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GUIDELINES TO ADDRESS TALENT MANAGEMENT IN CHILEAN CONSTRUCTION COMPANIES

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ABSTRACT

The high and permanent rotation in the construction industry has led organizations to consider talent capture and retention as crucial; however, they do not accurately comprehend how to incorporate them into their management practices. Accordingly, this paper will show a research on six companies of this field, for which Lean constitutes an essential part in their practices. The main objective is to explore the notion that companies have concerning Talent Management (TM) and to inquire about their management practices and the collaborators' views, identified as talents. The study is exploratory. Semi-structured interviews with the areas of Human Resources and surveys to collaborators identified as Talents were considered for the data collection process. Both dimensions were offset each other in order to generate a matrix that maps different intervention needs. Results analysis reveals that many participating companies do not hold a clear representation or standardization of TM practices, but rather these are carried out based on individual needs. Additionally, the need for a common definition of Talent that suits these organizations is emphasized; therefore, the final part of this study focuses on identifying the issues detected in the literature that should be incorporated in this definition, such as leadership and motivation.

Keywords: Talent Management, Lean Construction, Human Resource Development, Culture.

RESUMEN

La alta y permanente rotación en la industria de la construcción, lleva a las organizaciones a reconocer que la captura y retención de talentos es algo fundamental, sin embargo no saben cómo incorporarlo a su gestión. Dado lo anterior, el presente documento, muestra un estudio en seis empresas del rubro en las cuales Lean es parte de alguna de sus prácticas. El objetivo principal es indagar que entienden las empresas por Gestión del Talento, además de pesquisar las prácticas de gestión que realizan las organizaciones y la valoración que realizan los colaboradores, identificados como talentos. El estudio es de tipo exploratorio y la recolección de datos consideró entrevistas semi estructuradas a las áreas de Recursos Humanos y encuestas a los colaboradores identificados como Talentos. Ambas dimensiones se contrarrestaron entre sí para generar una matriz que grafica distintas necesidades de intervención. El análisis de los resultados da cuenta que gran parte de las empresas participantes no tiene una formalización clara o estandarización de las prácticas de gestión del Talento, sino más bien, se realizan en función de necesidades particulares. Adicionalmente, se destaca la necesidad de avanzar en una definición común de talento transversal a estas organizaciones.

Palabras-claves: Gestión del talento, Construcción Lean, Desarrollo de Recursos Humanos, Cultura.

1 INTRODUCTION

Over the years, sustained business growth since the 90's due to free trade and globalization has created an increasingly competitive environment, characterized by organizations that are continually seeking for new ways to gain competitive advantages, generating partnerships, expanding and trying to take the company to new heights.

These expansions have caused companies to seek for people called "talents" to support growth and promote innovation and internal knowledge among organizations. In that sense, acquiring, developing and retaining talents has become a competitive strategy for many HR departments (Silzer & Dowell, 2010). Since its appearance in the 90's with McKinsey & Company's "The War for Talent" (Scullion & Collins, 2011), several authors have contributed with their visions to develop a definition of talent. For example, Balza (2010) defines human talent as the set of knowledge and practice of individuals and workgroups in organizations, but also as a set of attitudes, skills, beliefs, abilities, values, motivations and expectations regarding individual system, organization, work, and society.

On the other hand, derived from the efforts made by Toyota in the automotive industry related to a new production system that differentiates from the industrial one called Lean production (Liker, 2003), several organizations in various countries have tried to apply the concepts and principles of this philosophy, adapting to other occurrences. Since the early 90's the development of this philosophy has been promoted in the construction field, shaping what is now known as Lean Construction, in which the activities of transformation and flow coexist, and whose main subjects are creating value for the customer, providing continuous flow and eliminating waste (Koskela, 1992). Since its inception, this philosophy has regarded people as the core of an organization, thus promoting the following: active participation in the organization, teamwork, empowerment, shared information to everyone, leadership promotion, among others. Accordingly, a need to establish a link associating interrelated TM and Lean practices, as outlined above, emerges.

