How Can Firms Located in Rural Areas Better Position Themselves to Attract and Retain Millennial Talent?

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Abstract
Numerous reports and media studies posit that more than previous generations, millennials (21-34yr olds) prefer large cities, dense walkable urban centers, and rental apartments to suburban homes or rural locations. This would present significant challenges for companies based in rural areas who need to attract the best and brightest talent, particularly highly educated STEM professionals who are in high demand in the job market. In response, many rural and suburban-based companies including GE, Kraft-Heinz, and SC Johnson are opening satellite offices or moving their headquarters to large cities with the goal of better attracting and retaining talent and fostering innovation through greater opportunities for collaboration.

Fortunately for companies for which relocating is not an option, a closer reading of demographic data paints a less dire picture. According to multiple in-depth studies: while 62% of millennials do in fact indicate a preference for walkable dense urban areas; overall 36% of millennials think of themselves as suburbanites and 26% as small town and rural folks. And while the majority currently rent, more than 92% expect to own a home in the future (70% in next 5 years) with the vast majority preferring detached single family homes. In fact, Deloitte studies have found that much of the evidence that supposedly indicates unique millennial preferences instead reflects holdover effects of the Great Recession, and that the crisis simply delayed millennials’ ability to start families and buy traditional homes by several years. Older millennials with families are showing housing preferences somewhat similar to their predecessors with 48% preferring suburban homes and 14% preferring rural homes.

Keywords
millennials, generation Y, attracting millennials, recruitment, retention, generational differences, firm location, attracting and retaining employees, employee engagement, talent management, talent, HR, human resources

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Executive Summary

Key Question

Numerous reports and media studies posit that more than previous generations, millennials (21-34yr olds) prefer large cities, dense walkable urban centers, and rental apartments to suburban homes or rural locations. This would present significant challenges for companies based in rural areas who need to attract the best and brightest talent, particularly highly educated STEM professionals who are in high demand in the job market. In response, many rural and suburban-based companies including GE, Kraft-Heinz, and SC Johnson are opening satellite offices or moving their headquarters to large cities with the goal of better attracting and retaining talent and fostering innovation through greater opportunities for collaboration.\[1,2\]

Fortunately for companies for which relocating is not an option, a closer reading of demographic data paints a less dire picture. According to multiple in-depth studies: while 62% of millennials do in fact indicate a preference for walkable dense urban areas; overall 36% of millennials think of themselves as suburbanites and 26% as small town and rural folks. And while the majority currently rent, more than 92% expect to own a home in the future (70% in next 5 years) with the vast majority preferring detached single family homes.\[3\] In fact, Deloitte studies have found that much of the evidence that supposedly indicates unique millennial preferences instead reflects holdover effects of the Great Recession, and that the crisis simply delayed millennials’ ability to start families and buy traditional homes by several years.\[4\] Older millennials with families are showing housing preferences somewhat similar to their predecessors with 48% preferring suburban homes and 14% preferring rural homes.\[5\] [See Appendices 4,5,6]

Even the best rural-based companies generally start out with a disadvantage in the war for millennial talent but can turn perceived weaknesses into strengths by: 1) highlighting the benefits of rural living and better targeting the smaller but still substantial pool of candidates who are quite receptive to what rural locations have to offer; and 2) identifying the types of workplace culture and employment benefits most highly valued by millennials and developing best-in-class offerings as part of an overall strategy to attract and, more importantly, to retain the workforce they need. Assuming the necessary preconditions of a clear talent strategy, strong senior leadership support for recruiting teams, and market competitive base pay, the strategies below can greatly help to improve recruiting and retention outcomes for rural based companies.

