

The Value of Anchor Institutions in Small and Rural Communities

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In large metropolitan areas, economic development efforts tend to focus on corporate relocations, startup ecosystems, and industry clusters. In small towns and rural communities, the reality looks different. Growth is often slower, and in some places, communities are working just to maintain what they have. Success often depends on a smaller group of institutions that provide stability, identity, and ongoing economic activity.

These are **anchor institutions** - organizations that are rooted in place, unlikely to relocate, and essential to both the local economy and the broader community. Hospitals, universities, community colleges, school systems, major manufacturers, military installations, and utilities often play this role. They are more than just employers. They attract and retain talent, support local businesses, and help shape how a community sees itself.

In rural North Carolina, anchor institutions are not just important, they are foundational. Anchor institutions are often the largest and best paying employer. In many cases, they are the difference between growth and decline.

What Makes an Anchor Institution

At their core, anchor institutions are defined less by size and more by their permanence, stability, and local impact. They tend to:

- Employ a meaningful share of the local workforce
- Pay at or above average wages
- Generate consistent economic activity, both directly and indirectly
- Provide essential services or infrastructure
- Attract additional investment and talent
- Signal stability to residents, businesses, and investors
- Be a central part of the community's identity

In rural communities, these roles are amplified. A single hospital, college, or manufacturing facility may be one of the largest employers in the county and one of the only institutions consistently bringing people into the area.

What really sets anchor institutions apart is their long-term commitment to place, which allows them to take a longer view. They invest in workforce development, build local supply chains, and form partnerships within the community in ways that more mobile companies often cannot. That positions them to support not just economic activity, but longer-term stability and growth. At the same time, that level of concentration and economic influence can cut both ways. It is a strength, but it also creates risk if that institution struggles or leaves.

North Carolina's Anchors in Action

Health systems are some of the most visible examples of anchor institutions in North Carolina. ECU Health serves more than 1.4 million people across eastern North Carolina and is the largest private employer in the region. It shows how a regional healthcare system can anchor both jobs and access to care across rural communities. Another example is Hugh Chatham Health (recently affiliated with Atrium Wake Forest Baptist Health) who is the largest employer in Elkin and one of the largest in Surry County. It employs over 700 people and pays well above the average county wage.

Higher education is one of the strongest anchor forces in rural regions. According to a 2023 economic impact study, Appalachian State University (ASU) generates \$2.2 billion in annual economic impact statewide, including \$573 million in its surrounding region. An updated university release in 2026 reinforces that scale and highlights the university's continued role in the local economy. ASU enrolls nearly 22,000 students, about 18,000 of whom live in the Boone area and contribute to the local economy, and it employs more than 3,600 faculty and staff across the High Country. The university was also recognized as the 2025 Large Business of the Year by the Boone Area Chamber of Commerce. That impact extends well beyond campus through spending by students, employees, and visitors. It supports local businesses and contributes to long-term workforce development in the region. Small colleges also have a large impact. Davidson College, a private college with 2,000 undergraduate students located in Davidson, reported an annual economic impact of \$431 million and 2,000 jobs in 2021-2022.

Manufacturing also plays a major anchor role in many rural counties. In Yadkin County, manufacturing is one of the largest industries, and companies like Unifi serve as the backbone of the local economy. According to the North Carolina Rural Center, Unifi is the top private employer in the county, and local sources note it as the county's largest employer overall. In Mitchell County, the mining industry accounts for nearly 400 of the 5,200 jobs in the county, and the sector pays more than \$50,000 over the annual average wage. In a small community, a single employer like this can play a central role by providing jobs, supporting surrounding businesses, and helping anchor overall economic stability.

All of this points to a simple reality. In these communities, anchor institutions are not just part of the economy, they are often the foundation.

When Anchors Are Lost

The importance of anchor institutions becomes clearer when they are no longer there. North Carolina has seen several hospital closures and service reductions in recent years. When Martin General Hospital closed in 2023, roughly 200 employees lost their jobs, and more than 20,000 residents were left without local access to emergency care. The impact was immediate. Residents who once had care within minutes now face significantly longer transport times, and the community lost both a major employer and a critical service.

