

**Northern Michigan and Eastern Upper Peninsula  
Knowledge Economy Strategies Project Co-Learning Report #5**

**Innovative Strategies for  
Talent Retention and Attraction in Rural Regions**



**Michigan State University  
Center for Community and Economic Development**

in cooperation with the

**Northeast Michigan Council of Governments**

Alcona, Alpena, Cheboygan, Crawford,  
Montmorency, Oscoda, Otsego, Presque Isle

**Northwest Michigan Council of Governments**

Antrim, Benzie, Charlevoix, Emmet, Grand Traverse,  
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# **Innovative Strategies for Talent Retention and Attraction in Rural Regions**

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## **EDA Northern Michigan and Eastern Upper Peninsula Knowledge Economy Strategies Project Co-Learning Report Series**

In October 2008, the Michigan State University Center for Community and Economic Development (CCED) initiated a project with the support of the U.S. Department of Commerce Economic Development Administration (EDA) to develop innovative economic development strategies with three Northern Michigan regional planning partners: the Eastern Upper Peninsula Regional Planning and Development Commission (EUPRPDC), Northeast Michigan Council of Governments (NEMCOG), and Northwest Michigan Council of Governments (NWMCOG). The goal of the project is to create new knowledge-based economic opportunities in the regions and to successfully compete in the global knowledge economy.

An assessment of each region's Comprehensive Economic Development Strategy (CEDs) identified strengths, weaknesses, and opportunities, and helped each region to develop their collaborative learning (co-learning) plans. Co-learning plans are designed to provide regional planners and their stakeholders with relevant new knowledge, focus, and capacity. This new knowledge and capacity serves as a platform for regional planners and stakeholders to create innovative regional economic development strategies focused on competing in the global knowledge economy. By understanding the dynamics and demands of global knowledge economy forces, regional leaders can better align their regional investment priorities with those demands.

This report was produced as part of the development of a co-learning plan in response to a request for information about retaining and attracting talent in rural regions by the EUPRPDC, NWMCOG & NEMCOG.

## **Disclaimer**

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# Innovative Strategies for Talent Retention and Attraction in Rural Regions

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## Background

Three Northern Michigan and UP regions (Northeast Council of Governments, Northwest Council of Governments, and the Eastern Upper Peninsula Regional Planning and Development Commission), in collaboration with the Center for Community and Economic Development (CCED) out of Michigan State University (MSU) were awarded a grant from the Economic Development Administration (EDA) with the goal of creating knowledge economy jobs in each region. One major indicator of a robust knowledge economy is the ability to retain and attract talent. As a grant requirement, the partnership between NWMCOG, NEMCOG, EUPRPDC, and CCED is responsible for developing a co-learning process that identifies ways to retain and attract talent in these Northern Michigan regions. The purpose here is to report on the findings of that co-learning process.

## Introduction

Many rural areas in the US find it difficult to retain and attract talented individuals to their regions. Millennials<sup>1</sup>, entrepreneurs, professionals, and others find urban areas and “cool cities” like Chicago, Austin, and Raleigh-Durham, for example, to be desirable places to live, work, and play. They perceive these cities as having better job prospects and economic opportunities, more cultural activities, and generally, a higher quality of life. Conversely, rural regions of the United States are perceived as having few job prospects and economic advancement, little cultural activity, and generally, a low quality of life. Because of these perceptions rural regions of the US have found it difficult to retain and attract talented individuals who are integral to the development of local economies, especially knowledge economies.

In order for rural regions to grow and sustain knowledge economy development, it is essential that these regions understand how to retain and attract talent. Unfortunately, rural regions are facing an uphill battle. For example, most college students want to move to a city that is larger than the city in which they were raised, with reasons being cited such as diversity, access to opportunities, and social climate (Haines, 2008). However, despite these issues, rural regions can still compete for talent with urban metropolises. The focus here is to provide a framework for thinking about ways in which to retain and attract talent in rural regions with the goal of building and sustaining a knowledge economy. This report will provide a framework for thinking about general ways to retain and attract talent, including enhancing overall quality of life through social and cultural activities, the promotion of regional assets, and opportunities for economic advancement. This report then discusses ideas for retaining and attracting healthcare professionals by providing opportunities for educational advancement, professional and personal networking, and economic advancement. Finally, a framework for retaining and attracting entrepreneurial talent through educational support, networking, and financial support will be outlined.

