

PREVENTING A BRAIN DRAIN: TALENT RETENTION IN GREATER BOSTON



A STUDY PREPARED BY THE BOSTON CONSULTING GROUP

October 2003

The health of Greater Boston's economy depends on a dynamic labor force. Our knowledge-based industries will succeed over the long term only with an educated work force committed to the Boston region.

Greater Boston brings outstanding resources to this challenge. Our cluster of institutions of higher education serves as a cornerstone of the economy. We have an opportunity to capitalize even further on this strength. By working together, business and higher education can increase the likelihood that graduates will remain in the region and contribute to the vitality of the area's economy.

The Greater Boston Chamber of Commerce and The Boston Foundation have commissioned this study of talent retention in Greater Boston. With help from The Boston Consulting Group, we have set out to answer three questions:

1. Does Greater Boston have a problem retaining graduates?
2. What issues are most important to graduates in deciding whether they will stay in the Boston area?
3. What are the most promising opportunities to improve Greater Boston's ability to retain its graduates?

The Foundation's 2002 Boston Indicators Report highlighted the need to focus on reversing the departure over the past decade of talented young people from the region, because they are often the drivers of innovation. Our study has found that there is indeed a problem of graduate retention in Greater Boston. But we have also identified a number of opportunities for increasing the retention rate, and they can be implemented immediately.

The Boston area's institutions of higher education have been extremely helpful in this effort, and we are encouraged by the findings that have grown out of the work. We look forward to engaging with the business and education communities as they explore the opportunities presented in our report.



Paul Guzzi

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President & Chief Executive Officer



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Preventing a Brain Drain: Talent Retention in Greater Boston

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Acknowledgments

We would like to thank the Greater Boston colleges and universities that facilitated the surveys of students and alumni for this study: Boston College, Boston University, Bunker Hill Community College, Emmanuel College, Lesley University, Massachusetts Institute of Technology, Northeastern University, Suffolk University, Tufts University, University of Massachusetts Boston, and Wheaton College.

We would also like to thank members of The Boston Consulting Group, most notably Mark Blaxill and Greg Gottlieb, for conducting the study.

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Introduction and Executive Summary

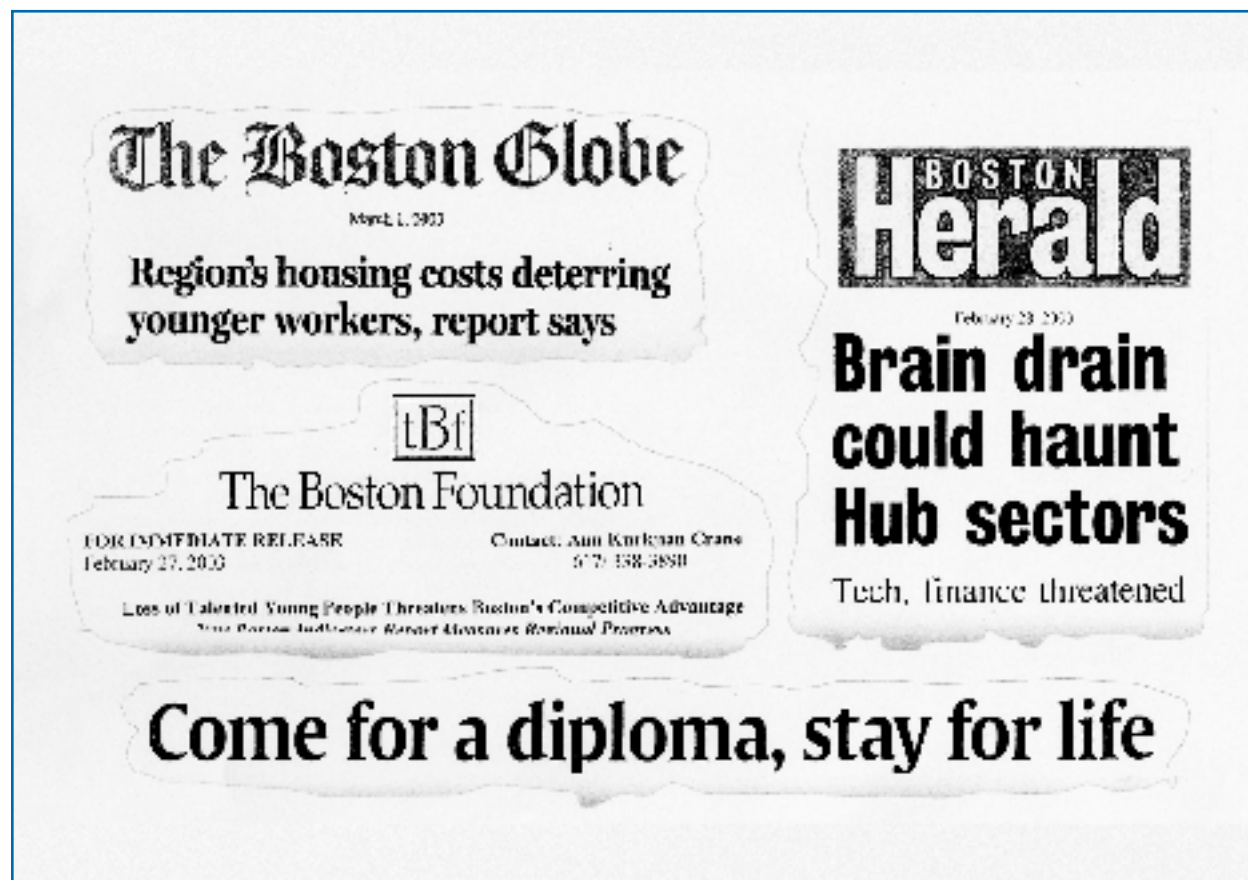
The Greater Boston area—home to scores of colleges and universities—enjoys one of the greatest concentrations of higher learning in the United States. Each year, these schools produce tens of thousands of graduates, a formidable army of potential recruits for a local economy that is increasingly dependent on knowledge-based businesses.

It has been widely reported that Greater Boston has faced difficulties in retaining highly educated workers.¹ During the last major economic run-up, in the mid 1990s, segments of the Greater Boston economy were inhibited by a lack of qualified workers. Now the national economy appears to be on the verge of an upturn; many new jobs requiring a college education will be created. It is incumbent on Greater Boston's educational institutions and business

community to work together to prevent a shortfall from occurring again.

This study, conducted by The Boston Consulting Group on behalf of the Greater Boston Chamber of Commerce and the Boston Foundation, is the first attempt to measure the loss of Boston-based graduates, analyze the reasons for their departure, and produce proposals to keep more graduates in the area. The effort involved surveying more than 2,100 students from 10 area schools who graduated in 2003 with degrees ranging from the associate's and bachelor's levels to Ph.D.'s. More than 1,300 alumni from Boston-area schools who graduated between 5 and 15 years ago were also surveyed,

1. This report refers interchangeably to Greater Boston, the Boston region, and the Boston area.



as well as a number of Boston-area employers, ranging from small to large firms.

Key Findings

Greater Boston has an opportunity to improve retention of graduates.

- From 1990 to 2000, metropolitan Boston lost 15.8 percent of its young people between the ages of 20 and 34, at a time when that demographic group declined nationally by just 5.4 percent. Furthermore, during the same period, Massachusetts—which had been ranked among the leading states in expanding their educated work forces—fell below the national average.
- Fully half of Greater Boston's graduates leave the area after receiving their degrees. Yet four out of five graduates who leave are "avoidable departures." In other words, they are making a voluntary decision to live elsewhere.
- Approximately half of these avoidable departures leave the Boston area for cities they have never lived in before.

