

Anchor Businesses in the United States

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Ardmore, Oklahoma, population 24,795, is located between Oklahoma City, OK and Dallas, TX.¹ With a median household income of \$44,151 per year, Ardmore is not a particularly distressed community from an economic standpoint. However, county health statistics show that Ardmore has relatively high rates of smoking (18%), obesity (38%), physical inactivity (31%), and residents in poor or fair health (20%).²

Ardmore is home to a 1.5 million square foot Michelin tire plant. In 2020, Michelin—the world’s second largest tire manufacturer based in Clermont-Ferrand, France—celebrates its 50th year of production in Ardmore, where it generates over \$484 million in annual sales.³ Michelin’s Ardmore plant is the largest employer in the city with over 2,000 employees, most of whom are hourly and work on the tire building assembly lines. Given its long tenure in the city, Michelin boasts several multigenerational families among its employees, as well as many four-decade employees.⁴

The ties between the Michelin and Ardmore run deep. One notable event in the city’s history was on May 7, 1995, when a half-mile wide tornado directly hit the Michelin plant, where more than 300 people were working at the time. Miraculously, no one was killed. However, the plant was initially assessed at a total loss, and not worth rebuilding, which jeopardized the livelihoods of hundreds of families in the community. Days after the storm, Michelin’s CEO met with Michelin North America leaders and vowed that the plant would be rebuilt and that no jobs would be lost. Michelin employees were hired to rebuild the facility, a \$45 million investment for Michelin, and the plant was fully operational just two months later. “The credit goes to the employees of the plant,” said a Michelin personnel manager at the time. “Our people are our strongest asset. [The rebuilding] really showed the work ethic of the people.”

More recently, Michelin’s Ardmore plant manager remarked, “Ardmore has been very good for Michelin, and we like to think that Michelin is good for Ardmore as well. We’re actively engaged in the community from recycling to 4-H, to environmental camps and much more. Ardmore is our home, and we’re committed to giving back to the community that has been wonderfully supportive of us.”⁴

INTRODUCTION

Anchor institutions are those that “by reason of mission, invested capital, or relationships to customers or employees, are geographically tied to a certain location.”⁵ Not surprisingly, universities and hospitals (“Eds and Meds”) are the focus of most of the literature on anchor institutions as they are often the largest nonprofit entities in a community and can potentially advance their core missions through engagement with their communities.^{6,7} Further, universities and hospitals have unique assets and resources that can be leveraged to benefit the community and improve quality of life for the local population.⁸ Examples include the ability to make loans and expertise in real estate, finance, and project management.

Much less attention has been paid to the role of anchor businesses, such as Michelin, in building a “culture of health” in their communities, meaning that.⁹ A culture of health, as described by the Robert Wood Johnson Foundation, is one in which good health and well-being flourish across geographic, demographic, and social sectors.¹⁰ Nevertheless, many large U.S. businesses are deeply rooted in their communities and may well have resources and expertise that could advance a culture of health. Further, there is a growing recognition that community health is good for business;¹¹⁻¹³ a healthy community produces a healthy workforce that is productive and less costly to insure.^{14,15} Indeed, employees from unhealthy communities have higher rates of absenteeism and tardiness, and poor community health creates “mental stress” for workers, resulting in fatigue, distraction, and even lapses in safety.¹⁶ The opioid epidemic has resulted in many new hires failing the pre-employment drug test, or potential employees declining to complete the hiring process due to the drug test.¹⁷ Further, opioid misuse and the resulting family, social, and economic dysfunction also make it difficult for businesses to recruit potential workers from other geographic areas.¹⁸

Companies benefit from healthy communities. The U.S. Surgeon General recognizes the central role that businesses could potentially play in advancing health within their communities. He is leading an initiative, Community Health and Economic Prosperity, which is focused on “engaging businesses to be change-makers and forces of health in their communities.”¹⁹ Further, the Robert Wood Johnson Foundation is supporting research to identify strategies to engage and encourage businesses to advance a Culture of Health within their communities.²⁰ However, little is currently known about anchor businesses in terms of their numbers, locations, and community characteristics. Our goal in this paper was to identify anchor businesses in the U.S. and provide a basic description of their characteristics and the characteristics of the communities in which they are located. This information may be used to assess the feasibility of using anchor businesses to support community health improvement, refine strategies for anchor businesses to engage in community health improvement, and design outreach strategies to reach anchor businesses.

Overall, we found that:

- There are 2,599 anchor businesses in small- and mid-sized communities in the United States. They can be found in almost one quarter (22.6 percent) of all small and mid-size communities. This suggests that anchor businesses could have a moderately broad reach as partners in community health improvement.
- Communities with anchor businesses are, on average, less economically distressed than communities without an anchor business. However, there is still considerable room for

improvement in community health measures among communities with anchor businesses.

- Anchor businesses are most commonly from the manufacturing and wholesale and retail trade industries. Associations representing those industries (e.g., National Association of Manufacturers, National Retail Federation) may be key intermediaries in efforts to encourage anchor businesses to engage in community health improvement.

