Importance of Culture for Talent Retention

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When I talk with colleagues about their main challenges in the construction industry, their responses vary, touching on financial goals, specific projects, client relations, management dynamics, or workload. However, today the primary concern seems to be hiring and retaining talented professionals. In the current competitive landscape with large volumes of infrastructure work available, many engineering firms are eager to secure talent. As part of their recruitment strategies, companies may promise higher pay, better benefits, and more opportunities, and such offers make it difficult for you as the current employer to retain employees. Therefore, creating a workplace culture that is positive, empowering, and supportive of professional growth is crucial to keeping your talent when recruiters come calling.

How Did We Get Here?

Most engineering and construction industry leaders recognize that we have a fundamental problem: there are not enough engineers to complete the current level of infrastructure work. The U.S. Bureau of Labor Statistics estimates a 6% increase in engineering positions over the next decade,[1] while enrollment in some university engineering programs is in decline. When the 2008 recession occurred, many engineers exited the industry, and some college students switched from engineering to majors with more stable career paths. As a result, we currently have a shortage of midlevel engineering talent. The COVID-19 pandemic had a similar downward effect in 2020 on the influx of new engineers into the workforce, which means that there is a deficit of engineers with 5 years of experience in the industry today. All these factors are driving companies to hire aggressively and making it increasingly difficult to retain talent.

As we engage in this war for talent, it is critical to understand what is important to your employees. When I talk to my staff, I frequently hear that they want a better work-life balance; they want to be respected and challenged; and they hope to have a significant influence in the company, work on innovative projects, and make an impact in the community. Everyone has a desire to be part of an organization that wants them to succeed. The ability to provide that type of environment depends on your organizational culture.

Culture as a Competitive Advantage

The Merriam-Webster dictionary defines organizational culture as "the set of shared attitudes, values, goals, and practices that characterize an institution or organization."[2] But I like to use a more anecdotal concept: "How do your employees' stomachs feel on Sunday night about work on Monday?" Culture is the vibe within your organization and influences how everyone experiences it. A strong, supportive culture has been shown to help employees feel a sense of purpose and adapt to change. It can also be a predictor of employee satisfaction, employee commitment, and the success of quality improvement initiatives.

A study of employee turnover in the United States during the "Great Resignation" of 2021 determined that organizational culture had 10 times the impact of compensation.[3] Similarly, a 2018 study published in the *Harvard*

The challenges of the architecture, engineering, and construction (AEC) industries. All Photos and Figures: Burgess & Niple Inc.

The outside perspective of a third-party facilitator can be helpful for leadership and staff when it comes to defining organizational culture.

Business Review determined that 9 out of 10 employees would accept less money to do more meaningful work.[4] My own firm has faced the challenge of retaining talented employees, and we've come to the realization that compensation alone doesn't work. Historically, when an employee has received a job offer from another company, my firm has had about a 20% success rate of retaining them by offering more money. Furthermore, even if the employee initially accepts our counteroffer, they typically remain with us for less than 6 months. Faced with these facts, our leadership decided we needed to rethink our approach to retention, with greater emphasis on our workplace culture.

How to Improve Workplace Culture

The first step to improving workplace culture is to understand and define what you want your culture to be. An organization's leadership may not have the objectivity needed to see opportunities for improvement. Engaging an outside facilitator can help bring needed perspective and direction. During my firm's strategic planning process, we found that having a third-party coach to guide our leadership team and staff was critical to the success of our culture-shaping journey.

We began with the idea of treating our culture like a thermostat instead of a thermometer. A thermostat allows you to set the temperature you want, while a thermometer reads the current temperature. Simply reading the temperature of your culture, as you would read a thermometer, can lead to a reactionary response to the current environment. In contrast, if you set the desired temperature of your culture, as you would set a thermostat, you can be more intentional in defining what your culture should be and you have opportunities to adjust the settings as needed. For this method to be effective, it is important for organization leaders to listen with intention, seek to understand, and proactively make the required adjustments.[5]

At the same time that we set our cultural thermostat, we embraced a new leadership model. Traditional organizational hierarchy has leadership at the top and employees at the bottom, supported by customers. In this model, the leaders make the decisions, and the employees are expected to follow, while the customers, or clients, provide work to keep the business moving. We decided to replace that model with a "servant leadership" model, which creates a new paradigm in how we think about leadership and its impact on culture. In this model, leadership places their employees and customers at the top of the hierarchy and serves them by supporting their needs and empowering them.

