effective structure depends on various factors, such as technology and production methods (Garavan et al., 2024). This foundational concept sets the stage for later developments by scholars such as Burns and Stalker (1961) and Lawrence and Lorsch (1967), who expanded the theory to consider both internal and external variables in shaping organisational effectiveness (Lawrence et al., 2015; Liu, 2020).

METHODS

A literature review was conducted through an extensive search utilizing multiple search engines to identify the relevant accounting journals that incorporate contingency theory. Databases such as Myloft, Google Scholar, Emerald, Scispace, and Sage were employed to locate the articles integrating contingency theory in their research. The review was limited to high ranked journal ensuring the selection of rigorous scholarly work. Only papers directly focused on accounting were included, while those unrelated to the field were excluded. Articles were reviewed based on their use of contingency theory, with minimal emphasis placed on the publication year. The range of articles spanned from earliest publication in 1977 to the most recent in 2024.

FINDINGS

The literature review comprised 20 articles sourced from high-ranking journals, organised chronologically from the oldest to the most recent. Of the 20 articles, 6 (30%) were published over 10 years ago, while the remaining 14 articles (70%) were published within the last decade. As outlined in the Methods section, the selection criteria for these articles focused on the application of contingency theory. As shown in Table 1, the review categorises articles into three main types: conceptual, empirical, and literature review. Eight of the 20 articles were conceptual, exploring the application of contingency theory, particularly in the context of management accounting. Ten of the articles provided empirical analyses investigating the practical implementation of contingency theory within accounting to enhance the understanding of its applicability in this field. Additionally, two articles offered a comparative literature review of contingency theory alongside other accounting theories.

Citations and application of core contingency theory concepts

Contingency theory, which emphasises the importance of aligning organisational structures, strategies, and environments, has been widely applied across various management and accounting disciplines. The following is a synthesis of the key contributions to the field, highlighting the citation and application of contingency theory

across diverse areas.

Tosi et al. (1984), in their article “Contingency Theory: Some Suggested Directions,” argue that contingency theory remains fundamental to understanding organisational behaviour. They suggest that factors such as the environment, organisational size, and technology play a crucial role in determining the most effective management approach, and call for further research to enhance the theory’s predictive power across different organisational contexts.

Luthans et al. (1976) expanded the contingency theory by asserting that managerial effectiveness is contingent upon a variety of factors, including organisational structure, environment, and leadership style. They proposed a framework for analysing management practices, emphasising the need for management strategies to adapt to contextual variables to improve organisational performance.

Nguyen et al. (2020) explore how contingency factors such as company size, strategic orientation, and environmental uncertainty influence the adoption of strategic management accounting (SMA) in Vietnam. Their findings suggest that firms adapt their accounting practices to these factors, reinforcing the applicability of contingency theory in strategic decision making.

Hongpukdee et al. (2023) assessed the relevance of contingency theory to Thailand’s hotel sector during the COVID-19 pandemic. They highlight how external uncertainties and changing market conditions compelled hotels to modify their management accounting practices, affirming the ongoing relevance of contingency theory in crisis management contexts.

Mark et al. (2020) reviewed the evolution of contingency theory and emphasized its flexibility and contextual focus, making it an effective framework for understanding organisational behavior across various fields, including strategic management and accounting.

Nartey et al. (2020) applied contingency theory to analyse the impact of supply chain integration on the design of management control systems (MCS) in Ghanaian hospitals. They demonstrated that external partnerships and operational complexity influence MCS design, with hospitals adjusting their systems to meet contextual demands such as environmental uncertainty.

Pires et al. (2016) explored how environmental uncertainty affects the relevance of accounting information, arguing that contingency theory provides insights into how organisations adjust their accounting systems to maintain responsiveness to uncertain conditions, ensuring the continued relevance of financial data for decision-making.

Ismail et al. (2012) reviewed the application of contingency theory in management and accounting research, concluding that it effectively explains variations in accounting practices across industries. Their work underscores the importance of contingency theory in understanding how environmental factors shape organisational behaviour.

Tarter et al. (2004) extended contingency theory to decision making, suggesting that decision processes are influenced by factors such as organisational culture, leadership style, and environmental dynamics. They highlighted the adaptability of contingency theory in explaining the diversity of decision-making approaches.

Nassou et al. (2020) linked contingency theory with performance measurement systems, proposing that the effectiveness of performance metrics depends on their alignment with both internal and external factors. They argued that performance measurement systems must be tailored to a specific organisational context to be effective.

