

Anchor Institutions as Engines of Community Economics

*Vision.
Discipline.
Evolution.*



Why do anchor institutions matter?

Anchor institutions—such as churches, universities, hospitals, nonprofits, and public-sector entities—are place-based organizations with significant economic, social, and civic footprints. Because they are rooted in their communities and unlikely to relocate, anchors possess a unique capacity to influence local economic outcomes in ways that traditional market actors often cannot. From a community economics perspective, anchor institutions are not merely employers or service providers; they are structural assets that shape labor markets, procurement flows, real estate dynamics, human capital formation, and long-term regional resilience.

This whitepaper examines the importance of anchor institutions through a community economics lens. It outlines how anchors contribute to local economic multipliers, stabilize communities during economic shocks, reduce inequality through intentional practices, and serve as conveners for inclusive development strategies. The paper also highlights common challenges and offers a framework for aligning anchor institution strategies with community-wide economic goals.



Community Economics: A Place-Based Lens

Community economics focuses on how economic activity affects the well-being, resilience, and opportunity structures of people within a defined place. Unlike

purely macroeconomic or firm-centric approaches, community economics emphasizes:

- 1) Local wealth creation and retention
- 2) Employment quality and workforce mobility
- 3) Equity in access to opportunity
- 4) The circulation of dollars within the local economy
- 5) Long-term institutional and social capacity

Within this framework, anchor institutions matter because they influence not just *how much* economic activity occurs, but *who benefits* from it and *where* value accumulates.

What Defines an Anchor Institution?

Anchor institutions share several defining characteristics:

- 1) Their missions, assets, or governance structures make relocation highly unlikely.
- 2) They are often among the largest employers and purchasers in their regions.
- 3) Anchors plan in decades, not quarters.
- 4) They are trusted—or expected—to act in the public interest.

Examples include higher education institutions, healthcare systems, utilities, public authorities, cultural institutions, and large legacy nonprofits.



3. Economic Roles of Anchor Institutions

3.1 Employment and Workforce Development

Anchor institutions shape local labor markets by:

- 1) Providing stable employment across skill levels
- 2) Influencing wage standards and benefits norms
- 3) Offering career ladders and internal mobility
- 4) Partnering with workforce systems and training providers

The *quality* of anchor employment is as important as the quantity. Anchors that invest in upskilling, apprenticeships, and inclusive hiring create pathways to the middle class and reduce structural unemployment.

3.2 Local Procurement and Supply Chains

Anchors spend millions—or billions—annually on goods and services. When procurement strategies are locally oriented, anchors can:

- 1) Increase local business revenues
- 2) Support minority- and women-owned enterprises
- 3) Strengthen regional supply chain resilience
- 4) Multiply economic impact through recirculation of dollars

Community economics emphasizes that a dollar spent locally often generates significantly more local economic activity than one spent outside the region.

3.3 Real Estate and Physical Development

Anchors are major landowners and developers. Their decisions affect:

- 1) Neighborhood stability or displacement
- 2) Commercial corridor vitality
- 3) Housing affordability
- 4) Transportation and infrastructure demand

Intentional anchor-led development can catalyze revitalization without extraction, particularly when paired with community benefits agreements and inclusive planning.

3.4 Human Capital and Knowledge Spillovers

Educational and research anchors generate long-term economic value by:

- 1) Building regional talent pipelines
- 2) Supporting innovation and entrepreneurship
- 3) Retaining graduates locally
- 4) Translating research into applied solutions

From a community economics perspective, the key challenge is ensuring that knowledge spillovers benefit residents and firms, not just external markets.

“Community economics.”

4. Anchors as Stabilizers During Economic Shocks

Anchor institutions often act as countercyclical forces during downturns. Because they are less sensitive to market volatility, they can:

- 1) Maintain employment during recessions
- 2) Continue capital investment when private investment declines
- 3) Serve as anchors of confidence for local economies

This stabilizing role is particularly important in single-industry towns, rural regions, and legacy cities facing long-term structural change.

5. Equity and Inclusion: From Presence to Purpose

Merely having anchor institutions does not guarantee positive community outcomes. Without intentional strategies, anchors can unintentionally contribute to:

- 1) Spatial inequality
- 2) Workforce segmentation
- 3) Gentrification and displacement

4) Wealth leakage

A community economics approach calls for *purpose-driven anchoring*, where institutions align internal practices with external equity goals. This includes:

- 5) Inclusive hiring and promotion policies
- 6) Supplier diversity and local purchasing targets
- 7) Affordable housing commitments
- 8) Community engagement beyond philanthropy

Anchors that move from transactional community relations to structural economic partnership generate deeper and more durable impact.

6. Anchors as Conveners and System Leaders

Because of their credibility and capacity, anchor institutions are uniquely positioned to convene cross-sector partnerships involving:

- 1) Local governments
- 2) Small and mid-sized businesses
- 3) Workforce and education systems
- 4) Community-based organizations

In community economics, coordination failures often limit impact. Anchors can reduce these failures by aligning actors around shared data, goals, and accountability frameworks.

7. Measuring Impact in Community Economic Terms

Traditional metrics—jobs created, dollars spent, or square footage built—are insufficient on their own. Community economics encourages anchors to track:

- 1) Local hiring and advancement rates
- 2) Wage growth and job quality
- 3) Local spend as a share of total procurement
- 4) Wealth creation in historically excluded communities
- 5) Long-term neighborhood outcomes

Measurement reinforces accountability and enables continuous improvement.

8. Policy and Strategy Implications

To maximize the community economic value of anchor institutions:

- 1) Local governments should integrate anchors into economic development strategies, not treat them as passive actors.
- 2) Anchor leadership should embed community economics into core operations, not isolate it within external affairs or philanthropy.
- 3) Communities should be engaged as co-creators of strategy, not just beneficiaries.

Alignment across policy, practice, and place is essential.

Conclusion

From a community economics perspective, anchor institutions are among the most powerful and underutilized tools for advancing inclusive, resilient local economies. Their permanence, scale, and influence position them to shape economic systems, not just participate in them.

When anchors align their employment, purchasing, investment, and convening power with community-defined goals, they move beyond institutional success toward shared prosperity. In an era of economic uncertainty and widening inequality, the strategic activation of anchor institutions is not optional, it is essential to sustainable community economic development.