Many, many graduates have fallen in love with the Boston area and sing its praises. They marvel at its livable size, its easy access to stores, culture, and entertainment, its liveliness, its history, and its charm.

- Students acknowledge that the region has made progress on the diversity front, although they note that there is still room for improvement.
- Many students experience the city as a fun place to be, with a "happening scene," but they also note some gaps—such as Boston's early closing hours and lack of late-night public transportation.

Jobs remain a critical factor in retaining graduates.

- The single most important driver of a graduate's decision to stay in the Boston area is the

availability of jobs in the graduate's chosen field.

- Graduates seeking jobs in health care, research and development, and finance and accounting—key Greater Boston sectors—are usually successful, but those interested in government, law, or entertainment often struggle to find work.

The message on affordability is mixed.

- Affordability, driven strongly by the cost of housing, is Greater Boston's most frequently and vociferously cited frustration.
- For most graduates, however, housing costs do not play a central role in the decision to stay or leave. Only for a subset of graduates—just over one-quarter of avoidable departures—is affordability a deterrent to remaining in the area.
- Nevertheless, issues affecting affordability have become much more serious in the past five years.

Greater Boston has an opportunity to reduce the number of graduates who leave by focusing on three segments in the avoidable-departures category:

- The 30 percent who leave because they have better job opportunities elsewhere
- The 27 percent who leave because the area is not affordable
- The 22 percent who believe another location offers a better city experience

Recommendations

Improvements in job opportunities, city experience, and housing are the most promising areas to focus on for encouraging graduates to remain in Greater Boston. Some cities are already tackling these problems: Philadelphia and Pittsburgh have organized high-profile efforts to attract more students to their cities and to retain

more graduates. Other cities hold career fairs and establish internship programs. Still others try to introduce students to the attractions of their cities by, for example, holding scavenger hunts in neighborhoods students are unlikely to have visited or staging events in interesting venues. Employers in Greater Boston have much to gain from retaining Boston graduates. Although many students find jobs in the area, the “heart of the market”—students who may not be at the top of their class and employers who are not large enough to grab the attention of placement offices—is often overlooked. These groups may find it difficult to connect with each other.

We recommend that the business and higher-education communities work together on the following efforts:

Close the gap on job opportunities

- Establish a broad set of initiatives to improve the connections between employers and soon-to-be graduates.
- Begin with a “heart-of-the-market” job exposition targeted at graduating students and Greater Boston’s leading industries. The heart of the market reaches beyond the very top students and the largest employers, which are now being served adequately by traditional placement efforts.
- Promote internships for students at Boston-area companies. In addition to leading to fu-

ture jobs, internships can strengthen students’ connections to Boston.

Make Greater Boston more affordable

- Work to increase housing affordability, a critical issue for Greater Boston. The Boston Foundation and the Greater Boston Chamber of Commerce are leading members of the Commonwealth Housing Task Force, which will shortly release a comprehensive strategy for promoting affordable housing. The strategy will use incentives to locate new and affordable housing in town centers, near transit stations, and on unused industrial property. The Boston Foundation and the Greater Boston Chamber of Commerce will provide leadership in mobilizing support for this strategy among businesses, nonprofit groups, and government leaders.

Improve the city experience

- Establish a variety of activities and events to get students involved with areas of Boston they might not visit while they are in school. The goal is to encourage students to project themselves into the future as residents of Greater Boston.
- Continue to work to make Greater Boston more diverse and welcoming to minority groups.
- Explore other opportunities to change the city experience in positive ways, such as improving options for late-night entertainment.

Is Greater Boston Losing Its Talent?



From 1990 to 2000, metropolitan Boston lost 15.8 percent of its young people between the ages of 20 and 34, at a time when that demographic group declined nationally by just 5.4 percent. If this trend continues, the loss of college graduates—the focus of this study—will have serious implications for Greater Boston’s knowledge-based economy as it begins to pick up.

Massachusetts Is Losing Its Edge in Expanding an Educated Work Force

A dynamic work force results from four drivers: an educated populace, local institutions of education granting degrees, the ability to keep students after they graduate, and the ability to attract graduates from elsewhere. (See Exhibit 1.) Massachusetts does very well on the first and second requirements. But it may be struggling to retain its own graduates. (Its ability to attract graduates from out of state was not the focus of this effort.)

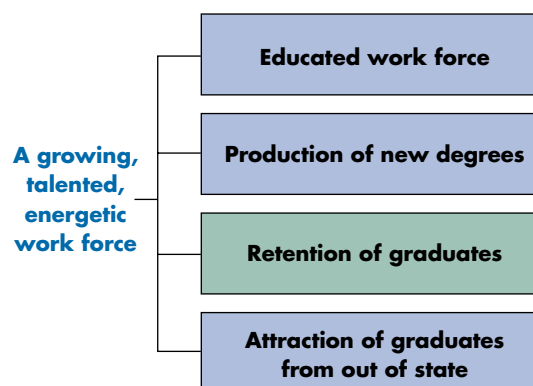
Massachusetts has lost its edge when it comes to *increasing* educational attainment.² Although it is still a very highly educated state—it ranks near the top in the percentage of adults with bachelor’s degrees or higher—Massachusetts has

dropped below other states in the rate at which that percentage is growing. In the 1980s, Massachusetts ranked first among the 15 most populous states in the growth rate of adults with

If this trend continues, the loss of college graduates will have serious implications for the Greater Boston area.

bachelor’s degrees.³ In the 1990s, it fell to 31st in the nation. The state is now increasing its educated base at less than half the rate of the leading states. Furthermore, many states that shared Massachusetts’s position among leaders in educational attainment in 1990 have outpaced Massachusetts since. The change is not simply a result of the trailing states’ catching up. (See Exhibit 2.)