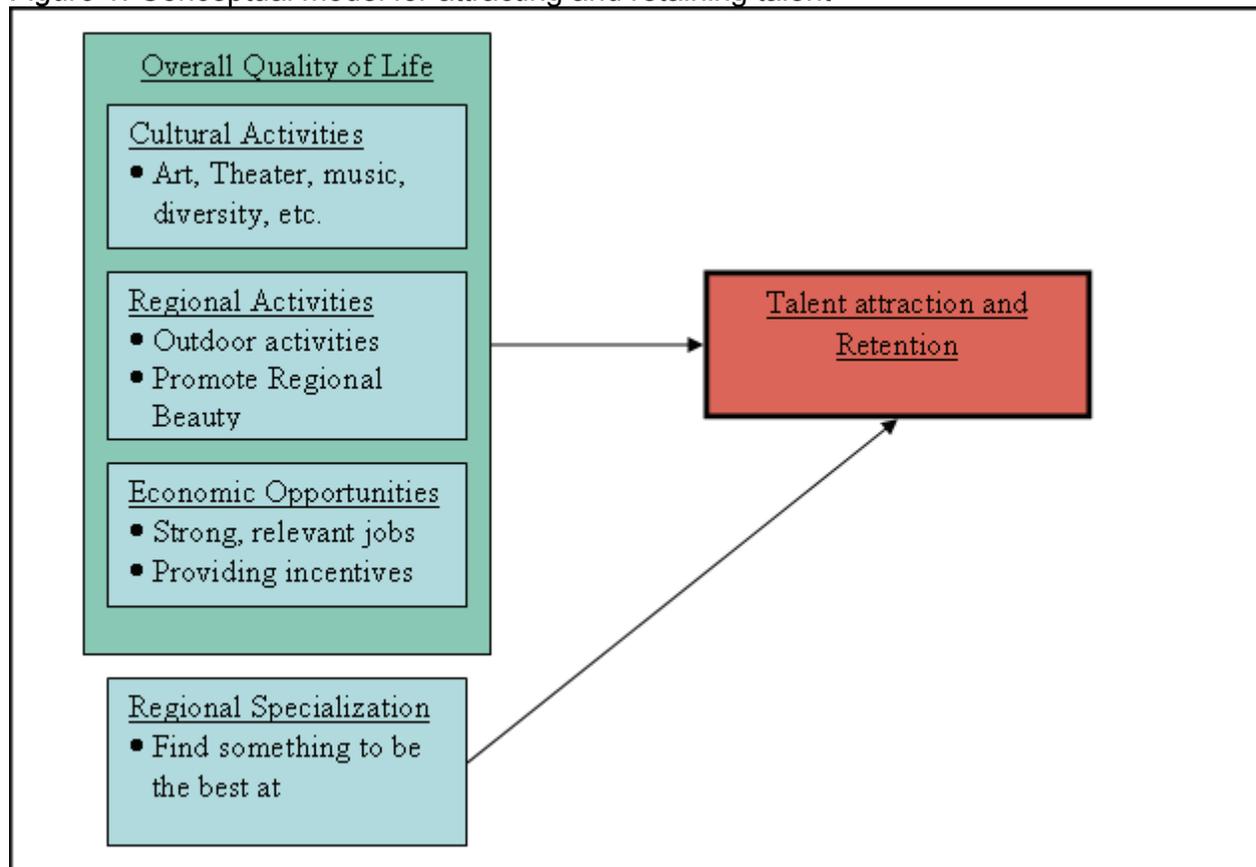
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<sup>1</sup> Refers to Generation Y, who are primarily the offspring of the Baby Boom Generation.

## General Approaches to Retaining and Attracting Talent

Sixty-four percent of newly college-educated people say they will choose a place to live first then find a job although this may be changing under the pressures of the global economic downturn. They often cite physical attractiveness of an area as important such as clean, safe streets, and green space; the welcoming nature of a community; climate; professional opportunities; and cultural and recreational activities (CEO's For Cities, 2006). Each element points to overall quality of life as important to talented individuals when choosing a place to live and work. Often, rural regions have difficulty competing with urban centers on some of these dimensions and therefore cannot retain and attract the talent needed to support economic development. In order to compete for talent in the global economy, rural regions should focus on three major elements that comprise quality of life: social and cultural activities, regional recreation, and career and economic opportunities. Moreover, some experts argue that a regional economy with a regional specialization is an important factor in retaining and attracting talent as well. By focusing on these quality of life elements as well as regional specialization, rural areas will be better equipped to compete for talent within a global market. The conceptual model of retaining and attracting talent will be described below (see figure 1).