Husted (2000) applied contingency theory to corporate social responsibility (CSR), suggesting that CSR strategies must adapt to variables such as industry characteristics, organisational size, and stakeholder expectations. He emphasised the need for firms to modify CSR initiatives based on these factors.

Pang et al. (2017) reviewed the evolution of contingency theory in conflict management, asserting that effective

conflict management strategies must be contingent on situational factors like organisational culture, power dynamics, and environmental conditions.

Otley (2016) evaluated the development of contingency theory in management accounting and control, emphasising its widespread application in explaining how organisational factors influence accounting systems. He noted that this theory has been instrumental in explaining the diversity of management accounting practices across sectors.

Nkundabanyanga et al. (2023) examined how contingency factors shaped budget actors' behavior during the COVID-19 pandemic in Uganda. They concluded that organisational responsiveness to environmental uncertainty and institutional pressure was critical for addressing financial challenges during the crisis.

Omotosho et al. (2020) conceptualised a framework combining contingency and agency theories to explain corporate entrepreneurial strategies. They argue that entrepreneurial behaviour is shaped by both internal agency relationships and external environmental factors.

Ahmed et al. (2023) applied contingency theory to understand the use of blockchain technology in supply chains. They identified key contingency factors such as organisational size and technological maturity that influence the adoption and use of blockchain solutions.

Mnif et al. (2020) use contingency theory to examine government accounting disclosures under the International Public Sector Accounting Standards (IPSAS). They highlight the influence of political, economic, and institutional factors on the transparency and disclosure of public sector financial information.

Alrawi et al. (2007) applied contingency theory as a source of information gathering for financial institutions in developing countries, considering the role of decentralization as a key cultural requirement.

Hadiyanti et al. (2024) provided an overview of contingency theory research in the public sector using an inductive approach. Their work aimed to advance theoretical development and serve as a foundation for research methodology and design in the public sector, with a focus on the application of contingency theory.

Research strategies adopted when applying contingency theory in accounting research

Objective

This study examines the application of Contingency Theory (CT) across various domains within management and accounting, focusing on how contingency factors influence organisational performance, strategic management, decision-making, and accounting practices. The researcher reviewed existing literature made up of conceptual, empirical, and literature review articles aimed at exploring the diverse ways in which CT is applied and its relevance in accounting research. Table 3 presents the overall research strategy organised by specific research themes, objectives, sources, questions, methodology, and expected contributions.

Research directions and strategies

General Application: Contingency theory posits that there is no single, universally applicable method for managing or structuring organisations. Instead, organisational strategies, structures, and behaviours are shaped by a combination of internal and external factors, including the environment, technological advancements, and organisational culture. This study aims to explore the broad applications of contingency theory in accounting research, with a focus on strategic management, organisational behaviour, and management accounting. Key works include Tosi et al. (1984), who explore the foundational principles and wide-ranging applications of contingency theory in management, and Otley (2016), who discuss the evolution and applicability of contingency theory in management accounting.

Selective Application: Contingency theory does not apply uniformly across organisations or industries. This study investigates how specific contingency factors such as organisational size, complexity, and environmental

uncertainty influence management and accounting practices in particular contexts such as manufacturing, healthcare, and hospitality. Nguyen et al. (2020) examined how contingency factors affect strategic management accounting practices in Vietnamese manufacturing enterprises, while Hongpukdee et al. (2023) explored the relevance of contingency theory in the hotel industry during the COVID-19 pandemic.

Actionable Insights: This approach emphasises extracting practical insights or strategies from the literature to address organisational challenges. The goal is to identify the best practices or strategies that can be quickly implemented to solve pressing issues within organisations. For instance, Ahmed et al. (2023) investigated the role of contingency factors in the application of blockchain technologies in supply chain management, whereas Pires et al. (2016) examined how environmental uncertainty influences accounting information and decision-making processes in performance measurement systems.

Theory Integration: Combining contingency theory with other theoretical frameworks, such as agency theory or the resource-based view, can offer a more comprehensive understanding of complex management and accounting challenges. This approach explores how integrating contingency theory with complementary theories can provide deeper insights into phenomena such as corporate entrepreneurship and corporate social responsibility (CSR). For instance, Omotosho et al. (2020) analysed corporate entrepreneurship strategies using both contingency and agency theory, while Husted (2000) explored the alignment of contingency theory with CSR strategies in organisations.