EXHIBIT 1 A DYNAMIC WORK FORCE DEPENDS ON FOUR CRITERIA

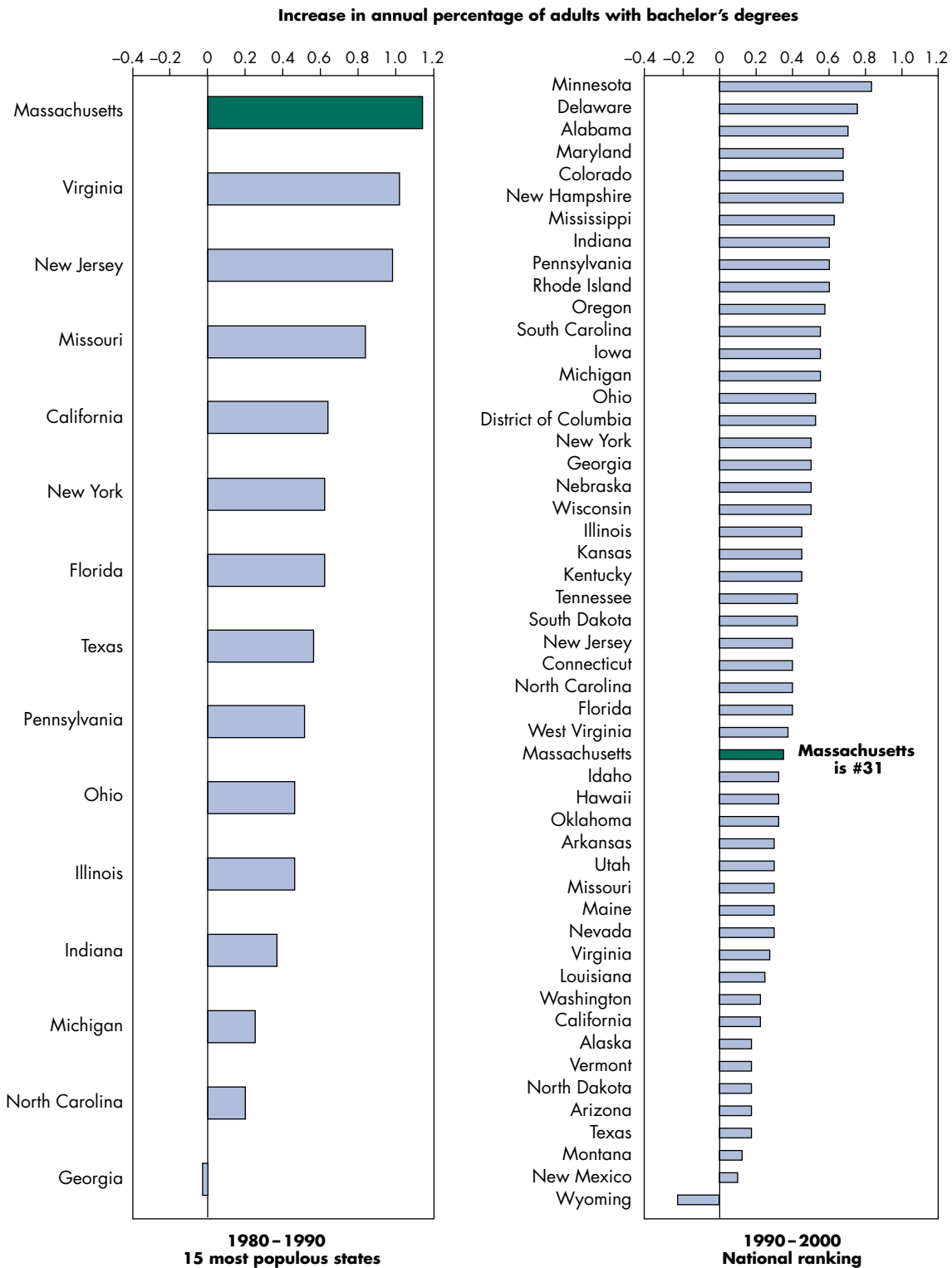


2. Although the focus of this study is on college and university graduates in the Greater Boston area, we cite data for Massachusetts in this section because many key figures are available only on a statewide basis.

3. At the start of the 1980s, data were available only for the 15 most populous states.

EXHIBIT 2

MASSACHUSETTS IS LOSING ITS ADVANTAGE IN EXPANDING AN EDUCATED WORK FORCE



SOURCES: U.S. Census data; BCG analysis.

How Students Decide Where to Live



Of all students graduating from Boston-area schools, 50 percent leave Greater Boston, and 46 percent of those who leave move somewhere new to them. (See Exhibit 3 and the note below, The People We Surveyed.) The most educated and those with the highest expected income are most likely to leave—another warning sign for Greater Boston's future economy. Not surprisingly, students who call Boston their hometown are much more likely to stay (76 percent) than those who come to the Boston area from elsewhere (42 percent).

Jobs, "Feel of the City," and Geography Are Most Important

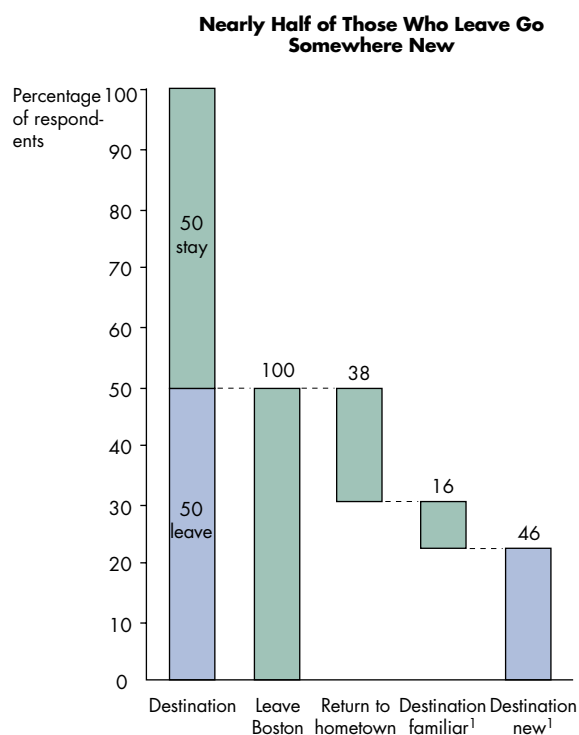
Job opportunities, the quality of city life, and preferences for a particular region are the most important criteria in students' decisions about where they will live after graduation. (See Exhibits 4 and 5.)

Students want to be able to work in their chosen fields. Important geographic considerations include access to outdoor activities and proximity to other cities. "Feel of the city" is a broad category, but one that has many important characteristics. Most important, graduates want a city that

- is both a good place to settle down and a good place for young people
- has good things to do and is a "happening" place

EXHIBIT 3

HALF OF ALL GRADUATES LEAVE THE BOSTON AREA AFTER RECEIVING THEIR DEGREES



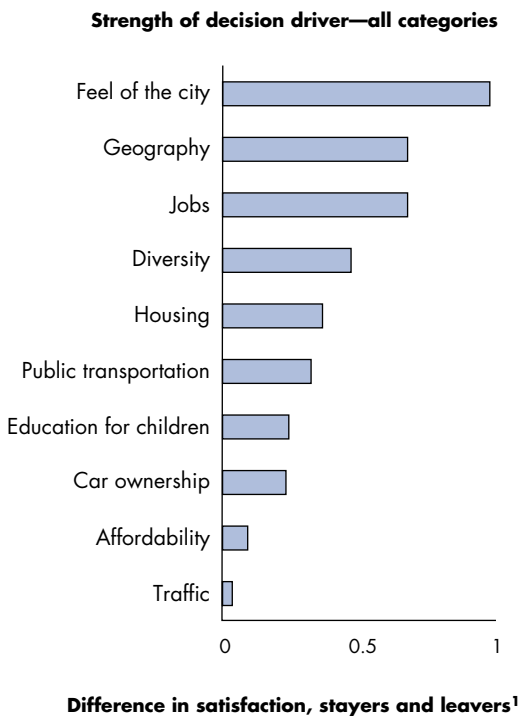
SOURCE: BCG survey of Boston-area students who graduated in 2003.

¹Those surveyed were asked, "Have you lived in this location before?"

THE PEOPLE WE SURVEYED. To examine the attitudes of graduates of Boston-area schools, we conducted a survey of 2003 graduates from 11 schools—Boston College, Boston University, Bunker Hill Community College, Emmanuel College, Lesley University, Massachusetts Institute of Technology, Northeastern University, Suffolk University, Tufts University, University of Massachusetts Boston, and Wheaton College. The survey was conducted immediately before or after graduation. The sample includes more than 2,100 completed surveys representing a wide range of educational backgrounds (associate's degrees through Ph.D.'s) and a representative number of students from minority groups (35 percent). The questions covered demographics, destinations after graduation, decision-making processes, and opinions on the Boston area versus other metropolitan areas on 51 dimensions. Many respondents included detailed comments to explain their views.

EXHIBIT 4

JOB OPPORTUNITIES, CITY EXPERIENCE, AND GEOGRAPHY...



SOURCE: BCG survey of Boston-area students who graduated in 2003.

¹Difference in average reported satisfaction level between those staying in Boston and those leaving. A higher number indicates the category is more important.