Based on this, in this exploratory study the following objectives are established: (1) Investigating the notion of Talent Management that 6 Chilean companies have (all of them presenting at least one Lean practice in their management); (2) Identifying Talent Management practices carried out by these companies, and how these are valued by their collaborators - identified Talents; and (3) Recognizing relationship between the Talent Management practices of these companies and the Lean philosophy.

2 TALENT MANAGEMENT

Within the organizational context, during the 90's the term Talent is noticeably identified in the literature as "Talent Management." This concept arises from the references made by the group of consultants McKinsey & Company in a study called "The War for Talent," in which talent was defined as the ability to identify superior performance related to personal performance of each worker within organizations (Scullion & Collins, 2011).

In this study, the main feature of the word "talent" was the worker's individual performance. The key was to know and approach those behaviors within the organization and to go in depth into those individuals' performances, in particular those more distinguished (Smart, 1999). It was equally important to identify the key positions that empowered the impact of the organization's competitive advantage (Boudreau and Ramstad, 2007). This study was carried out by conducting surveys to nearly 13,000 executives of large and medium enterprises, in order to describe how companies create,

attract, retain, and train Talent teams. Thus, it was identified that only those companies with effective TM practices would survive in the market, which resulted in the creation of the aforementioned book. It was stated here that the best organizations had a Talent-oriented strategy (Saracho, 2008 and Saracho, 2011).

TM plays a key role in an organization's strategy. It helps to identify existing talent gaps in different hierarchies, succession plans to be used, and implementation of recruitment, selection, education, motivation and retention tools for the people considered as Talents (Whelan & Carcary, 2011). In that sense, Jiménez, Hillier-fry and Diaz (2008) identify the most significant features that an organization should have for a successful TM, highlighting the following: Devoting time and efforts to understand the trends of the socio-economic and labor market contexts, together with an analysis of the company; Acting throughout the TM chain; and Involving key stakeholders at different stages of the chain to support the process. However, no action is relevant without first start acting and implementing a TM strategy. Each organization has its own definition of "talent."

Therefore, by having this internal definition, it is possible to carry out effective management because in order to develop a sustainable competitive advantage over time it is critical that organizations adopt their own strategies and models that focus on their own definitions. Thus, techniques such as benchmarking prove useful for effective TM (Saracho, 2011; Jiménez, Hillier-fry and Diaz, 2008). After this, once talent has been identified the main aspect to consider is knowing the factors that appear to be essential to identify talented people within the organization. In that sense, Silzer and Davis (2010) describe some models that focus on various factors, such as cognitive abilities, personality, learning skills, leadership, motivation, performance, or others. While it is not possible to say which is the correct model, there exist useful studies to consider which guide the practices when TM is needed, for example: Howard Gardner's model; Joseph Renzulli's model; triadic interdependence model; Munich's multifactorial and typology model; the differentiated model of giftedness; Csikszentmihalyi's model; Sternberg's model; among others (Lorenzo, 2005). In summary, the practices that can be found in relation to TM consist of three main stages (Stahl et al. 2012): (1) Recruitment, staffing and succession; (2) Training; and (3) Retention. It is expected that if these actions are carried out aligned to the organization's strategy and definition of talent, effective and efficient TM to compete in the market will be achieved.

3 LEAN AND TALENT MANAGEMENT

Lean production philosophy has been studied and adapted for construction in various international initiatives (Lean Enterprise Institute - LEI, Lean Construction Institute - LCI, Construction Industry Institute - CII, International Group for Lean Construction, - IGLC, Núcleo Orientado para a Inovacao da Edificao - NORIE); however, despite efforts made to date it has failed to be applied in all its magnitude. In this sense, it is stated that implementations in construction have been very fragmented, because they have focused on the application of specific tools, neglecting the social and organizational fields needed to support global applications, covering the entire company and its links (Picchi & Granja, 2004). Considering this, it can be inferred that the opportunity to manage people as a central focus for the success of Lean practices in organizations is lost, in which TM could suggest a proven potential according to studies carried out in other industries. According to a study conducted in 2005 with six Chilean construction companies that implemented Lean Management practices, they were affected by various organizational and human resources factors, which hampered implementation efforts and affected the synergy factors of project teams (Alarcon et al,

2006). Additionally, several studies conducted both in Chile and other countries have identified cultural barriers and people management as key elements for the success of this philosophy (Sarhan, S. and Fox, 2013). Particularly, the study conducted in 2005 accounts for the critical factors and barriers to the implementation, related with people (Table 1).

