Overlaying Human Resources Principles to the Goal: A Research Note

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ABSTRACT

This article analyzes the book The Goal: A process of Ongoing Improvement by E. Goldratt and J. Cox to discuss human resource management implications. The book helped organizations increase profit margins through process management. The book focuses on a manufacturing plant that was unprofitable because of ineffective machines (bottlenecks). However, with the mentorship of a management expert (Jonah), the business turned around to become profitable. The book outlines critical messages to managers while helping break out of the conventional way of thinking and take actions towards success. Goldratt and Cox promote the theory of constraints to improve productivity and profitability in an organization, as will be discussed in this article. Also, there is a critical book analysis and how it relates to HR Management is discussed. The article also addresses the principles applied to make the plant successful as well as the role human resource played in the overall factory management.

KEYWORDS


1. INTRODUCTION

1.1. General Background

The Goal: A process of Ongoing Improvement by E. Goldratt and J. Cox (2016) discusses how Human Resource managers can change a company from making small or no profits to being highly profitability, particularly through adopting the theory of constraints. The book revolves around improving customer relations and employee work performance factors such as training, communication, and administration. According to the book, the major hindrance to making a business profitable is the existence of bottlenecks, which prevent functioning at maximum capacity (Gupta & Boyd, 2008). Such bottlenecks are caused by factors such as the imprudent use of labor, weak flow of work, and machinery standing idle. The primary consequence of such issues is that orders get completed late, thus leading to unhappy clients who inform others about their displeasure. This leads to a decrease in sales and potentially increased layoffs. The theory of constraints is therefore introduced, which centers on the use of bottlenecks (ineffective machines) only to enable a firm to attain its goal of generating money and surviving in the future (Zwikael & Smyrk, 2012).

Goldratt first introduced the Theory of Constraints (TOC) in the afore-mentioned book. The purpose of TOC is to identify, in a systemic manner, the constraints or bottlenecks and mitigate or eliminate them. The concept also describes three key performance indicators: throughput - the “rate at which the system generates money through sales,” inventory - which represents “the money that
all the system has invested in purchasing things which it intends to sell,” and operating expense - which is “all the money the system spends to turn inventory into throughput” (Goldratt E., 2014, p. 67). Goldratt affirmed the purpose of any company is to increase throughput by reducing inventory and operating expenses. As a result, meeting strategic goals is feasible, which makes for a profitable business.

Eliyahu Goldratt is a standout amongst the most compelling individuals in business handle investigation. His incredibly famous book The Theory of Constraints has updated organization structures far and wide. The Goal: A Process of Ongoing Improvement was distributed before The Theory of Constraints, yet incorporates the center thoughts that Goldratt develops in the last book (Kaoud, 2017). The Goal is interesting because it clarifies a plan of action in detail using fiction. Indeed, the story incorporates numerous individual show components. Alex, the principal character of the story, has broad conjugal issues since he invests energy excessively at the plant and overlooks his mate and kids. Alex, in the long run, adjusts family existence with his vocation, however simply after the profound thought of business procedures and time far from his family (Bhattacharya, 2014).

The Goal discusses increasing throughput, decreasing operating expenses, and reducing inventory. Human resource management is responsible for overall employee relations, including employee performance. It is the work of HR to ensure that policies and procedures concerning employee relations are well coordinated and match the company’s goals and objectives (Gupta & Boyd, 2008). In the context of this book, Alex, the plant manager, was coached by a management expert (Jonah) to optimize the firm and prevent its impending closure. Alex and his executive team identified bottlenecks as the primary cause of reduced profits. Management developed concepts to overcome the bottlenecks, which resulted in profitability, up until other bottlenecks occurred. After handling several bottlenecks, the team came up with an array of principles to tackle all. These policies became a blueprint for resolving all bottlenecks that arise during manufacturing operations.

Keeping in mind the end goal to advance his thoughts advance, Goldratt established the Avraham Y. Goldratt Institute (named after his dad) in 1996. Throughout the years, Theory of Constraints (TOC) specialists have extended his model and contracted with organizations to enhance their primary concern potential (Agrawal & Jitendra, 2014). At this point, the TOC show has been connected to differing industry divisions, including aviation, car, development, resistance, dispersion, training, social insurance, fabricating, administrations, semiconductor, innovation, and media communications (Gera et al., 2017).

The rundown of customers that the AGI-Goldratt Institute serves is amazing. Does it incorporate more than 50 organizations, as well as among them are a portion of the world’s most prestigious organizations, for example, 3M, Boeing, General Motors, Intel, and Lockheed Martin? Goldratt’s TOC has ended up being the best approach to structure a business, paying little heed to the business sort. Any business will have imperatives that straightforwardly influence its capacity to build its net benefit (primary concern) (Tinnila, 2013).

In terms of The Goal, the focus of the book is using principles of process improvement to improve factory performance and competitiveness in their market. The Town of Bearington has been losing major employers. Companies once in town left to escape from union politics and pressures to buy themselves some time in paying lower wages and making more money (Outrata et al., 2013; Schindlholzer et al., 2011). This action caused many people on the unemployment lines. Also, Uni-Co had a major layoff six months ago causing more unemployed people. So, if the plant closes, there will be layoffs again (Bhattacharya, 2014). The plant is a symbol of vitality, a sign of rebirth for the town and the anchor pulling the whole company together. However, Uni-Co is a unionized plant and maintained good labor relations and union relations. No major grievance filings were mentioned in the book.

Bearington is the hometown of Al Rogo, a plant manager of Uni-Co. For many years, he has transferred there six months ago and inherited the plant as is. His boss Bill Peach feel that there is much room for improvement in that plant and believed in Al. Al Rogo came from a different culture. Peach
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