- has a rich cultural life, a variety of attractions, and interesting neighborhoods

Although graduates claim that affordability—along with lack of convenient public transportation and traffic woes—is a key driver in their

Half of all graduates leave the Greater Boston area.

decision to leave Greater Boston, only a portion of graduates act on that claim. (See Exhibit 6 and the note, Distinguishing Claims from Actions.) More significant, Greater Boston's ability to keep graduates depends on the graduate's ability to find work, and that can vary by

EXHIBIT 5

...DRIVE THE DECISION TO STAY OR LEAVE

Most important criteria within categories, in descending order
Jobs—In my field Geography—Access to outdoors Feel of the city—Good to settle down Feel of the city—Things to do Geography—Access to other cities Feel of the city—Good for young people Feel of the city—Cultural life Feel of the city—Neighborhoods Feel of the city—Attractions Feel of the city—"Happening"
Least important criteria within categories, in descending order
Car ownership—Other expense Car ownership—Affordable parking Affordability—Housing Car ownership—Availability of parking Public transportation—Affordable Affordability—Public transportation Housing—Affordable Car ownership—Security Housing—Value Education for children—Affordable

SOURCE: BCG survey of Boston-area students who graduated in 2003.

profession. The Boston region does well retaining graduates seeking jobs in health care, finance, research and development, engineering, and computer consulting. It does poorly with graduates looking for work in law, entertainment, and government. (See Exhibit 7.) These findings are consistent with the region's relative strength in key economic sectors.

A Broad Set of Destinations, with a Few Popular Places

When students leave Boston, they go all over the world. New York, Washington, D.C., San Francisco, and Los Angeles are the most popular destinations for all graduates. But those cities are even more popular among students moving somewhere new to them. (See Exhibit 8.)

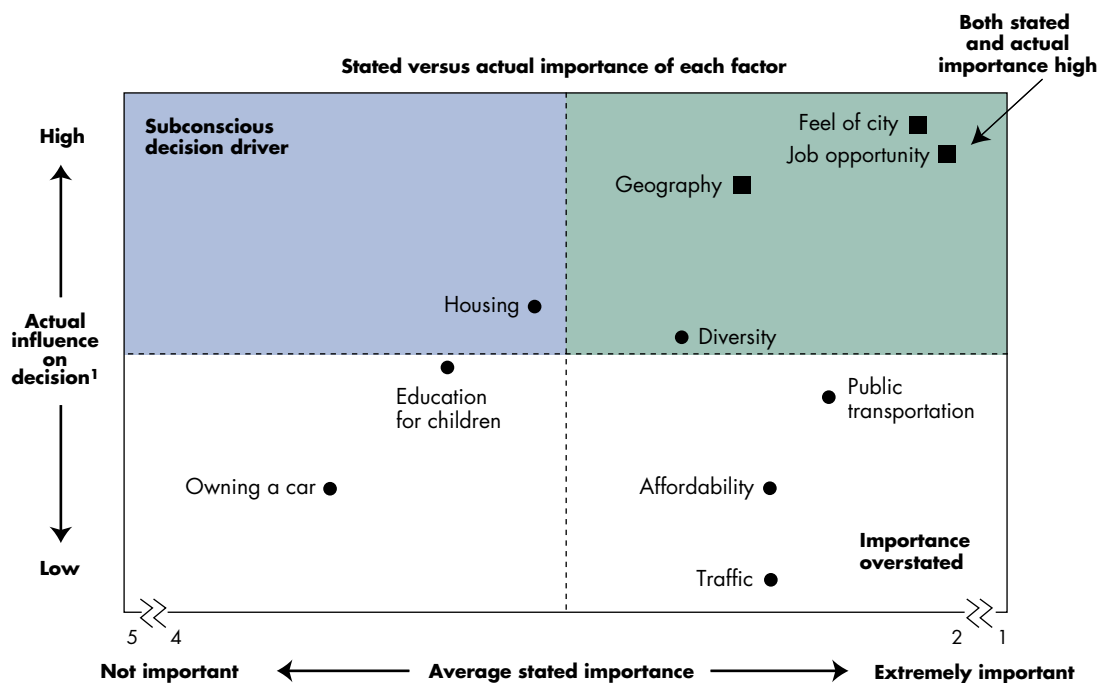
Together, they attract more than 20 percent of Boston-area graduates and 40 percent of grads who are moving somewhere new. The four most popular destinations attract Greater Boston graduates for different reasons. Students who go to New York City rate the Boston region lower on “things to do,” “a happening scene,” and “a cultural life” than New York. New York City also benefits from being a large source of Boston-area students. Of the students who leave Boston for New York, 48 percent are returning home, whereas only 20 to 30 percent of students going to other top destinations are returning home. Students leaving for Washington, D.C., are

most likely to be attracted by jobs in government and law. San Francisco attracts students who seek a more appealing geographic location (primarily a better climate and availability of outdoor activities). Those moving to Los Angeles are looking for jobs in entertainment and law, as well as a more diverse population.

Other cities have occasionally been cited as possible new competitors for the Boston area in attracting students. They are Austin, San Diego, and Raleigh-Durham. Their combined share of Greater Boston graduates, however, is less than 2 percent.

EXHIBIT 6

THE STATED REASONS FOR STAYING OR LEAVING OFTEN DON'T MATCH THE ACTUAL REASONS



SOURCE: BCG survey of Boston-area students who graduated in 2003.

¹Measured as the correlation coefficient between percentage leaving and satisfaction scores.

DISTINGUISHING CLAIMS FROM ACTIONS. In this study, we measured what students claim are the most important drivers of their decisions, as well as the factors that actually correlate with their decisions. First, we calculated the correlation between graduates' satisfaction with Greater Boston on a particular dimension and their decision to stay or leave the region. The higher the correlation, the more important the factor. Second, we measured the difference in satisfaction levels on a particular dimension between those who stay and those who leave. Large differences indicate important factors. Understanding how graduates act, as well as what they say, is critical.

EXHIBIT 7

GREATER BOSTON'S SUCCESS IN KEEPING GRADUATES VARIES ACROSS JOB CATEGORIES

Greater Boston keeps more than its share
Computer consulting
Finance and accounting
Health care
Business services and consulting
Engineering
Research and development

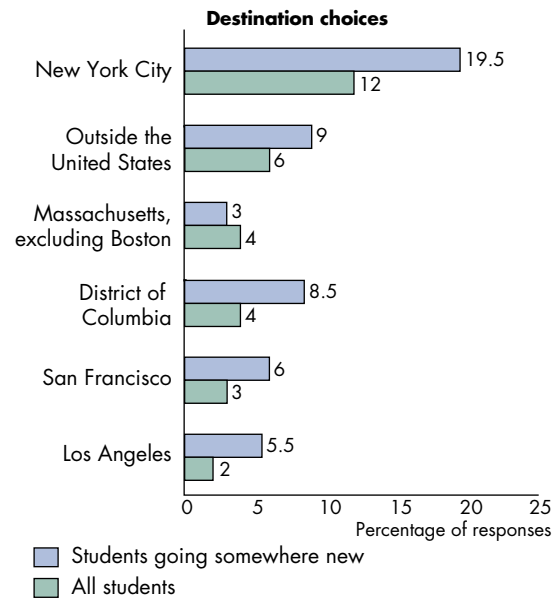
Greater Boston loses more than its share
Entertainment
Government
Law
Banking
Human resources

SOURCE: BCG survey of Boston-area students who graduated in 2003.