Critical Engagement: A critical engagement with the existing literature on contingency theory is essential to identify gaps, inconsistencies, or limitations in its application. This approach synthesises both positive findings and critiques, and pinpoints areas where the theory may be enhanced or extended. Notable studies in this area include Narthey et al. (2020), who critically assessed the role of contingency theory in management control systems within the healthcare sector, and Mark et al. (2020), who evaluated the historical development and critical reception of contingency theory in the management and accounting fields.

This research strategy aims to deepen our understanding of how contingency theory influences organisational practices and identifies opportunities for its refinement and expansion in response to contemporary challenges and emerging trends. The objective of this study is to explore the application of contingency theory across diverse areas of management and accounting, investigating how contingency factors shape organisational performance, decision making, strategic management, and accounting practices. Through a comprehensive review and synthesis of the existing literature and empirical findings, this study engages with multiple dimensions of contingency theory.

Research Methods applied to study contingency theory processes

The ontology of this analysis pertains to the nature and classification of the contingency factors that shape management and accounting practices, whereas epistemology addresses the nature of knowledge acquisition, its validity, and the methods used to obtain and justify such knowledge.

Contingency Factors: From an ontological perspective, contingency theory posits that the relationship between organisational structures, management practices, and environmental factors, such as uncertainty, technology, or strategic goals, is contingent upon specific contextual conditions. This suggests that management and accounting systems are influenced by a range of observable factors, which can be interpreted differently based on the unique context of a particular organisation or environment. The ontological aspect of this analysis examined the types of contingency factors present within these contexts. Are these factors predominantly external, such as market forces, competition, or environmental uncertainty, or are they internal, such as corporate culture, management structures, or technology? How do these factors impact organisational decision making and performance?

Contingency Theory as Knowledge: From epistemological standpoint, contingency theory in management and accounting research is employed to understand how organisations adapt to varying situational factors. The theory suggests that different contexts require different management approaches, implying that knowledge derived from contingency theory is situational rather than universal. In this context, epistemological enquiry focuses on how knowledge regarding the impact of contingency factors on management and accounting practices is acquired. Is

this knowledge derived from empirical data, or is it more interpretive, stemming from case studies or qualitative observations? For instance, in the study “Impact of Contingency Factors on the Application of Strategic Management Accounting in Vietnamese Manufacturing Enterprises” by Hongpukdee et al. (2023), the authors utilise both qualitative and quantitative methods to explore how technological, cultural, and environmental factors influence accounting practices.

Validity and Reliability of Knowledge: A key epistemological issue concerns how researchers justify the validity of their findings within the framework of contingency theory. The definition of contingency factors has remained consistent across studies. However, a critical question arises: Can the findings from one context, such as Togo or Ghana, be generalised to other settings, or are they context specific? This question highlights the importance of examining the generalisability and context-dependent nature of knowledge within contingency theory.

Connecting Ontology and Epistemology to Relevant Studies

Existence of Contingency Factors (ontology): This research investigates the role of contingency factors within organisations and their impact on organisational behaviour, specifically in the context of applying contingency theory to management accounting practices. From an ontological perspective, this study focuses on identifying key contingency factors, such as organisational size and environmental uncertainties, and explores how these factors are perceived and applied in different organisational contexts.

Knowledge Acquisition (epistemology): The epistemological focus of this research is on how knowledge regarding contingency factors is studied and understood. For instance, in studies like “Contingency Factors and Budget Actors’ Behavior During COVID-19 in Uganda,” both empirical data and theoretical frameworks are employed to develop a contingency-based understanding of how organisations respond to external disruptions. This involves examining how contingency theory informs our understanding of organisational reactions to changing environments.

Measurement and Interpretation of Contingency Factors: A critical epistemological question involves whether contingency factors influencing organisational performance can be measured objectively through economic indicators or operational metrics, or whether they require more subjective interpretation, such as managers’ perceptions and judgments. This question addresses the complexity of measuring the impact of contingency factors, and whether the use of quantitative data or qualitative insights is more appropriate for understanding their effects on organisational behaviour.

Generalisability and context specificity

Several studies have questioned the generalisability of findings derived from specific contexts. For instance, questions have been raised about the application of blockchain technology in supply chains, such as why, where, and how organisations adopt it. Ahmed et al. (2022) investigated whether insights drawn from a particular industry or region regarding technology adoption can be applied to other organisational settings. This issue addresses both ontological and epistemological concerns related to the identification and interpretation of contingency factors in diverse contexts.