Figure 1: Conceptual model for attracting and retaining talent



### Quality of Life

Generally, quality of life, with regard to retaining and attracting talent, is a function of three general dimensions: 1) social and cultural activities, 2) regional activities, and 3) economic opportunities. Some potential talent may find one of these elements more important than the

others, but the consensus is that in order to compete with urban areas in talent attraction it is necessary to address each of these three dimensions. Social and cultural opportunities can be thought of as the ability for potential talent to consume and participate in social and artistic ventures; regional activities can be thought of as the ability for potential talent to participate in recreational activities specific to the region; and economic opportunities can be thought of as the ability for potential talent to advance their own personal economic attainability.

### **Social and Cultural Activities**

One factor involved retaining and attracting talent is the availability of social and cultural consumption. This includes the promotion and availability of culturally relevant spaces for both the creation and consumption of artistic ventures such as art studios/apartments (e.g. [art space](#)), theaters, and music. Providing these spaces creates both a direct and indirect function for retaining and attracting talent. Directly, these spaces provide opportunities to attract talented people within the arts; indirectly, they attract talented individuals outside of the artistic realm but are active consumers of art and are attracted to areas that support artistic ventures. The *Central Massachusetts Talent Retention Project Report* (The Research Bureau, 2006), for example, argues that these activities contribute highly to the overall social and cultural climate of an area, which is important in retaining and attracting talent.

The report titled *The Young and the Restless: How Philadelphia Competes for Talent* defines specific strategies for enhancing the social and cultural activities of an area. This report argues that changing social norms, such as being open and welcoming to new inhabitants to the area, welcoming new ideas, creating a place where people can be themselves, and allowing newer generations to create new history, will be the catalyst to creating vibrant and attractive cities. Furthermore, the report indicates that a city's attractiveness is also a function of that city's ability to take care of residents' basic needs, such as clean streets and aesthetic beauty.

Although not all reports cited above are not specific to rural areas the main ideas of each can be adopted and transformed by rural regions. There are many ways in which rural towns and small cities can adopt the above measures to be welcoming to artistic and social ventures. For example, [artspace](#) has developed several lofts and shared apartments for artists throughout rural and suburban regions of the U.S. including Fergus Falls Minnesota (population ~13,000), Council Bluffs Iowa (population ~58,000), and Mount Rainier Maryland (population ~ 9,000) (2000 Census). Finally, rural regions can use some of the ideas put forth by the *Young and Restless* report to attempt to change the norms of rural areas that may be helpful in attracting desirable residents. By following some of these suggestions, rural regions can become more competitive in retaining and attracting talent.

### **Regional Activities**

Regional recreation is an important factor for many students when considering a place to live after college. These activities can include regional assets such as skiing, hiking, swimming, boating, surfing, 4-wheeling, eco-tourism, hunting, and other, generally outdoor activities that are specific to a topography and/or climate. In fact, more than half (54% of non-college of natural resources students and 75% of CNR students) of college students say that they would not live in a place that did not have some of their preferred recreational activities. The strategy for rural regions in retaining and attracting talent, then, is not to enhance or create these regional activities, but to promote and provide easy access to them. Of the quality of life elements, rural regions on the surface would be more competitive compared to urban centers

on regional activities; however, the difficulty lies in promoting these natural resources. By branding, or marketing, (Bowman & Abboud; Kottolli, 2005; [Model-D](#)) regional assets, rural areas will be more equipped to compete with urban centers. In fact, Knutson (2009) argues that millennials, specifically, do not have preconceived notions of regions and their perceptions are easily swayed. In this case, using the strategy of branding will have a significant affect on the conceptions of potential talent. By selling regional assets (*The Young and The Restless: How Philadelphia Competes for Talent*) potential talent are more likely to consider staying or even relocating to a rural region with high quality regional activities.

### **Careers and Economic Opportunities**

Lastly, and often cited as most important, are opportunities for careers and economic advancement. Economic opportunities do not involve high rates of pay solely. This element of overall quality of life also includes student loan repayment programs, affordable housing, opportunities for job advancement, promoting career opportunities, depth of the job market, and social networks for economic connections. Economic opportunities, then, can be defined as the availability and access to resources, people, and programs that have the potential to advance talents' personal economic growth and sustainability.