OUR APPROACH

We defined anchor businesses as for-profit entities employing at least 1,000 workers in a single location. The 1,000 threshold is a proxy indicator that the business (1) has likely been operating in the community for many years, (2) is likely well-established in the community, (3) has sizable annual revenues, (4) is likely a major real estate holder, and (5) is likely to be a self-insured employer, responsible for health care costs for employees and dependents in the community. Under our approach for identifying anchor businesses, a single company may be counted multiple times as an anchor business. For example, John Deere employs over 1,000 workers in multiple plants across the U.S., so each plant is counted as a unique anchor business.

We limited our focus to small and mid-size communities (less than 500,000 population), believing that anchor businesses may be more invested in advancing a Culture of Health if they are one of the largest employers in the community. The “communities” of interest are incorporated places (cities, towns, and villages) as designated by the U.S. Census Bureau.²¹ We limited our analysis to communities with at least 10,000 residents as we believe those with smaller populations would be unlikely to have businesses with over 1,000 employees. We also excluded organizations in the Health Care and Social Assistance, Educational Services, and Public Administration industries as much work has already been conducted on “Eds and Meds,” and we were interested in private businesses, rather than governmental organizations.

We used the following data:

- *Census Bureau’s Incorporated Places Resident Population Estimates*. These 2018 data were used to identify all communities with populations between 10,000 and 500,000 residents.
- *Reference USA’s US Business Database*. Using these 2019 data, we identified businesses employing over 1,000 workers in a single location and obtained information on industry and zip code.
- *Economic Innovation Group’s Distressed Communities Index (DCI)*. We used the DCI (2012-2016) to describe the characteristics of communities. The DCI combines seven metrics intended to capture distinct aspects of well-being at the zip code level and weights them equally. The measures are: percent of adults without a high school diploma, percent of habitable housing that is unoccupied, percent of adults not working, percent living below poverty, median income expressed as a percent of its state’s median income, percent change in number of jobs, and percent change in the number of business establishments.
- *County Health Rankings & Roadmaps (CHRR)*. We used these 2019 data to obtain information on the health profile of counties where anchor businesses are located. CHRR contains numerous health indicators including smoking rates, obesity rates, percent of adults reporting poor or fair health, and percent of adults with diabetes.

The estimates of anchor businesses may be understated. Reference USA maintains the US Business Database through annual phone verifications with each business. There were 1,196 businesses in the database that were not reached during the most recent round of telephone verifications, and therefore excluded from our analysis. We explored a sample of these businesses and found that only 30 percent were in business and appeared to employ a large number of individuals. Therefore, we excluded unverified anchor businesses.

OUR RESULTS

Overview of Anchor Businesses

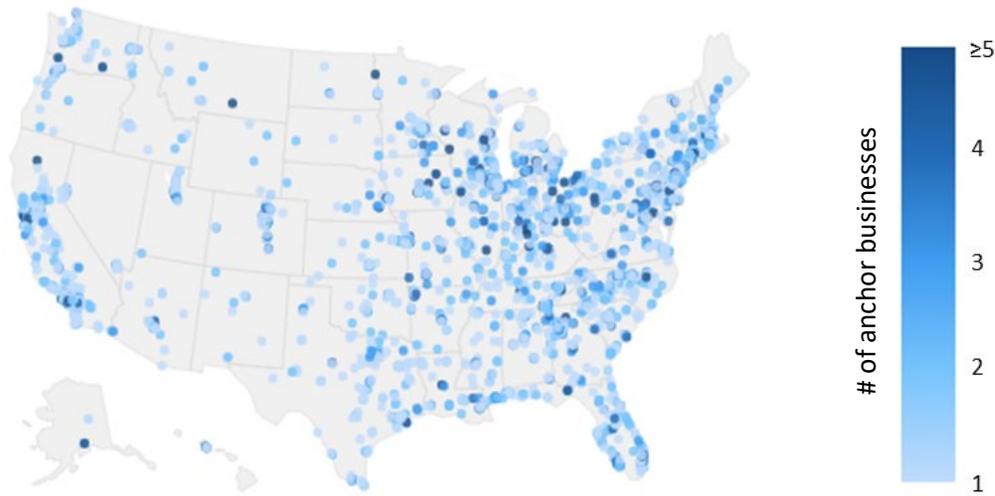
There are 2,599 anchor businesses in the U.S., representing 2,384 unique companies. On average, anchor businesses employ 2,334 workers. Anchor businesses represent a wide range of industries, most commonly manufacturing (22.8%) and wholesale and retail trade (17.0%) (Table 1). Figure 1 shows the geographical distribution of anchor businesses across the U.S. They can be found in all 50 states, and they are located near more populous areas.