Manufacturing tells a similar story. In many rural parts of the state, a single factory can represent a meaningful share of local employment, so when it closes, the effects show up quickly. North Carolina communities have experienced this firsthand. In places like Eden, the decline of textile manufacturing eliminated hundreds of local jobs, including roughly 500 workers when the final Pillowtex plant closed in 2003. Statewide, the company's bankruptcy affected about 4,800 workers in North Carolina alone. Closures like this reshaped local economies and forced communities to adapt after losing a primary employer.

The closure of St. Andrews University represents a significant economic and community loss for Laurinburg and Scotland County. For more than 60 years, the university served as a major employer, student population center, cultural institution, and driver of local spending through payroll, housing, dining, retail, and events. Local economic development leaders estimated the loss to the region at approximately \$60 million annually, along with the disappearance of numerous faculty and staff jobs. Beyond direct economic impacts, the closure reduces the community's ability to attract young residents, talent, visitors, and investment while leaving a large campus and equestrian facility uncertain for future use.

Why Anchors Matter More in Rural Places

Anchor institutions matter everywhere, but their role is even more important in smaller communities for a few key reasons.

1. Economic concentration

In rural areas, jobs are often concentrated among a small number of employers. When one anchor grows, the community benefits. When one struggles, the impact is felt quickly across the local economy.

2. Limited redundancy

Larger markets typically have multiple hospitals, colleges, and major employers. In rural communities, there is often just one. If that institution declines or closes, there are few, if any, alternatives for workers. In rural places, workers either re-skill or leave.

3. Identity and confidence

Anchor institutions shape how communities see themselves and how they are viewed from the outside. A hospital, college, or major employer signals stability and long-term viability. When one is lost, it can raise concerns about the community's future. This was experienced by many communities whose identity was aligned with the textile industry and are now struggling to find new identities.

A Strategic Opportunity

National policy research is increasingly focused on the role anchor institutions can play in local economies, especially regional public universities. As the Brookings Institution notes, "economic development policymakers are increasingly looking to hospitals and universities as

potential drivers of economic development.” At the same time, research highlights that these institutions “support community and economic development and truly improve quality of life” for the regions they serve. In rural areas, that role is even more important. Institutions like Appalachian State University, East Carolina University, UNC Pembroke, and Western Carolina University are not just education providers. They are long-term economic assets that help build workforce pipelines, attract talent, support entrepreneurship, and strengthen quality of life.

Anchor institutions also influence how money moves through a local economy. Through hiring, purchasing, and investment decisions, they can help keep economic activity local rather than letting it flow elsewhere. In smaller communities, where there are fewer large employers, those decisions carry even more weight. Economic developers often organize B2B events to help anchor institutions connect with local suppliers and vendors.

Communities that make the most of their anchor institutions tend to:

- Build workforce pipelines aligned with anchor needs
- Create strong partnerships between anchors and local businesses
- Use anchors to attract related industries
- Use anchors to develop centers of excellence
- Support quality of life through services, amenities, and community engagement

In North Carolina, that can look like aligning community college programs with regional manufacturers, connecting university research to local entrepreneurship, or supporting the long-term stability of healthcare systems. It also means paying attention and developing early warning signals. Signs like financial strain, declining enrollment, changes in the industry or in the national economy that will affect the industry, or workforce shortages can signal risk. Addressing those challenges early can help protect institutions that communities depend on.

Looking Ahead

As economic development strategies evolve, the role of anchor institutions in rural communities is becoming more important, not less. Large-scale relocations and megaprojects will always draw attention. However, for many of North Carolina’s smaller communities, long-term success will depend on strengthening the institutions that are already there. In these communities, anchors do more than support the economy. They shape it. The question is no longer just how to retain them, but how to work with them more intentionally to support long-term, locally rooted growth.

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