Rural Population Research Network

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Rural–Urban Disparities in Work Disruptions During the COVID-19 Pandemic

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The COVID-19 pandemic disrupted US labor markets unevenly, with rural workers facing unique risks due to industry composition, informal work prevalence, and economic constraints. Using national Current Population Survey (CPS) data from May 2020–May 2022, this brief explores these disparities, focusing on vulnerable populations and policy solutions.

KEY FINDINGS

- Self-employed workers experienced prolonged work interruptions from the pandemic across all areas.
- Education provided more protection against work disruptions for urban than rural workers.
- Workers in underrepresented demographic groups—especially informal rural entrepreneurs— saw higher interruption rates.
- Disparities underscore the need for targeted policies supporting vulnerable rural populations and informal/part-time workers.

Differences in underlying health risks, healthcare infrastructure, and response disparities resulted in different health outcomes from COVID-19 across the rural-urban divide,[1] but disparities in economic outcomes are less clear. Rural and urban areas tend to have different work patterns and industry representation, creating more possibilities for work disruption and economic hardship. Work in the self-employment sector was particularly vulnerable to disruption, especially work in the informal sector and part-time work, where economic precarity is heightened.[2] Critically, rural workers are more likely to be involved in "informal work" due to fewer economic opportunities in rural areas,[3] exacerbating unequal impacts for certain groups. These outcomes are further complicated by divergent policy responses and behaviors, either prioritizing the mitigation of community spread or maintaining economic activity.

This research brief uses data from the CPS's COVID-19 supplement, specifically, a question asking whether one was unable to work due to the pandemic. It examines work disruption for rural and urban employees (wage workers) and self-employed individuals with and without incorporated businesses. Typically, having an incorporated business offers critical benefits for stability, risk mitigation, and profitability, such as limited liability and a separate legal identity. However, business incorporation rates are lower in rural than in urban areas, putting the rural self-employed at greater risk of the pandemic's impacts.

Differential employment impacts in rural and urban areas

CPS data shows that workers in the most precarious job situations, such as informal work and part-time, were at the highest risk of experiencing work interruptions, which held across rural and urban areas and all three work sectors. However, among rural self-employed workers with unincorporated businesses, those working full-time were substantially less likely to report pandemic-related work disruptions than part-time workers in that sector. This disparity was much stronger in rural than urban areas, reflecting the heightened fragility of part-time work. Research shows that the pandemic disproportionately affected the well-being of those in precarious work situations, such as those in the informal economy.[4]

According to CPS data, roughly 26.5% of US workers reported that they were unable to work due to COVID-19 two months into the pandemic (May 2020). Accounting for differences in industry, education, and other factors, self-employed individuals were two to three times more likely to face a work interruption than employees, a trend that held in rural and urban areas. The rural self-employed experienced a lower work disruption rate throughout the pandemic (see Figure 1). Self-employed workers recovered more slowly than wage workers, indicating the need for policy frameworks that better support non-traditional labor markets during economic shocks.