NOTE: Includes only those job categories with more than 20 responses; excludes job categories with retention rates very near Boston's average of 50 percent.

EXHIBIT 8

STUDENTS' MOST POPULAR DESTINATIONS ARE EVEN MORE POPULAR AMONG THOSE WHO HAVE NEVER LIVED IN THEM



SOURCE: BCG survey of Boston-area students who graduated in 2003.

Differences Among Student Segments



The clearest finding of this study is that graduates are not all “average.” Although it is useful to examine trends and issues for the entire graduate population, it is more compelling to divide the graduates into segments. They

break into eight meaningful segments. Five of the segments are making an active decision about where they live, and they comprise 80 percent of all graduates. We call the ones who leave “avoidable departures.” The five segments are as follows:

- **Job Driven.** Whether it is in Boston or another city, the availability of the most attractive job opportunities is the primary criterion for where to live after graduation, questions of affordability notwithstanding. To retain more students in this cohort, it is critical to address their dissatisfaction with job opportunities in the Boston area. They need to be connected to jobs in their fields of interest. These students account for 17 percent of the total graduate population, and 76 percent of them leave Boston. These grads account for 30 percent of avoidable departures.

In choosing where to go after graduation, the key determinant for me was where I found a job.

I chose New York because that's where the job was. If I could have had the same job in Boston, I would definitely have stayed.

- **Practical.** This segment is highly influenced by issues of affordability and housing. In fact, it represents the only group of graduates driven strongly by the cost of living. Obviously, making housing more affordable will help

retain these people, but our analysis indicates that they may be difficult to influence. When they leave the Boston area, they frequently move to neighboring New England states or to other areas of Massachusetts (17 percent of this segment moves to other areas of New England compared with 7 percent of all stu-

Eighty percent of graduates who leave depart for reasons that are avoidable.

dents who move to other areas of New England). This segment, which is also less likely to move to the most popular destinations (New York City, Washington, D.C., San Francisco, and Los Angeles), accounts for 16 percent of the total graduate population, and 73 percent leave Boston. These grads represent 27 percent of avoidable departures.

I am applying for a job anywhere across the United States with a lower cost of living.

I chose to live somewhere else even though Boston has a lot of companies in my field. I just cannot afford to stay.

- **“I Do What I Want.”** These graduates want to live in the places they find most attractive. Geography and feel of the city are most important to them. They are also willing to put up with a higher cost of living in order to live where they want. This group is younger than the other groups and has more bachelor's degree earners (as opposed to earners of master's degrees, professional degrees, and Ph.D.'s) than do the other segments. There is a great opportunity to increase retention in this group by making the area more attractive and exciting. Exposing these students to all of

the Boston area's strengths should have a meaningful impact on their decisions. This group accounts for 18 percent of the total graduate population, and 51 percent leave Boston. These grads represent 22 percent of avoidable departures.

Although Boston is less affordable than my hometown, it offers many more social and work opportunities. The tradeoff is worth it.

Nothing is open past a certain time. Public transportation stops too soon during the weekend.

- **Family Driven.** The graduates in this segment are influenced mainly by their desire to be close to family and friends—whether those people are in the Boston area or elsewhere. These students account for 11 percent of the total graduate population, and 38 percent leave Boston.

All my friends are staying in town.

I'm originally from northern New Jersey, and my wife and I wanted to be closer to home.

- **Generally Content.** This group is generally happy with the Boston area and satisfied to take a path that seems relatively easy. These students account for 18 percent of the total graduate population, and only 26 percent leave Boston.

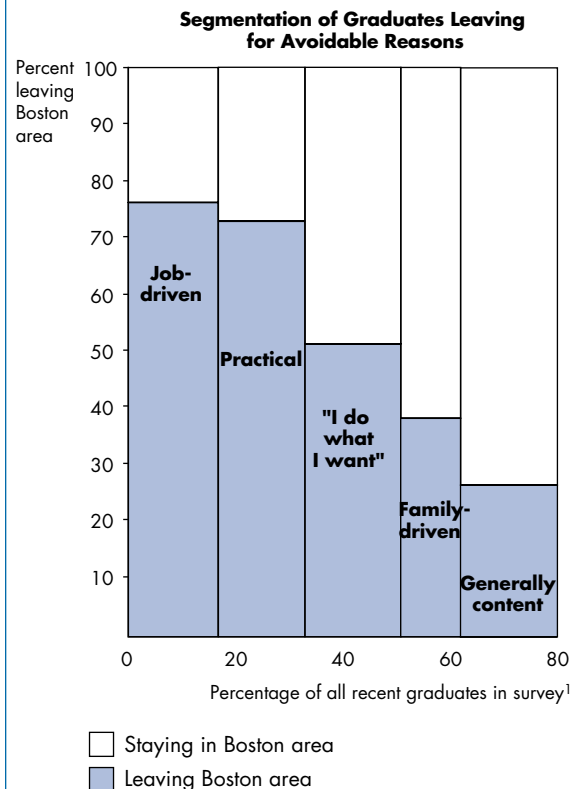
It seemed easy to stay here for a while after graduation.

The top segments—Job-Driven, Practical, and "I Do What I Want"—comprise 79 percent of avoidable departures. Our recommendations are targeted at these graduates. (See Exhibit 9.)

The remaining three groups—which account for 20 percent of the total graduate population—are not making an entirely voluntary decision about where they will live. They are committed either to their hometown (to a much stronger degree than the family-driven segment in the "avoidable departures" grouping), to following a spouse or significant other, or to attending the best graduate school they can find. Fifty percent of these graduates leave Boston. We call them "unavoidable departures." (See Exhibit 10.)

EXHIBIT 9

MOST GRADUATES LEAVE THE BOSTON AREA FOR JOBS, PRACTICAL REASONS, AND THE DESIRE TO LIVE WHERE THEY WANT

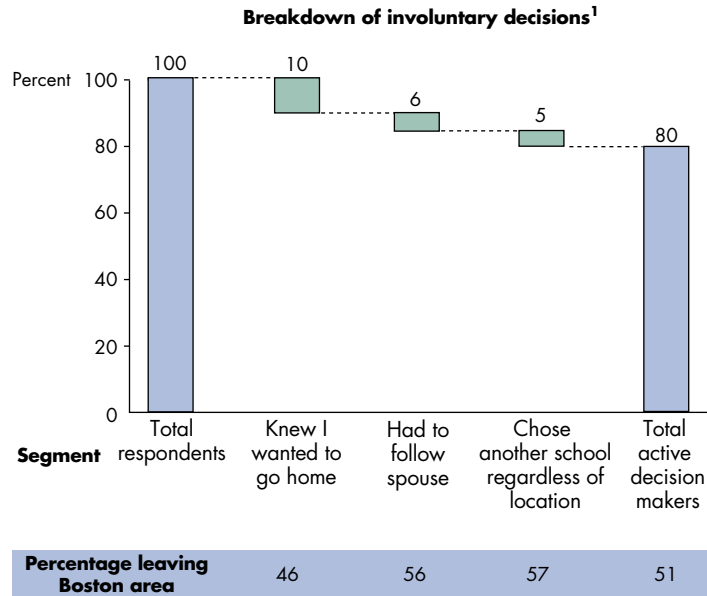


SOURCE: BCG survey of Boston-area students who graduated in 2003.

¹The remaining 20 percent are from the segment making unavoidable decisions.

EXHIBIT 10

ONE-FIFTH OF ALL GRADUATES BASE LOCATION DECISIONS ON FACTORS OUTSIDE THEIR CONTROL



"New York is my hometown. It is the best city in the world. I will live there forever—I plan to live and grow old in New York."

