Research [in] Brief

Not All Rural Communities Are Suffering Employment Losses

⚠ ## Primary issue

Some rural communities are dealing with long-term employment losses, while others are experiencing employment growth. The difference seems to lie, in part, in industry specialization.

Key findings

Rural areas can be especially sensitive to industry changes given their tendency to focus employment within a single specialization. While a region's economy built on a single industry can experience stable employment growth providing the region adapts well to change, industry specialization can make it difficult for a region to succeed if it's not well-prepared.

- Manufacturing is one specialization in which rural areas have found some employment success, but this success often relies on partnerships among employers, educational institutions, and nonprofits that help ensure the employee pipeline matches employer demand for skills as industry technology changes.

- However, specializing in dying industries can exacerbate employment declines in a region. One example is Kentucky's decades-long reliance on the coal mining industry. As the country moves away from coal, this decline in demand for coal and thus the decline in coal mining employment are likely to continue unabated.

The bottom line

A region's employment and economic success often depends on its ability to prepare for, adapt to, and thrive in changing economic environments that include aspects often outside an area's control, such as the nation's appetite for a product. Partnerships that can build on an area's assets are important tools that can help these areas adapt and provide opportunities for workforce development and economic stability.

Want the details? Read "Rural Employment in Four States: A Story of Specialization and Change (2010 through 2019)" at **clevelandfed.org**/**cd052021**.

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