Table 1: Critical Factors of the Lean practices implementation and barriers related with people

Critical Factors	Barriers related with people
Time	The role of site/Office manager The importance of commitment Resistance to change Short term vision
Training	
Organization	
Parallel implementation with other	
Improvement	
Programs	
Problematic projects	

Source: Pavez et al. 2006

Given these barriers, the companies changed their visions and guided their strategic efforts to review the role of Project Manager, to review the performance assessment systems of the organization, to redesign their site-organization efforts to achieve goals (Implementation of Lean Management Practices), and to redesign their incentive programs and developed a "Lean Organization" training program (Pavez et al, 2006). Despite changes made by the companies according to the research reported above, it can be said that these have not been disseminated in the construction industry, given the TM diagnosis. The following practices are identified: Recruiting, Talent Screening, Training, Retention, Compensation, and Benefits (Stahl et al, 2012). It was found that companies in the industry have not yet formalized practices. It should be noted that three companies participating in this study were also part of the 2005 study (Pavez et al, 2006). Remarkably, as indicated in the previous section, TM plays a key role within the organization's strategy (Whelan & Carcary, 2011). Similarly, Business Vision is one of the first competence areas considered for the Lean Construction Professional Profile (LCPP) model, because in order to have a whole effectiveness of both the company and the person sharing goals, objectives and values is needed (Pavez 2007).

4 METHODOLOGY

The study developed was exploratory since there are no previous studies on TM in the field of construction in Chile, and neither in the participating companies of the "collaborative Building Excellence Group", which is currently working along with the Center of Excellence in Production Management, Pontificia Universidad Católica de Chile (GEPUC).

- **State of the art construction:** Review of theoretical and empirical background about TM.
- **Instrument design for data collection and sample selection:** Data collection was performed in two stages. The first one intended to identify organizational issues related to Recruitment, Training, Retention, Incentives, organizational culture and work climate through semi-structured interviews conducted with HR departments.

The approximate duration of these interviews was one hour. The second stage, for people identified as talents by companies in the previous stage, included two questionnaires with the aim of identifying aspects related to their knowledge about mission, vision, values and strategic objectives, plans for training and induction level, feedback from headquarters and workplace environment. In summary, purposive sampling was used for sample selection considering two target groups for the survey data within the six participating companies: (1) HR departments that responded interviews, and (2) employees who were identified as "talents" by HR managers from each company.

- **Data Analysis and consolidation of results:** Analysis stage of the collected information. In the case of numerical data, it is used to analyze measures of central tendency and dispersion, and in the case of qualitative data, Concept-guided coding is used so that the categories had previously been defined according to the evidence provided by the literature.
- **Sample Description:** The selected sample consists of a group of 6 Chilean construction companies, which participate in a collaborative work program to incorporate Lean practices within their management and procedures. These companies specialize in the areas of height and length building, light industrial construction and mining operations. The total number of participants in surveys and interviews were 105 professionals, where 56% were project professionals, and 44% were headquarters professionals.

5 RESULTS ANALYSIS

Based on the information gathered through interviews and surveys, the following is identified:

- The companies do not have a definition of talent and, according to the literature, effective management can only be achieved only once this is established (Saracho, 2011). Additionally, they lack of processes or procedures relating to TM practices, and they also lack of a formalization and standardization level of related practices. Currently, these are made based on the particular needs of those who were identified as talents.
- The companies have an average of one practice from a total of 5 large sets of practices identified in the literature and used for this research: Recruitment, Talent Detection, Training, Retention and Compensations, and Benefits (Stahl et al, 2012).

