

A Contingency Approach in Quality Management

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Abstract

Many organisations now have to operate in highly uncertain environments. Global competition drives organizations to reduce their capital employed and cut costs through lean manufacturing, outsourcing and extended supply or to grow by entering new markets, introducing new technologies, building unique alliances. And all this is happening at a much faster speed than even ten years ago.

On a journey towards excellence, learning from past performance is always beneficial. However the applicability of the learning rapidly diminishes in a continuously structurally changing environment. One key (implicit) assumption of the theories and practices of TQM and Business Excellence is that the business environment is relatively stable and predictable. However, this is no longer the case and therefore we must also accept that much of our current theory and practice is no longer as effective as in the past. In particular, we need to develop a strategic and practical approach to sustaining Business Excellence to support executives and their organisations that face uncertainty and instability in their particular market environments.

Our approach is an application of well-tested theories of complexity analysis using Simons' Four Levers of Control model. It analyses all the organization's systems and structures which might be driving the behaviour of the people involved and examines the degree to which these systems and structures support or undermine efforts to maintain business excellence. It then considers how this situation can best be managed now; what needs to be changed in which direction in the future; and how and when this can best be achieved, given the operating environment of the company.

We have found that crucial processes in an uncertain environment have to be managed through the use of all four levers of control according to Simon's model, however, the interactive control mechanisms are becoming more important. Quality Management approaches should therefore cover not only the tools and instruments to measure and control performances in order to find deviations from the goals, but should also include methods to stimulate and improve the more interactive management activities in order to be able to cope with the uncertain environments.

Keywords: *Management Control; Uncertainty; Simon's Levers of Control, Quality Management.*