A major piece of personal economic growth for talented individuals lies within the depth of job availability. Like all people, talented individuals strive for personal growth, and part of this growth includes career and job depth. Talent will more likely be attracted to a location if that region can provide opportunities for career growth and movement. Job advancement, movement, external job opportunities are key factors in retaining, attracting, and growing talent.

Although career depth is an important factor in retaining, attracting, and growing talent, this is not possible if there are limited economic opportunities for talent. Providing opportunities such as competitive wages and fringe benefits is quite possibly the most important factor for potential talent. Some researchers argue that equalizing rates of pay between rural and urban areas within state, especially when looking at lower paid professions such as teaching (Collins, 1999; Harmon, 2001), will allow rural areas to better compete against urban metros. They contend that when comparing lower standards of living in rural areas and equivalent pay then talented individuals are more likely to be attracted to these regions. Moreover, *Central Massachusetts Talent Retention Project Report* (The Research Bureau, 2006) claim that access to potential career and job opportunities, pay, and benefits are all important factors for individuals when deciding on a place to live and find work.

Although pay and benefits are clearly important factors when considering living and working in an area, they are not the only economic issues that can influence this decision. When retaining and attracting talent it is important for rural regions to provide other economic incentives in conjunction with fair pay and benefits. For example, the website [Model-D Media](#) promotes the idea that regions should promote economic development in neighborhoods by providing access and opportunities for current residents to keep their current homes as well as new residents to purchase homes. They argue that these opportunities are more likely to attract the "Creative Class" as well as innovative "Immigrant Populations." Other reports cite networking as a major incentive for retaining and attracting talent. Rural regions can be a step ahead by providing networks to young talent to business owners and people who have the power to hire. Many communities are beginning to develop young professional groups, and internships and connections during college years to facilitate these relationships.

## **Regional Specialization**

In the mid 1800's Northern California experienced an economic and population boom by way of the gold rush. In order to provide resources to those participating in the gold rush other industries began to flourish as well. Likewise, at the turn of the 20<sup>th</sup> century Detroit experienced a similar boom surrounding the auto industry. The point is that San Francisco and Detroit experienced huge growth because of regional specialization. Regional specialization can be thought of as a region's ability to say it is the best in some particular sector. Examples include the research triangle in North Carolina, the auto-industry in Detroit, and 1800's gold mining in Northern California. Each region, arguably, is the best in its respective sector. By adopting this regional specialization strategy, regions can be better equipped to attract talented individuals to that region, both within the specialization industry as well as within supporting industries. However, regions must be cognizant of historical shifts in economies and refrain from depending too deeply on a single industry. Along with regional specialization, it is also important to build economic diversity so that local economies can withstand historical shifts.

In sum, regional specialization refers to a locality's ability to tout specific successes. This can include anything from developing the best mass transit system in a state/country to simply having the best apple orchards. These successes can give a regional economy reason to promote itself and retain, attract, and grow talent in that region, especially around that successful industry.

## **Retaining and Attracting Entrepreneurs and Health Care Professionals in Rural Regions**

### **Entrepreneurship**

Entrepreneurship is a necessary component to the economy of rural regions. Small businesses in rural regions provide a significant portion of jobs and economic growth. Moreover, entrepreneurial activity is necessary for regions to compete in a global knowledge economy. Therefore, it is essential that rural regions act as an incubator for retaining, attracting, and growing these talented individuals. In order for rural regions to compete in the global economy, it is necessary to focus on entrepreneurship. In order to gain entrepreneurial growth, regions should primarily focus on providing education, financial support, and social networking to current and potential entrepreneurs. The conceptual model of retaining, attracting, and growing entrepreneurial activity will be described below in more detail (please see *figure 2*).

### **Education**

An important aspect to retaining, attracting, and growing entrepreneurial talent in rural regions is access to education. In fact, Henderson (2002) argues that when communities provide access to educational resources to their entrepreneurs they are more likely to build new skills for business management and development. Henderson goes on to build a case for the creation of Small Business Development Centers so local entrepreneurs have a place to go for educational resources such as accounting, legal, management and development, just to name a few. One strategy that Henderson suggests is to partner with local colleges and universities in order to gain access to some of the professional educational resources mentioned above. By increasing the management and development skills of local entrepreneurs, especially those entrepreneurs within the knowledge economy, rural regions will be better prepared to compete in the global knowledge economy.