"I am living in Boston only until my significant other's schooling ends, and then we are moving."

"I liked Boston a lot. It's just that I was provided with a better schooling opportunity elsewhere. But after school I plan to return."

SOURCE: BCG survey of Boston-area students who graduated in 2003.

¹Overlap between involuntary segments totaled 1.5 percent. This population is included in either one of the relevant segments.

Boston's Strengths and Challenges



Most students like Greater Boston. They praise the city's size, accessibility, and liveliness. Here is just a small sampling from the dozens of survey respondents who took time to write comments about how "awesome" Boston is. These students could not say enough good things about the area.

Boston has so much charm and a great small feeling for a rather big city. I like that everything is so close and well kept!

I chose to live in Boston because I like the city a lot. The city has a cozy and somewhat safe-feeling environment. ... Boston does have a lot to do, and it is geared toward young people. There are many universities and many activities going on.

I have loved Boston, particularly for the public transportation, the diversity of people that I've met here, and the walkability of the city downtown.

I love the feel of the city. It is clean, and I have tons of Boston pride even though I am not from here.

I would choose to live in Boston, because it's a great city, very beautiful, with great education, great health care, great roads, great transportation, and great firms to work for.

I just love this city!

Of the 51 dimensions on which Greater Boston was rated, many qualities were listed among the region's best traits. Greater Boston scored the worst on a set of issues related mostly to affordability. (See Exhibit 11.)

EXHIBIT 11

GREATER BOSTON SCORES WELL ON SOME DIMENSIONS, POORLY ON OTHERS

Greater Boston's best traits (in descending order)
Attractions (feel of the city) Affordability of public transportation A good place for young people (feel of the city) Good cultural life (feel of the city) Good private schools Transportation that goes where I need it to Things to do (feel of the city) Access to other cities Efficiency of public transportation Access to jobs while in school
Greater Boston's biggest frustrations (in descending order)
Availability of parking Affordability of parking Affordability of housing Housing's value for money Affordability of car ownership Climate Ability to find housing Affordability of basic household bills Security of a car Affordability of entertainment

SOURCE: BCG survey of Boston-area students who graduated in 2003.

Affordability Is a Frustration, Yet It Is a Deterrent for Only a Few

Complaints about affordability are driven mainly by Greater Boston's high cost of housing and car ownership, and they come from all income levels. (See Exhibit 12.) Yet many graduates choose to live in Greater Boston despite these problems.

Housing costs are through the roof. However, I chose to live in Boston because I like the feel of the city.

If it were not so expensive, I'd stay here.

Boston housing is extremely expensive. But I decided to stay because I was offered a full-time job here.

I have lived in Boston for seven years and I LOVE IT. I only wish I could afford to stay and buy property—the housing market for young people is out of control. If we stayed here, we'd never be able to afford our own place.

Boston is way too expensive for any recent graduate. Who wants to be 30 and still have to live with roommates because they can't afford a place of their own?

I love Boston, but the cost of housing is ridiculous. It makes me crazy!

The cost of housing is totally out of control, and nothing is worth what it costs.

Diversity Is Improving, But More Can Be Done

For most groups, Greater Boston compares favorably with other cities on diversity, but only by a small margin. Some graduates from minority groups are very happy with the Boston area's diversity:

The number one reason I decided to stay in Boston was because, as a minority, I feel extremely comfortable here as opposed to the other places I was considering.

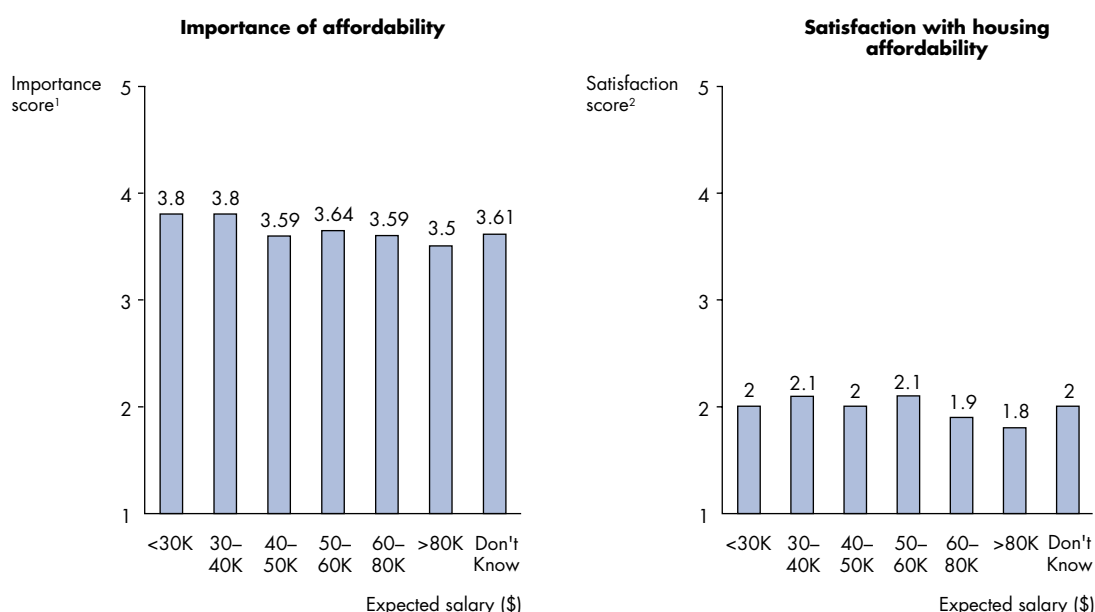
As for diversity, I have never felt as free to be a gay man as I have in this city.

Many, however, feel that Greater Boston is not a comfortable place for minorities; nor does it offer many opportunities:

There aren't as many opportunities in Boston for minorities when it comes to finding a competitive job or affordable decent housing.

EXHIBIT 12

STUDENTS AT ALL INCOME LEVELS SAY AFFORDABILITY IS A PROBLEM



SOURCE: BCG survey of Boston-area students who graduated in 2003.

¹Scale: 5 is "extremely important," and 1 is "not important at all."

²Scale: 5 is "Boston is much better than other places under consideration," and 1 is "Boston is much worse."

I don't feel that Boston provides a nice diverse community, especially for young people. It seems like there aren't that many young minority professionals.

There are minorities in Boston, but they are often in a separate part of the city.

Among survey respondents, African Americans showed the least satisfaction with diversity issues but leave at rates no greater than the general population. Latinos and gays and lesbians are most likely to leave. Interestingly, the gay and lesbian community is split in its views on Greater Boston's diversity. A great number of gays and lesbians feel that the Boston area is better, or much better, than other cities in which they might live. A similar number feel that the area is worse, or much worse, than other cities. Very few believe that the area is about the same. (See Exhibit 13.)

A Few Other Issues Require Attention

The view that Greater Boston has limited options for nightlife is widespread. Many respondents lamented that public transportation, restaurants, bars, and clubs shut down as early as they do. The strength and frequency of these comments were hard hitting. This is clearly an issue that has an impact on young people's views of Boston.

I don't like that Boston does not have 24-hour public transportation.

All businesses close too early for people in their early- to mid-twenties.

Other complaints centered on the Boston region's perceived lack of friendliness and its parking problems. Both issues were cited frequently as causes of frustration.

