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Local Employment Impacts of Connectivity to Regional Economies: The Role of Industry Clusters in Bridging the Urban-Rural Divide

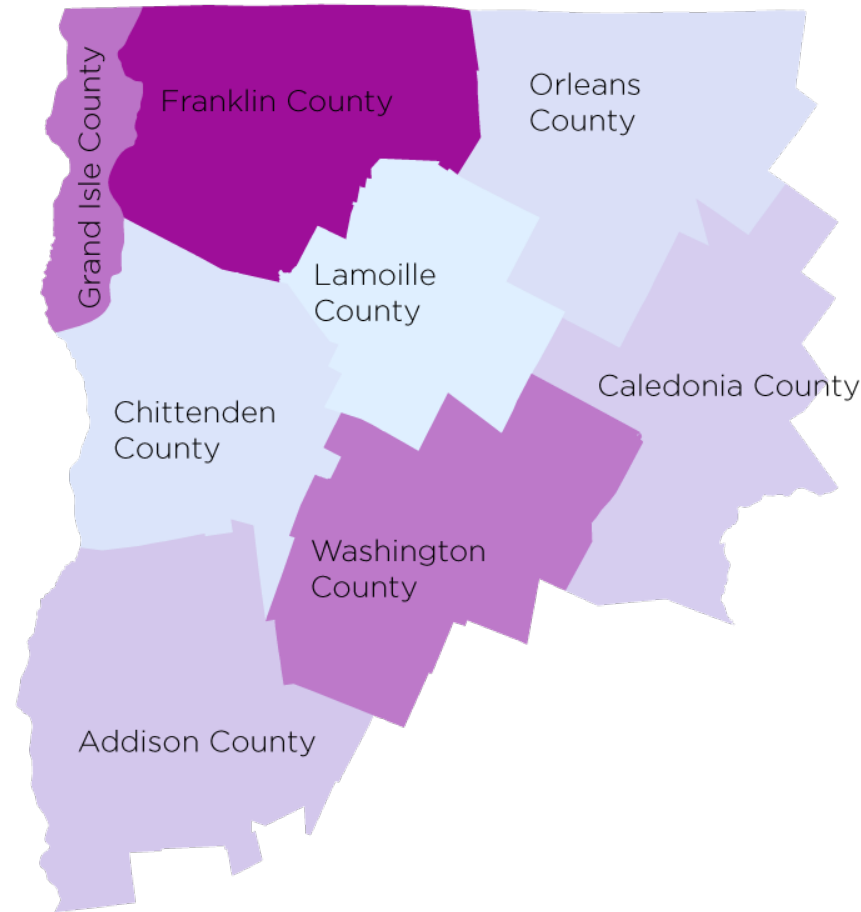


- Does *local* industry employment grow faster when that industry is part of a strong *regional* industry cluster?
- Does the relationship between local growth and regional clusters vary along the urban-rural hierarchy?

Research Questions

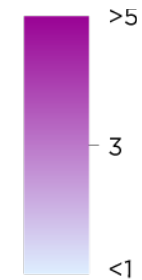
Regional Economic Connectivity

Local economy is tied to strong regional industry clusters via workforce, supplier relationships, niche markets, etc.



Burlington-South Burlington, VT Region Food Processing and Manufacturing Cluster

County-cluster
location quotient



Data & Methodology

- 43,014 **county-cluster** observations:
 - traded sector industry clusters in the county with at least 10 jobs
 - at least 1% of traded employment
- **Fixed effects regression** analysis to explain employment growth of local industry clusters as a function of:
 - connectivity (strength of cluster in the region)
 - controls
 - size and strength of cluster in county
 - county characteristics (fixed effects)
 - national cluster characteristics (fixed effects)
- **Limitations:**
 - industry cluster data at the county level: U.S. Cluster Mapping Project
 - impact of connectivity by industry cluster or cluster type

Results

Regional economic connectivity is associated with faster growth of local industry cluster, especially for micropolitan counties.

Connectivity Effect on County-Cluster Employment Growth (2010-2016) by County Type

	All (n=43,014)	Metro (n=18,011)	Micro (n=9,427)	Rural Adjacent (n=8,064)	Remote Rural (n=7,512)
Strength of Regional Cluster (LQ)	4.733***	4.136***	5.574***	4.532***	4.555***

Significance codes: ***.01, **.05, *.1

A 10% increase in the strength of the regional cluster (log of LQ) is associated with a .41 percentage point increase in county-cluster employment growth.

Policy & COVID-19 Implications

- Which **clusters** are strong in the broader region that also have a presence of jobs in the county?
 - Is the cluster **growing**? Are there opportunities for **good jobs** in the cluster?
 - What complimentary **assets** and industries are present in the locality that can support regional clusters?
 - Are other clusters **linked** to the primary cluster?
- How have **economic assets changed** in the community in the wake of COVID-19, i.e. how have migration patterns changed and what is the profile of **remote workers**?
 - Which **federal investments** can be used to build or bolster key assets needed for successful regional economic connectivity?
 - Have **supply chain disruptions** impacted regional industries? Are there on-shoring opportunities for my community?

Thank you!

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