### **Financial Support**

Although entrepreneurial education is an important part to competing in the global knowledge economy, it is not the only facet that contributes to facilitating entrepreneurial growth. It is also important to provide financial support, both to current regional entrepreneurs and potential entrepreneurs. Henderson (2002) argues that it is important to create a community environment with various sources of support, especially financial support. In fact, many venture capital firms are beginning to fund smaller rural enterprises for a smaller return but a greater social benefit. By linking entrepreneurs to these sources of capital, current and potential businesses will have more access to start-up funds, growth capital, and resources for research and development, to assist with growth in the global knowledge economy.

### **Networking**

When developing a program to retain, attract, and grow entrepreneurial talent, especially in rural areas, it is imperative that you connect talent to other talented people. Some programs can be successful without building bridges between people but they will not attain their full potential. That is why it is essential to build networks necessary for current and potential entrepreneurs to meet and build working relationships that will connect them to important resources. In fact, Walzer (2007) argues that resources and information can be easily obtained by creating a systematic approach to networking. This approach should create a clear coordinated effort where entrepreneurs know where to go when seeking assistance from others. Moreover, Henderson (2002) states that these social networks are the source for social and financial capital that entrepreneurs can depend on start and maintain businesses. These formal and informal settings can be used as sources for numerous types of support for entrepreneurs. Through linking entrepreneurs to one another within a region, especially within the knowledge economy, they can provide the resources and know-how to build and compete within the global knowledge economy.

### **Health Care Professionals**

For many regions specialization is the key to maintaining growth and competing in the knowledge economy. Moreover, for rural regions, retaining and attracting talented health care professionals is not only essential for the growth of the knowledge economy but also for maintaining the general population health of those regions. Historically, rural regions have had difficulty retaining and attracting health care professionals for various reasons. Thus, it is a necessity that rural regions throughout the US develop ways in which to retain and attract these individuals. In order to do so rural regions must focus on three strategies; 1) education connections, training, and access; 2) networking and active recruitment; and 3) providing economic opportunities for professionals. For a visual of this model please see *figure 2* below.

### **Education**

Education is an important component for any health care professional. Education is also an essential factor to any knowledge economy. Therefore, it is necessary for rural regions to focus on education in order to retain and attract professionals. A major issue for rural regions is the lack of primary/family/community prevention care professionals. Currently, medical education is shifting toward more specialized programming. That is why Dussault (2006) argues that rural regions should work more closely to establish stronger primary care curriculum and provide incentives (e.g. loan repayment) for students that choose a primary preventative care focus. Rourke (1993) goes on to state that it is not enough to build these educational programs but it is necessary for rural regions to actively reach-out and recruit students that take a primary prevention/family focus.

Although standard primary/family education is a major component in retention and attraction, it is not the only important element. Mere exposure to rural regions and rural health care has been found to increase the return to rural regions by students (Dussault, 2006; Rosenblatt, 2000; Rourke, 1993). Rural regions will have greater success in retaining and attracting health care professionals by working with universities and training programs to develop internships and residencies in these regions. Mere exposure effect to these regions will increase the likelihood that professionals will choose to stay.

### ***Networking and Recruitment***

Although education is an important aspect to retaining and attracting health care professionals, it is only one piece of the puzzle. In order to reach a higher goal of retention and attraction of health care professionals, rural regions must connect these individuals to hospitals, other medical facilities, and local universities. Regional economic development authorities should facilitate a relationship between healthcare professionals and other healthcare stakeholders so that a social web is developed. This web will provide opportunities for professionals and allow them to become engaged in the local economy. In fact, Rourke (1993) argues that it is important to coordinate care between these stakeholders within rural regions so that opportunities for professionals are created. These connections effectively create opportunities for professionals, which increases the likelihood of regional attraction and retention.

### ***Economic Opportunities***

A major factor in the ability for rural regions to retain and attract health care professionals is the economic opportunities afforded to these individuals. However, these financial incentives do not solely include salary. For example, Rourke (1993) argues that rural regions include incentives such as bonuses for on call service, travel pay for education and conferences, and vacation pay. Moreover, Dussault (2006) and Rosneblatt (2000) argue that tuition reimbursement programs are effective ways to attract professionals.

By providing educational opportunities, linking professionals to hospitals and universities, and giving financial incentives to professionals, rural regions will be in a better position to compete for talent as well and compete globally in the knowledge economy. It is important however to use each strategy in coordination with the others. Effective programming takes a systemic approach and applies multiple strategies to address and issue.