Ontology and Epistemology in Contingency Theory

Ontology, within the context of contingency theory, centres on identifying and classifying the contingency factors that influence management practices across different organisational settings. Epistemology, on the other hand, focuses on understanding how knowledge about these factors is generated, either through qualitative research, quantitative analysis, or a combination of both, and how knowledge derived from contingency theory is validated in the field of management and accounting research.

Contingency theory posits that an organisation’s optimal actions are determined by a variety of internal and external factors or contingencies. Researchers applying contingency theory often examine how these variables affect management practice, decision-making, and performance outcomes. Below are some common research methods employed to explore these dynamics:

Communication structure within accounting literature

Tosi et al. (1984) provide foundational conceptualisations and frameworks for contingency theory, emphasising its broad applicability across various fields of management and accounting. In “A General Contingency Theory of Management,” Luthans et al. (1977) further develop the core principles of contingency theory, presenting key concepts that are relevant to the design and functioning of accounting systems. Kamisah et al. (2010) explore the integration of contingency theory in accounting research in their study “The Use of Contingency Theory in Management and Accounting Research,” illustrating how the theory has become a critical lens through which accounting practices are examined. Mark et al. (2023) critically assesses the use of contingency theory in accounting and management, identifying its advantages and limitations in contemporary research.

Edward et al. (2019) investigates the contingency effects of supply chain integration on the design and operational performance of management control systems in Ghanaian hospitals. Their study demonstrated how supply chain factors shape accounting and control systems in the healthcare sector, reinforcing the contingent nature of these systems. Otley (2016), in “The Contingency Theory of Management Accounting and Control: 1980–2014,” offers a comprehensive historical review of the evolution of contingency theory in management accounting, tracing its development and major trends over time. Nguyen et al. (2023) apply contingency theory in their study “Impacts of Contingency Factors on the Application of Strategic Management Accounting in Vietnamese Manufacturing Enterprises,” highlighting the theory’s relevance within specific regional and industrial contexts. Similarly, Hongpukdee et al. (2024) examine in “Management Accounting Practices and Financial Performance of the Hotel Business in Thailand: Are Contingency Theory Perspectives Still Relevant During the COVID-19 Pandemic?” How does the theory explain adjustments in management accounting practices in response to a global crisis?

Pires et al. (2022) explore the role of environmental uncertainty in shaping the relevance and effectiveness of accounting information in their study “The Impact of Environmental Uncertainty on Accounting Information Relevance and Performance: A Contingency Approach,” using contingency theory to analyse how organisations adapt their accounting practices in uncertain environments. Nkundabanyanga et al. (2023), in “Contingency Factors and Budget Actors’ Behaviour During COVID-19: The Case of Uganda,” investigate how contingency factors influenced budgeting decisions during the pandemic, further demonstrating the adaptability of management practices during crises. Husted (2000) examined the relationship between environmental conditions and corporate social responsibility (CSR) strategies in his study “Contingency Theory of Corporate Social Performance”, illustrating how CSR practices are contingent on various organisational and external factors.

Tarter et al. (1997), in “Toward a Contingency Theory of Decision Making,” explore how contingency theory informs decision-making processes within organisations, providing valuable insights for both accounting and managerial practices. Ishola et al. (2019) adopt a combined contingency and agency theory approach in “Conceptualizing Corporate Entrepreneurial Strategy: A Contingency and Agency Collaborative Approach,” investigating how firms develop entrepreneurial strategies in response to both internal and external contingencies. Nassou et al. (2024), in “Contingency Theory in Management: Conceptual Phases and Strategic Link with Performance Measurement Systems,” examine how contingency theory informs the design of performance measurement systems, aligning these systems with contextual factors across various sectors.

Mnif et al. (2020) apply contingency theory to the public sector in their study “A Contingency Theory Perspective on the Analysis of Central Government Accounting Disclosure under International Public Sector Accounting Standards (IPSAS),” analysing the effects of IPSAS adoption on government accounting practices. Ahmed et al. (2022) investigates in “Why, Where, and How Are Organisations Using Blockchain in Their Supply Chains?” how blockchain technology is adopted in supply chain management and accounting, connecting its use to various contingency factors, such as technological and organisational considerations.