In a servant leadership model, employees are recognized as the organization's greatest asset, which leads to more empowered, engaged, and productive teams. In my experience, organizations that shift the leadership's mindset from personal power to serving others are more likely to retain talent than those that follow the traditional hierarchy.

Calibrating Your Leadership Model

When adjusting your leadership model, it is important to calibrate your thinking to achieve buy-in from your team, which can be done using the following four steps:

- **Step 1: Define the mission.** What is your leadership model? Should changes to that model be considered to support cultural changes? Involve your team in the development or adjustment of the mission. Seek feedback and clarify the mission. The development of a strategic plan to prioritize initiatives that you want to advance may be a key step in this process.

- **Step 2: Establish the vision.** Define where you want the organization to go. This is an opportunity to dream about what is possible. Engage staff to identify the collective vision of the team and everyone's role. Employees who help develop the mission and vision for the company will be invested and more likely to stay and build it.

- **Step 3: Define your values.** These values will be your compass. Many firms have core values posted on their walls, but those values are not in use daily. Core values should be integrated into everyday actions and be part of the formula used to measure progress on expectations. Revisit them periodically to ensure that they remain important to your team, your leadership, and your clients.

- **Step 4: Develop a strategy.** Bring the mission, vision, and values to life. This process could involve additional opportunities for feedback from staff and targeted conversations with leadership. We have created a culture committee, with representatives from the firm at all levels of the organizational structure, to ensure that every employee has a voice in setting our company's culture.

Proactively engaging your staff in these four steps promotes ownership of the process and demonstrates a transparent, clear, and authentic presence that your talent will gravitate toward.

TRADITIONAL HIERARCHY

SERVANT LEADERSHIP MODEL
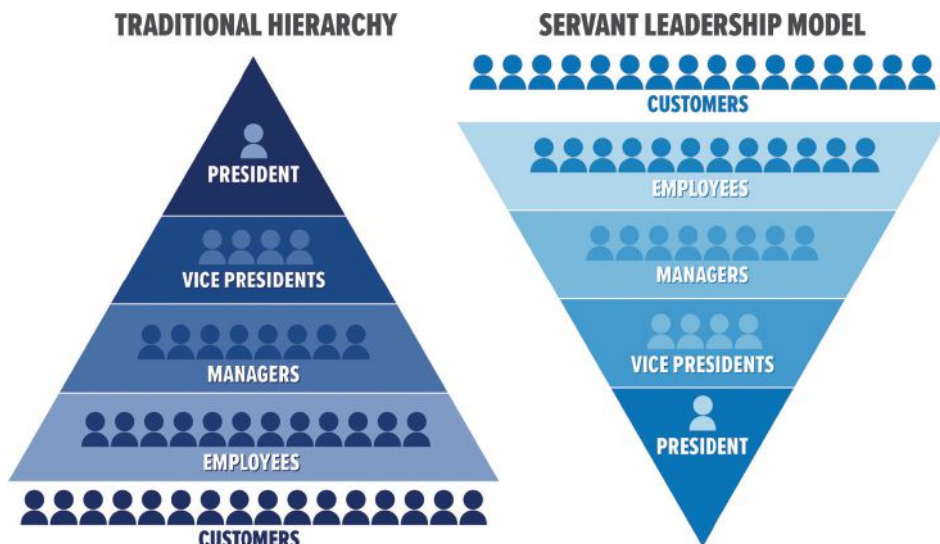
A traditional hierarchy compared with the servant leadership model.

Final Thoughts

With talent in high demand, building an intentional workplace culture is one of the smartest investments an organization can make. Developing a positive workplace culture requires continual effort, participation, and acceptance at all levels of the organization. At my firm, we saw small-scale immediate benefits within our teams, but it has taken about 3 years of targeted, intentional effort to achieve measurable results in employee retention and recruitment. A strong culture starts with knowing your history—but it thrives when you are open to new voices, willing to adapt, and focused on the future.

References

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