Table 1. Distribution of Anchor Businesses, by Industry

Industry	Number of Anchor Businesses (%)
Manufacturing	592 (22.8)
Wholesale and Retail Trade	441 (17.0)
Professional, Scientific, and Technical Services	374 (14.4)
Finance and Insurance	273 (10.5)
Other Service (Accommodations, Food Service, Other Service)	214 (8.2)
Entertainment/Hospitality	194 (7.5)
Management Services (Administration and Support, Waste Management)	123 (4.7)
Information	111 (4.3)
Transportation and Warehousing	90 (3.5)
Construction	67 (2.6)
Mining and Utilities	43 (1.7)
Real Estate Rental and Leasing	36 (1.4)
Other	23 (0.9)
Agriculture, Forestry, Fishing and Hunting	18 (0.7)
Total Anchor Businesses	2,599

Note: Businesses in NAICS industries Educational Services, Health Care and Social Assistance, and Public Administration were excluded from this analysis.

Figure 1. Geographic Distribution of Anchor Businesses in the United States



Overview of Communities With and Without Anchor Businesses

The majority (75.8%) of communities with populations between 10,000 and 500,000 are small communities (less than 50,000 residents) (Table 2). However, only 33.9 percent of anchor businesses are located in these small communities. Nevertheless, these businesses may be among the strongest anchors because they employ a larger relative share of workers in their communities. Across all 3,048 communities with populations between 10,000 and 500,000, 2,358 (77.4 percent) have no anchor businesses, 210 (8.1 percent) have one anchor business, 211 (8.1 percent) have two anchor businesses, and 269 (10.4 percent) have three or more anchor businesses.

Table 2. Number of Communities and Anchor Businesses, by Population

Population	# of Communities (%)	# of Communities with at Least One Anchor Business (%)	# of Communities with No Anchor Business (%)	# of Anchor Businesses (%)
10k-50k	2309 (75.8)	420 (60.9)	1889 (80.1)	880 (33.9)
50k-100k	465 (15.3)	143 (20.7)	322 (13.7)	544 (20.9)
100k-150k	137 (4.5)	61 (8.8)	76 (3.2)	296 (11.4)
150k-200k	58 (1.9)	27 (3.9)	31 (1.3)	166 (6.4)
200k-250k	28 (0.9)	16 (2.3)	12 (0.5)	146 (5.6)

250k-300k	21 (0.7)	10 (1.4)	11 (0.5)	180 (6.9)
300k-350k	11 (0.4)	7 (1.0)	4 (0.2)	129 (5.0)
350k-400k	8 (0.3)	3 (0.4)	5 (0.2)	74 (2.9)
400k-450k	3 (0.1)	0 (0.0)	3 (0.1)	46 (1.8)
450k-500k	8 (0.3)	3 (0.4)	5 (0.2)	138 (5.3)
Total	3,048	690	2,358	2,599

Comparing the 690 communities with at least one anchor business to the 2,358 communities without an anchor business, we find that communities with an anchor business have a higher average population (63,686 residents compared to 37,927 residents), and a lower level of economic distress (Table 3). Communities with an anchor business have a distressed communities index (DCI) of 41.7, compared to an average DCI of 44.5 among communities without an anchor business. That is, communities with an anchor business are, on average, at the 41st percentile for economic distress, compared to the 45th percentile among those without an anchor business. Table 3 shows the seven indicators that comprise the DCI.

Table 3. Measures of Community Economic Distress, by Presence of an Anchor Business

	Communities with an Anchor Business (N=690)	Communities without an Anchor Business (N=2358)
Average Distressed Communities Index	41.7	44.5
% of adult population without a high school degree	12.3%	12.7%
% of habitable housing that is unoccupied	8.8%	8.1%
% of adults not working	27.9%	28.4%
% of the population living below the poverty line	17.7%	17.0%
Ratio of the community's median income to its state's median income	100.9	105.8
% change in the number of jobs between 2010 and 2013	7.9%	10.2%
% change in the number of business establishments from 2010 to 2013	3.9%	5.7%

With regard to other measures of community health, there do not appear to be drastic differences between communities with an anchor business and those without an anchor business (Table 4). However, communities with an anchor business, on average, have higher rates of smoking and obesity.

Table 4. Measures of Community Health, by Presence of an Anchor Business

	Cities with an Anchor Business (N=690)	Cities without an Anchor Business (N=2358)
% of adults who are current smokers	16.2%	14.5%
% of adults who are obese	29.4	26.5
% of adults reporting no leisure-time physical activity	21.9	21.0
% of adults reporting binge or heavy drinking	18.9	18.4
% of adults reporting fair or poor health (age-adjusted)	15.9	16.2
% uninsured under age 65	9.4	10.2
% of adults aged 20 and above with diagnosed diabetes	10.0	9.6
Years of potential life lost before age 75 per 100,000 population	7072.2	6548.0
# of reported violent crimes per 100,000 population	389.5	421.7

Our goal was to identify and describe anchor businesses in the U.S. so that organizations that wish to engage with them will have a better understanding of their identities, characteristics, and environments. This report provides a first look at these potentially important partners in community health improvement.

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