

## Chapter 83

# Critical Thinking of Human Resources in the Goal: A Research Note

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### ABSTRACT

*Recently, changes within the business industry have led to human resource management (HRM) positions and structures being reconsidered. Human resources (HR) used to be centralized, but the constant changes to organizational culture has caused HR to become decentralized. The HR operations have been incorporated into other departments, as well. Now, HRM is essential to business processes that mirror other departments, such as accounting and finance, but HR is still centralized in specialized areas, such as recruitment and compensation. Examining Goldratt & Cox's "The Goal" reveals its involvement with HRM. This study evaluates the implication of HRM on a business, its relationship to the Theory of Constraints (TOC), and the ways in which these concepts can aid a business in reaching its main objective.*

### 1. INTRODUCTION AND BACKGROUND

The Town of Bearington had been losing major employers. Many companies left to escape the union politics and economic pressures. They also started paying lower wages to make more money. This increased the town's unemployment rates. Also, Uni-Co had some major layoff six months prior, adding to unemployment rates. The impending plant closure meant that there will be layoffs. As a symbol of the town's resurrection and the anchor that unites the company, the plant symbolizes vitality, but Uni-Co is a unionized plant with consistently good union relations and labor. The book did not address any significant complaints or filings of grievances.

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Bearington is the hometown of Alex Rogo, a plant manager of Uni-Co. He had been away for many years, and was transferred there six months earlier inheriting the plant in its current state. His boss Bill Peach sees potential for improvement in the plant and believed Alex could turn it around. Alex Rogo came from a different culture. Peach was his manager, open to innovative ideas, and a strong belief that employees must feel good about their work to be productive, but that was when sales and budgets were doing well. With a promotion, the profit in his division's plants are decreasing, so he relies on Rogo to make improvements to save his job. Essentially, Alex is responsible for the plant's failure, and he feels responsible for Uni-Co helping to advance his career.

In the factory, there were no sufficient performances, timely shipments (a warning sign in manufacturing plants) or profits. The root of many of these issues was competition. High quality products cannot be manufactured at a cheap price when competing in aspects like price, deliveries, and product design. However, Uni-Co's technology was a benefit, as it has the best computer systems, machines, and it has the most advanced robots of any other plant. Also, Uni-Co has excellent HR with exceptional employees and an absence of union issues. Uni-Co has great quality and they never ship an item without testing it, but they need money, so they also need to be competitive.

Therefore, this discussion focuses on a critical analysis of the human resource management perspective, based on the decisions made by several figures in the company's management positions. This paper also focuses on the implications and learned lessons from the book regarding effective HR management in global corporations (Schindlholzer et al., 2011). Section 1 presents key background information about *The Goal* and the major factors in the book. Section 2 presents the key findings of applying human resource management principles to the scenario in *The Goal*, while section 3 outlines the managerial relevance and implications of the role human resource management plays in any organization. Section 3 also concludes the paper by presenting the limitations and future research of the topic, while also presenting the originality and contribution of this research to different research areas and topics.

## **2. ANALYSIS AND INSIGHTS**

### **2.1. HRM Role in the Original State of the Performance**

HR uses performance standards (for each job position) as a tool to measure employees' performance, set goals, and identify development needs and potential improvements. The same concept can be applied to factory performance. Any organization without performance development and improvement can die. The performance perception is that employees are always working, resulting in company productivity and profitability (Schindlholzer et al., 2011). Measurements were needed to review processes and determine if the company is productive and profitable or not. Traditionally, management reduces capacity to decrease costs and increase profits (Galli, 2018; Nabi et al., 2015; Schindlholzer et al., 2011).

The problem with Uni-Co was that they were just meeting the performance standards and the status quo. That is not an improvement. According to Rogo, measures of productivity and efficiency were up, and costs were down in his plant. This disregarded the overall performance measurements on the divisional level. The only thing that mattered was reducing cost and boosting revenue. However, according to Jonah, those measurements were just a game of numbers and words (Galli, 2017). A realistic evaluation of the factory's progress was not performed nor measured. Moreover, the goal was not understood, so productivity is meaningless unless the goal is known (Kaoud, 2017).

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