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Total Quality Management and Reorganization of Large Companies

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Abstract

Many organizations/companies are going through periods of downsizing, rightsizing re-engineering, restructuring or other types of reorganization with the ultimate goal of reducing staff numbers, developing a leaner organization and reducing costs. In the public sector much of this change is driven by the economic rationalist model where the focus is usually on contracting out services, selling parts of the enterprise to the private sector, corporatization and deregulation.

At the same time, many of these organizations have already invested or are investing in continuous improvement activities and adopting the principles of total quality management (TQM). Many are using the quality award models as they strive for business excellence. What happens to quality in periods of downsizing? Can quality programmes survive when quality departments are completely removed, team members are displaced and the situation for many employees who remain becomes insecure? Can TQM assist in the restructuring process?

This paper addresses some of these issues. Several large public sector organizations and one private sector organization in the state of Western Australia were investigated. All had been examined as part of an Australian survey on quality management self-assessment practices.

The organizations were reexamined later, using similar research techniques. All had undergone substantial restructuring involving workforce reductions, the removal of entire divisions, outsourcing, corporatization and two had new CEOs assume office.

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