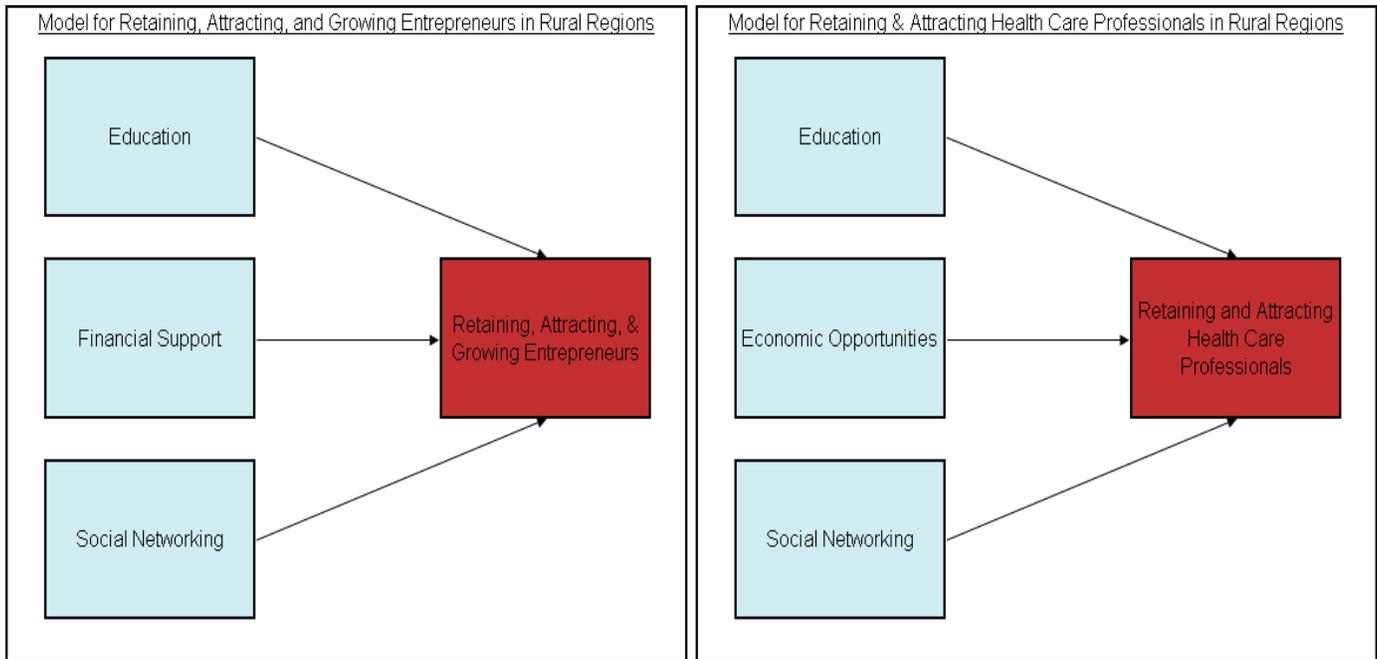
## **Conclusion**

Many rural regions find it difficult to retain and attract talented individuals to live and work, and who also provide a source for regional economic growth. In order for rural regions to retain, attract, and grow talent there are several strategies that are outlined in this report. General approaches include enhancing overall quality of life for potential talent and developing a regional specialization. Enhancing overall quality of life includes providing social and cultural opportunities, regional activities, and economic opportunities. Regional specialization, on the other hand, refers a regions ability to tout “being the best” at something, which creates the ability to grow the economy and attract and retain talent around that regional specialty. By embracing these strategies, rural regions are at a greater position to compete with other regions to retain, attract, and grow talent.

Likewise, retaining, attracting, and growing talented entrepreneurs and healthcare professionals require similar strategies. Specifically, education, networking, and economic opportunities not only create opportunities for potential talent, these strategies can also facilitate professional

regional growth. Education can provide opportunities to grow personal skills and knowledge around a professional area; networking will provide opportunities for professionals to interact and develop a social web; and economic opportunities provide the ability for individuals to grow themselves not only economically but professionally. All of the above strategies above can assist rural regions in retaining, attracting, and growing talent.

*Figure 2: Conceptual model for attracting and retaining entrepreneurship and health care professionals in rural regions*



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