In relation to the results obtained by those people identified as talents by organizations, the following can be observed:

- Clear acknowledgment of the companies' management since these people have a high level of knowledge about their companies' missions and visions, as well as a high level of adherence to their companies' values.
- Lack of a formal induction process, which leads to increased learning time when joining the company. Additionally, companies lack of training plans tailored to the needs specified by the "Talents." Thus, there is no knowledge about competence gaps to be improved and succession plans, which are not formalized by the organizations either.
- Lack of feedback to the "talents" by the headquarters, which does not allow to correct errors or to capitalize on successes. This also influences the lack of a

knowledge management that allows things that are done well can be replicated in other projects or in other processes. Whelan and Carcary (2011) propose a model where TM and knowledge management are aligned, because they have elements that could promote good organizational strategy.

Based on the results, a characterization matrix where companies were located according to 2 criteria was developed: Definition degree of their organizational strategies and formality/standardization degree of their TM practices, which is displayed in chart 1.

Chart 1: Characterization Matrix



Source: Own Realization

Chart 1 shows four quadrants according to the formalization degrees of the practices and the clarity in the Organizational Strategy. Each one is defined as:

- Enthusiastic management oriented to TM: The organizational strategy is not clearly defined by the organization, and there is no clear communication as well. However, there is formalization of the practices defined for TM.
- Chaotic management: The organizational strategy is not clearly defined and not well communicated by the company. Moreover, there is no formalization of all or most defined TM practices.
- Enthusiastic management oriented to Organizational Strategy: There is a clear definition of the organizational strategy and clear communication of it. However, there is no formalization of all or most TM practices.
- Strategic talent management: The organizational strategy is clearly defined, communicated, and understood by the organization. There is formalization/standardization of the defined management practices as well.

6 SUMMARY AND CONCLUSIONS

Note that the TM model is mainly criticized due to it lacks an established definition, and the term "talent" is used without a common definition. Therefore, its management often depends on the private initiatives of organizations, which are seldom translated into tasks performed by the human resources department, and this is not always part of the organization's strategy. In short, TM is associated with concepts such as career

development, succession plans, or development of skilled people in different roles. From the above it is deduced that one of the main problems is the lack of a systematic way to carry out an effective knowledge management, as there is not a unique view about its conception. Thus, there is a significant difference between what is effectively performed in organizations and what is found on the literature or researches (Lewis & Heckman, 2006). This could be due to this field of study is relatively new, and there is no sufficient information yet to make distinctions among specific industries, such as construction. Beyond the concept itself, the importance of TM is its application and how the organization defines "talent" in its competitive strategy - particularly when seeking to account for its potential usefulness for the organization, since only certain types of organizations require an implementation model (González Martínez and Pardo del Val, 2007). According to the literature and this study certain guidelines can be defined, which will help construction companies participating in the study to integrate a TM model, enabling the incorporation of Lean philosophy. In that sense, the following is recommended:

- Align the organizational strategy with TM, so that a sustainable competitive advantage over time can be created. For this, it is important to note that corporate vision is a core competency of a professional, considering a lean profile (Pavez, 2007). In parallel, companies should create an own definition of talent that is shared by the organization and that fits its strategies and the people's needs.
- Set the levels to which TM is desired to be developed and establish where it is most appropriate to intervene according to the diagnosis performed. It is therefore important to consider the 5 factors deemed as cornerstones for a Lean implementation (Aki Pekuri et al, 2012): Leadership, Competences, Confidence, People and Motivation.
- Formalize / standardize TM practices: Recruitment and Selection, Retention, Training, Compensation and Benefits and Talent Detection. In this sense, there is a plenty of literature suggesting that for a lean transformation the practices of Recruiting, Training, and Retention are essential. Monica W. Tracey and Jamie Flinchbaugh W. (2006) indicate that Recruitment should seek for features like: Ability to Communicate, work in teams, Creation and following of measurements, work across organizational boundaries, and acknowledgement and celebration of Successes. Likewise, they refer to recognition and performance as essential features for staff retention, not necessarily indicating a higher pay range, but rather fair and equitable.
- Permanent feedback between leadership and "talents" must occur in order to have an organizational culture where continuous improvement is part of everyday life.

Finally, it is important that TM attempts to empower people as the most important intangible asset of an organization, whose distinctive performance will satisfy its customers, add value and constantly seek perfection in management and processes.

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