Key Strategies for Successful Attraction and Retention of Millennial Talent at Rural Based Companies

I. Recruit Proactively: Actively Target Prospects Most Likely to Accept Offers and Fit In Culturally

Corporate recruiting and turnover costs have been rising rapidly in recent years.\[6\] Research has shown, however, that certain candidate profiles are more likely to accept offers in rural areas and to remain in their jobs once there. This includes candidates who: grew up in the region or have family ties nearby; candidates with rural and small town backgrounds; candidates who attended nearby colleges; candidates with military backgrounds; candidates with young children. Companies should take steps to identify and target qualified candidates with these profiles.\[7,8,9,10,11\] Social media and professional networking sites such as LinkedIn are excellent tools for researching and identifying the prospective candidates.\[12\]

Recommended Actions

- Utilize and incentivize referrals from current employees; they can easily identify those in their networks and the networks of friends and family who would be good fits for the company and location.
- Post open roles on niche and regional job boards.\[13,14\]
- Be upfront and honest in conversations and career webpages about what the area does and does not offer; keep candidate expectations in line with reality.
- Once candidates are identified, screen resumes to eliminate “job hoppers”. Conduct initial phone interviews to assess communication skills, longevity potential, community sense, professional interests, spouse’s career needs (if applicable), and academic concerns for their children (if applicable).\[15\] Take care however not to ask illegal interview questions.
- Establish strong campus recruiting programs with regional schools and consider targeting universities in more rural states or countries with large rural populations. A recent HBR report notes companies often close themselves off to large and diverse talent pools by focusing too narrowly on a few core schools; to better screen for top talent at large state schools consider raising GPA or experience requirements.\[16\] Consider partnering with schools in experiential learning and professional development programs.\[17\]
- Invest in a strong social media team and a state-of-the-art user friendly career website that highlights millennial employees.\[18\]

II. Offer a Compelling Employee Value Proposition: Focus on Formal Professional Development and Support

Perhaps the two most consistent themes that emerge in case studies and surveys of millennial employees is the high premium they place on professional growth & development and their desire for “purposeful work”. Professional support from rural organizations has been identified as having a significant effect on recruitment of new graduates and retention across all stages of a career.\[19\] According to a 2016 Deloitte survey, two-thirds of millennials expect to leave their employers within the next 5 years with 70% of them citing a lack of leadership development as the prime reason.\[20\] Young managers prize formal training and the opportunity to work with senior leaders.\[21,22\] At the same time, millennial workers thrive when they feel that their work has a clear purpose for both the organization and society. Salesforce’s director of recruiting notes millennials as being driven by how well their team works together and credits a
tight-knit culture with persuading more than 80% of interns to accept offers. For most millennials, company culture trumps salary when it comes to job satisfaction. [See Appendix 3]

**Recommended Actions:**

- Most companies pay lip service to providing development opportunities. Rural employers should differentiate themselves by developing and promoting extensive formal development and mentorship programs that actively involve senior leaders.
- Be able to articulate a realistic vision for future growth to prospective employees. Before taking a chance on relocating to an area with limited employment alternatives, they need to know that your company offers long-term career potential. [See Appendix 1]
- Provide relevant and up-to-date information on your business regarding strategy, differentiators, financial strength, and trends. High potential candidates want to be a part of a growing, forward-thinking organization.
- Arrange and pay for employees to gain certifications such as Six Sigma during working hours.
- Actively solicit feedback from new and younger employees about strengths and weaknesses of company culture.

**III. Expend Equal Efforts to Attract and Retain a Candidate’s Partner and Family**

38% of millennials are married and over a quarter have dependent children. The decision to relocate to a rural area is often made as a family. Partners can play an outsized role in determining whether a potential applicant accepts an offer and how long they stay with the company.

**Recommended Actions:**

- Proactively research an applicant’s family and be ready with answers about employment options, local schools, family activities, etc.
- Fly in both final-round candidates and their partners; organize spousal/family activities such as networking events or luncheons during the candidate’s interviews.
- Arrange opportunities for spouses and partners to tour the area, look at housing, and meet local community members.
- Offer flexible work schedules that might provide more work-family life balance than comparable city-based employment.