EXHIBIT 13

AFRICAN AMERICAN SURVEY RESPONDENTS ARE LEAST SATISFIED ON DIVERSITY ISSUES; LATINO, GAY, AND LESBIAN RESPONDENTS ARE MOST LIKELY TO LEAVE

Group	Satisfaction with diversity ¹	Percentage leaving Boston area
All minorities	3.3	54
Asian	3.3	55
Latino	3.1	62
African American	2.5	49
Gay/lesbian	3.3	65
Nonminorities	3.3	50

SOURCE: BCG survey of Boston-area students who graduated in 2003.

NOTE: Associate's degree earners are excluded.

¹Scale: 5 is "Boston is much better than other places under consideration" and 1 is "Boston is much worse."

Trends over Time



Responses from alumni who graduated 5, 10, and 15 years ago paint a picture over time. (See the note on page 20, Survey of Alumni.) Although the reasons for deciding to stay in Greater Boston or to leave do not seem to

have changed over time, satisfaction with the Boston area, compared with other metropolitan areas, has fallen in key categories. Satisfaction with affordability and car ownership issues has declined dramatically in the past five years. And affordability is becoming increasingly important for graduates expecting to make less than \$50,000 a year. Satisfaction with hous-

ing and the feel of the city has been falling over time as well, but more slowly. When the importance of these factors, and their trending

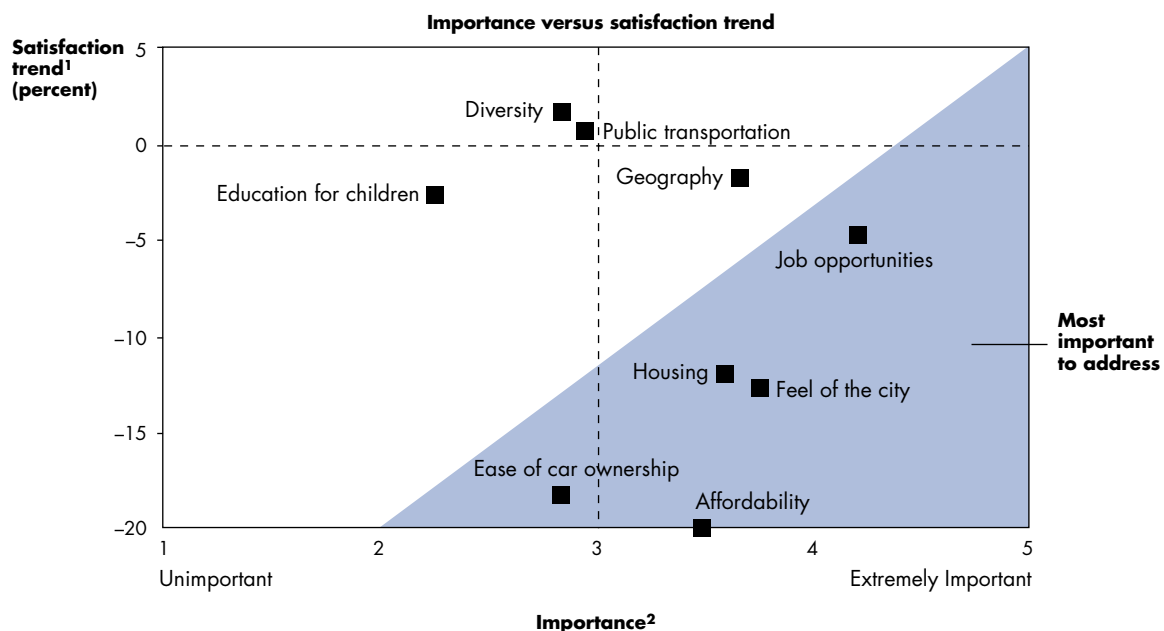
Affordability has become a more serious challenge.

Views on diversity have been improving steadily.

decline in satisfaction, are weighed together, housing, city experience, affordability, and job opportunities warrant the most attention. (See Exhibit 14.)

EXHIBIT 14

SOME IMPORTANT DECISION DRIVERS ARE ON A DOWNWARD TREND



SOURCE: BCG survey of Boston-area students who graduated in 2003 and older alumni.

¹Percentage change in satisfaction from 15 years ago.

²From the perspective of the 2003 graduates.

We are encouraged that people think diversity is improving steadily, albeit slowly. (See Exhibit 15.) Students today have a better opinion of Greater Boston's diversity than students had 5, 10, or 15 years ago. The further good news is that those earlier students have recognized improvements since they graduated. In fact, the more years out from graduation a person is, the more likely he or she is to say that Greater Boston has improved on diversity.

In the important category of satisfaction with job opportunities, Greater Boston has shown mixed results. Health care and research and development are seeing the most improvement over time, while other sectors are either flat or mixed. This is consistent with the overall view of industries that have been most successful in the Boston area.

It is becoming far too expensive for young people.

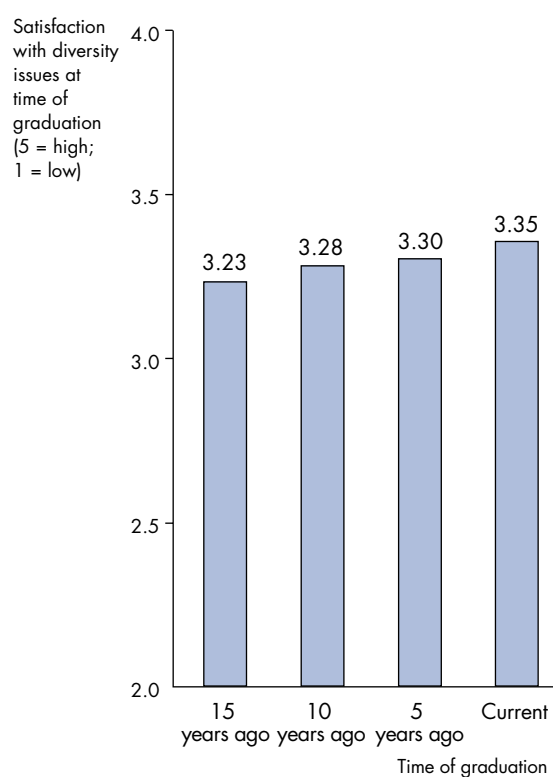
I find Boston more diverse culturally.

Our study focused primarily on the decisions that students make immediately upon graduation. The alumni that were surveyed provide insight into another important aspect of retention—decisions made within a few years after graduation. Because many people stay in Boston for a time after graduation but subsequently leave, to improve retention it is important to determine when they leave. Fully half of those who stay in Boston but eventually move else-

where leave within two years of graduation. In fact, 20 percent of those who leave (after staying in Boston upon graduation) are doing so because another city is more appealing. This is further evidence that early efforts focused on retaining young people are critical. (See Exhibit 16.)