Finally, Pang et al. (2023), in “The Contingency Theory of Strategic Conflict Management: Review from Three Decades of Theory Development, Extension, and Application,” explore the application of contingency theory to conflict and crisis management, discussing its implications for accounting practices during periods of organisational upheaval. By categorising the literature into these thematic areas, this approach enhances the understanding of how contingency theory intersects with various aspects of accounting, from foundational

concepts to specific applications in different sectors, decision making, and performance evaluation. This structure also provides deeper insights into how both external and internal factors shape management accounting systems and practices within different organisational contexts.

DISCUSSION AND DIRECTION FOR THE FUTURE

Discussion:

The discussion considers contingency theory and how it is applicable, providing a summary of the above analysis.

Complexity of Organisational Dynamics: Contingency theory posits that organisational effectiveness is not governed by a universal approach to management or organisational structure. Rather, it is shaped by a variety of factors such as the organisation's size, technology, environment, and culture. This complexity demands a detailed examination of how these variables interact within specific organisational contexts, requiring a multifaceted understanding.

Application in Crisis Situations: Recent research, particularly studies on budgeting behaviour during the COVID-19 pandemic, demonstrates how contingency factors can significantly influence decision-making during crises. These findings emphasise the importance of organisational flexibility and adaptability as firms must adjust their strategies to respond effectively to rapidly changing circumstances.

Integration with Emerging Trends: As organisations navigate challenges related to digital transformation and sustainability, there is a growing need to expand and adapt contingency theories to account for these emerging trends. This involves examining how technological innovation and sustainability efforts shape organisational structures and decision-making processes, further complicating the application of contingency theory in contemporary settings.

Research Gaps and Opportunities: Despite the extensive application of contingency theory, several gaps remain in understanding its role across diverse sectors and cultural contexts. Future research could explore how the significance of contingency factors varies across industries and regions, thereby providing a more comprehensive understanding of the theory's applicability, and offering new avenues for its development.

Directions for Future Research

In this paper, after the author reviewed how other articles used contingency theory, the authors provide suggestive areas that should the theory be applied conceptually or empirically, which may lead to an effective contribution to knowledge, practice, and policy.

Digital Transformation: Future research could explore how digital technologies transform organisational structures and management practices. Specifically, studies could focus on the contingency factors that influence the successful adoption and implementation of digital strategies, as well as their subsequent impact on organisational performance.

Sustainability Practices: Investigating the role of contingency theory in guiding organisations toward sustainable practices could offer valuable insights. Research might explore how environmental variables and stakeholder expectations shape corporate social responsibility (CSR) strategies and decision-making processes, enhancing the understanding of the integration of sustainability into organisational frameworks.

Cross-Cultural Studies: Comparative research across diverse cultural contexts could provide a deeper understanding of how contingency factors affect management practices worldwide. Such studies would shed light on the adaptability and applicability of contingency theory in various organisational settings, offering a global perspective on its implementation.

Longitudinal Studies: Longitudinal research can track the evolution of organisational practices over time by examining how organisations respond to changing contingency factors. This approach provides valuable insights

into the dynamic nature of organisational effectiveness and the long-term impact of contingent variables.

Integration with other Theories: Integrating contingency theory with other management theories, such as systems theory or complexity theory, can foster a more comprehensive understanding of organisational behaviour and performance. This interdisciplinary approach could offer deeper insights into the complexity of organisational dynamics and decision-making processes.

By exploring these avenues, future research can contribute to a more nuanced understanding of the relevance and application of contingency theory in an evolving business environment, ultimately enhancing management and accounting practices.

CONCLUSION

In conclusion, contingency theory remains a critical framework for understanding the complex relationship between organisational practices and the various contextual factors that shape them. Its flexibility enables organisations to adapt to both stable and dynamic environments, making it especially pertinent in today's rapidly evolving business world. This theory emphasises the need for organisations to tailor management strategies to specific circumstances, thereby improving organisational performance and decision-making processes.

As organisations face emerging challenges, such as digital transformation and sustainability, the need to refine and expand contingency theories has become increasingly important. Future research should focus on examining how contingency factors apply across sectors, cultures, and technological advancement. By addressing existing gaps and incorporating insights from other theoretical frameworks, researchers and practitioners can further strengthen the applicability of contingency theory in guiding effective management and accounting practices.

Ultimately, continued exploration of contingency theory will deepen our understanding of organisational behaviour and provide valuable guidance for leaders seeking to navigate and excel in ever-changing environments. The ongoing development of this theory will contribute to the creation of more adaptable and resilient organisations that are better equipped to face future challenges.

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