**IV. Offer Non-Traditional Benefits (e.g. Flexible Work, Educational Benefits, Home Loan/Mortgage Assistance)**

Rural-based companies can differentiate themselves by offering attractive non-traditional benefits that are relatively rare and/or target unique millennial needs. Flexible work (flextime, telework days) are often cited as the most prized benefit with 36% of millennials saying they would accept a job based on flexible work options. Additionally, flexible work has been shown to enhance productivity and many companies credit these options with allowing them better attract and retain top talent. Another important area to consider in developing millennial workforce programs is the problem of education and student debt. The majority of organizations offer some kind of tuition assistance plan including some such as ExxonMobil and Starbucks who will cover all costs. As small but growing number of companies (currently 3%) are beginning to offer Loan Repayment Assistance Programs which have long been used outside the corporate world to attract teachers and lawyers to rural districts. Housing assistance (e.g. home insurance or down payment assistance) can also make home ownership an option that would be beyond many millennials’ means in urban areas. [See Appendix Figure 5]

**Recommended Actions:**

- Provide standardized flexible work options such as 9/80 or 8/80 work schedules and work from home options.
- Consider covering the partial or full cost of additional education in relevant fields. [See Appendix 2]
- Offer student loan repayment assistance (roughly $5,000/per year of which is tax deductible for businesses).

**Possible Future Trends**

With the nature of work and the employer-employee relationship continuing to evolve, some rural companies might choose to make increasing use of freelance and contract employees who work onsite or remotely on a project-by-project basis. Other firms might choose to market themselves as development engines with the expectation that many new employees will likely only stay at the company for 2 to 4 years while developing their professional and technical capabilities and thereby enhancing their employability. These options of course will not appeal to or be feasible for all companies and job types.

**Concluding Remarks**

While certain compensation and benefit offerings may increase the number of job acceptances, it is the cultural fit that will retain employees in the long-run and keep them highly motivated and engaged in their work. It is critical that corporate HR departments and recruiting teams continually analyze qualitative and quantitative data to learn which programs and benefits provide the most value. Weighing the costs of offer rejections and turnover against recruiting and compensation budgets grants organizations a better idea of the investments required to retain and attract the best people. Measuring recruiting initiatives’ ROI is never an exact science, still, the more data that is collected in both qualitative surveys and budgetary analysis the easier it will be to make judgements about the efficacy of a given initiative. Keeping track of what works and what doesn’t will help rural companies continue to improve and refine their strategies in the continuous war for talent.


10 See Physician Retention and Recruitment


12 See Overture Group


14 See Overture Group


16 Rivera, L. (October 23, 2015). Firms are wasting millions recruiting on only a few campuses. Harvard Business Review. Retrieved from: https://hbr.org/2015/10/firms-are-wasting-millions-recruiting-on-only-a-few-campuses


19 See Recruitment and Retention of Physical Therapists, 10.


22 See Overture Group 5

23 See Five Things You Can Do to Attract Millennial Talent.

See recruiting and retention of occupational therapists

Benefit offered at CAHRS member company for HRLDPs


See Gen Y and Housing

See Recruiting doctors tough for small Arkansas towns

See Physician recruitment and retention in rural and underserved areas, 644


See A new understanding of Millennials: Generational differences reexamined, 14.


See CareerArc 2015 Workplace Flexibility Survey
Appendix: Related Graphs

How Applicants Learn About Employers Today
Relative Influence of Information on Applicants’ Decision to Apply

80% Information from Other Sources
20% Organizational Communications

Millennials in Particular Want Growth Opportunities
Percentage of Respondents Selecting Each Attribute as the Top Five Most Important When Considering a Potential Employer

60% of 2015 college graduates say culture is more important than salary

69% of 2013 and 2014 college graduates say culture is more important than salary

Benefits: Financial Support for Employees' Continuing Education

Large National Companies

Fig. 1

Fig. 2

Fig. 3
Seeking More Space

When they do rent or buy their next home, Millennials are mostly looking for more space, not less. Multifamily demand should continue to be strong in the coming years due to sustained rental demand, but the single-family home remains the ideal. For those not yet ready to purchase, but looking for more space or a place where they can raise a family, single-family rentals are an increasingly popular alternative.

**Next Home Type**

- 26% rent
- 36% purchase

**Space Preferences**

- 61% want more space
- 24% want the same amount
- 15% want less space

**FIGURE 16: Gen Y’s Expected Homes by 2020**

- 1% Single-family home
- 10% Duplex, townhouse, rowhouse
- 18% Low-rise apartment/condo building
- 42% Mid- or high-rise building
- 9% Mobile home

Sample size=1,270.

**Source:** UDR/Lachman Associates Survey, November 2014.

Bloomberg.com chart using data from US Census, Zillow.com and Bankrate.com