EXHIBIT 15

MINORITIES' VIEWS ON DIVERSITY IN GREATER BOSTON ARE IMPROVING STEADILY



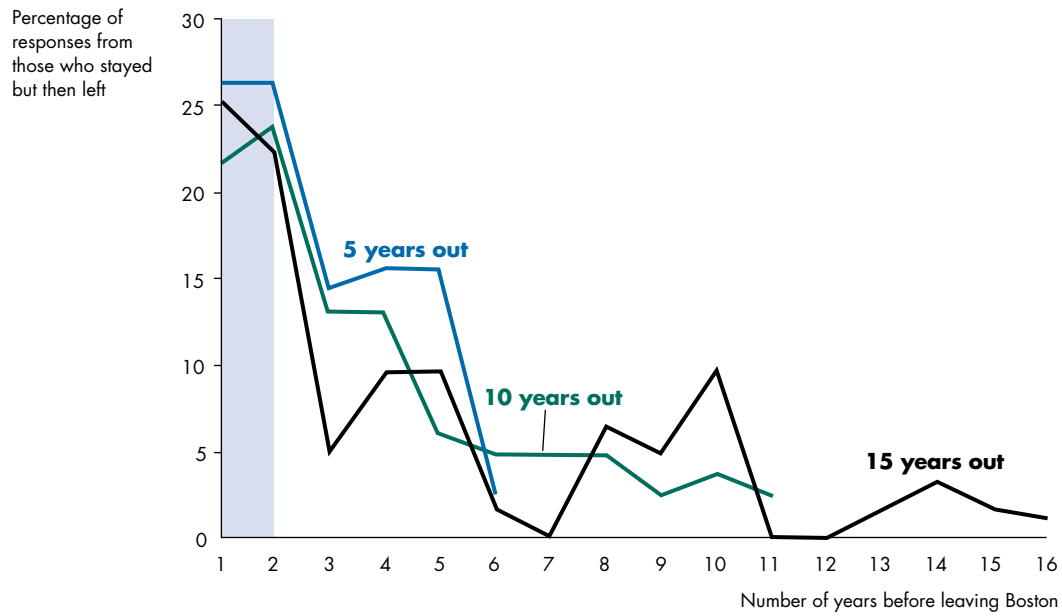
SOURCE: BCG survey of Boston-area students who graduated in 2003 and older alumni.

NOTE: Compares responses from 2003 graduates of Boston University and Northeastern University with those from alumni of the two schools who graduated 5, 10, and 15 years ago.

SURVEY OF ALUMNI. To compare views of Greater Boston over time, we conducted a survey of alumni from two key schools: Boston University and Northeastern University. The survey asked questions similar to the questions asked of the 2003 graduates. We received more than 1,300 responses from alumni and aggregated them into groups that graduated approximately 5, 10, or 15 years ago. For comparisons made with 2003 graduates, we included only Boston University and Northeastern University.

EXHIBIT 16

FOR MANY OF THOSE WHO STAY, BUT THEN LEAVE, THE DEPARTURE COMES WITHIN TWO YEARS



Leverage is with those in their twenties

SOURCE: BCG survey of Boston-area students who graduated in 2003 and older alumni.

NOTE: We compared responses from 2003 graduates of Boston University and Northeastern University with those from alumni of the two schools who graduated 5, 10, and 15 years ago.

Opportunities to Retain Our Talent



The three most promising arenas for encouraging graduates to remain in Greater Boston are job opportunities, housing, and city experience. Many cities around the country can provide useful lessons for this challenge,

since they are tackling similar issues. Philadelphia and Pittsburgh, for instance, have organized high-profile efforts to attract more students to their cities and to retain more graduates. Other cities hold career fairs and establish internship programs. Still others try to introduce students to the attractions of their cities by holding scavenger hunts in neighborhoods students are unlikely to have visited.

Greater Boston employers also recognize the importance of talent retention, and they have, perhaps, the most to gain. Although they tend to attribute the loss of graduates to housing costs, they also suggest career-related initiatives for improving the situation, such as

- job initiatives aimed at the middle market of employers and students
- closer ties between schools and employer recruiters, including direct links between academic programs and leading industries

Although these initiatives will require strong partnerships and effort, they will improve retention in Greater Boston and, in turn, support the continued vitality of the region.

Closing the Gap on Job Opportunities

Many employers recruit graduates from Boston-area colleges and universities. And many gradu-

ates succeed in finding jobs here. Those successes, however, are sometimes limited to only a small portion of employers and students. In some cases, the heart of the market—students who may not be at the top of their class and employers who are not large enough to grab the attention of placement offices—is overlooked. These groups often find it difficult to connect with each other.

There are many kinds of successful programs in which employers and educational institutions work together to connect students with jobs—for example, degree programs tailored to funnel graduates into specific jobs. Businesses that support the employment of students on campus are also helpful. Indeed, some companies have located parts of their operations on campuses so that students can work for them. Others send ambassadors from companies to college classrooms to introduce students to various career possibilities. Efforts to attract employers to the region and support employment growth will also be critical. Although no region can be a leader in every sector, there are opportunities to improve Greater Boston's position in many fields.

We recommend

- a broad set of initiatives, led by partnerships between employers and institutions of higher education, to bring together employers and soon-to-be graduates
- a heart-of-the-market job expo targeted at graduating students and Greater Boston's leading industries
- expanded internship opportunities at Boston-area companies to help students find future jobs and strengthen their connections to Boston

Making Greater Boston More Affordable

Greater Boston's cost of living, driven mostly by the cost of housing, is a strong deterrent for a subset of graduates. To make Boston more affordable, the business and educational communities should expand their support for housing initiatives that address this issue. The Boston Foundation and the Greater Boston Chamber of Commerce are leading members of the Commonwealth Housing Task Force, which will shortly release a comprehensive strategy for promoting affordable housing. The strategy will use incentives to locate new and affordable

The three most promising arenas for encouraging graduates to remain in Greater Boston are job opportunities, housing, and city experience.

housing in town centers, near transit stations, and on unused industrial property. The Boston Foundation and the Greater Boston Chamber of Commerce will provide leadership on mobilizing support for this strategy among business, nonprofit, and government organizations. Without additional support from business and education leaders, these efforts are unlikely to be successful.

We recommend

- strong support from the business and education communities for the Commonwealth Housing Task Force's strategy to promote affordable housing
- continued support of Chapter 40B, Massachusetts's long-standing affordable housing law

- exploration of new mechanisms to promote employer-assisted housing

Improving the City Experience

Many of the graduates surveyed say they love the Boston area, citing its accessibility, liveliness, and charm. Still, many other students rarely venture from their campuses and, as a result, have a very limited sense of the city. Some in our survey had never even explored nearby neighborhoods, let alone the Greater Boston area. Programs that will encourage students to explore Boston are imperative. They should be designed to allow students to think ahead by viewing themselves as longer-term residents of the region. Events at sports venues and other popular sites, discount programs that draw students out of their usual haunts, and scavenger hunts have all been successful in other cities. Cleveland, for example, held an event at the Rock and Roll Hall of Fame to highlight that city's attractions. Those are models that Greater Boston should follow.

In addition to exposing students to areas of Greater Boston they are unfamiliar with, the region should consider other ways to make itself more attractive to graduates. Boston already has strong advantages. Graduates would respond positively, however, to efforts to continue to improve diversity as well as to provide more nightlife options.

We recommend

- a set of activities to get students involved with the Boston area while they are in school; these activities should be aimed at allowing students to project themselves into the future as residents of Greater Boston and should expose students to the Boston area beyond their college lives
- expanded efforts directed at making Greater Boston more diverse and welcoming to minority groups, such as the Chamber's joint venture with The Partnership, one of Boston's

leading nonprofit organizations that works to further minority professional development

- exploration of other means to change the city experience in positive ways, such as improving options for late-night entertainment

* * *

Our study is the first of its kind to look closely at the issue of talent retention in the Boston area. Having measured the loss of Greater Boston's graduates and analyzed the reasons

those graduates leave, we are convinced it is possible to reverse this trend. Our recommendations are targeted at the segments in which Greater Boston has the most promising opportunities to increase retention—with the job-driven, the practical, and those graduates who choose to do what they want. Although it is impossible to keep all graduates in these groups from leaving, the efforts we have identified are a good first step toward encouraging more graduates to remain in the Boston area and improve the health of its work force.

leading nonprofit organizations that works to further minority professional development

- exploration of other means to change the city experience in positive ways, such as improving options for late-night entertainment

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