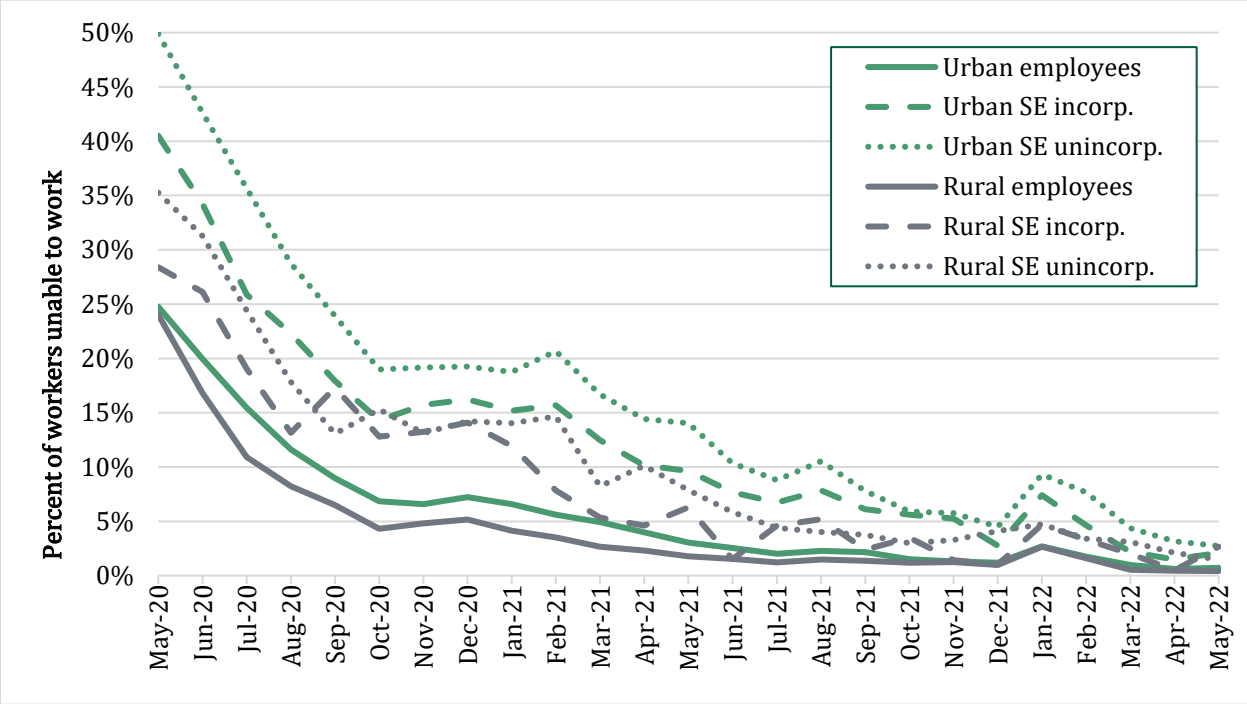

Figure 1. Work disruption trends (%) due to COVID-19, by rural/urban status and employment type (May 2020–May 2022)
Data Source: Weighted CPS data (calculated from those age 18-64 in the labor force)
Note: SE = self-employed; incorp. = incorporated; unincorp. = unincorporated

Education protected urban workers more than rural workers

Human capital was a critical factor in avoiding work disruptions. Additional education reduces the chances of experiencing a work disruption, as expected during an economic crisis. However, the benefits of education were less prevalent for rural workers, even when accounting for industry, work sector, and other relevant factors. Holding additional educational credentials (that is, a bachelor's, master's, or other higher degree) reduced the chances of experiencing a work disruption less for rural than urban workers. A closer

analysis of trends across work sectors suggests that, while additional education lowered interruption risk for rural and urban self-employed workers, it was significantly more beneficial for urban employees than their rural counterparts. Broadly, the protective effects of formal education are not equal across rural and urban groups.

Rural self-employed in vulnerable groups faced more work disruptions

Although the impact of COVID-19 on rural and urban self-employed workers was generally similar (noting that urban disruption rates were higher), a key difference emerged for some rural and urban demographic groups. CPS data shows that underrepresented demographic groups were more likely to face work stoppages due to the COVID-19 pandemic across sectors and rural–urban locations, confirming previous research on the impacts of the pandemic on self-employers in some demographic groups.[2] The analysis also shows that experts' early concerns about the unequal impact of the pandemic were realized—whether that be fears of dissimilar experiences of hardship by race, ethnicity, and immigration status[4] or worries of differential outcomes by rural–urban status.[5]

Rural workers identifying as Asian/Pacific Islander and Native American were more likely to experience work disruption during the pandemic. However, an investigation of work sector-specific trends shows that Asians/Pacific Islanders who worked as employees or self-employed with incorporated businesses were more likely to experience a work disruption in rural areas than urban areas. Research found that Asians/Pacific Islanders were targeted for discrimination during the health crisis, which may be a factor here as well.[6] Similarly, self-employed Native Americans with unincorporated businesses were more adversely affected in rural than urban areas, resulting in higher chances of work disruption. This result strongly supports research that identifies harsher impacts for rural Native Americans and Native nations.[7] The pandemic seemingly exacerbated challenges facing rural labor markets, especially for certain demographic groups, part-time workers, and self-employed workers, particularly those working in the informal sector. These findings reflect the compounded effects of geographic isolation, labor market segmentation, and economic precarity.

Evidence-based considerations for rural support strategies

This research brief highlights several ways the pandemic had a differential impact on workers depending on their rural–urban status, work sector, and human capital. Considering the higher likelihood of pandemic-related work interruptions for the self-employed, these findings indicate a need for stronger protections for rural self-employed workers. ***Education alone is insufficient*** to insulate the self-employed from work disruptions. Instead, ***structural supports are critical to mitigate rural disparities*** of access to capital, healthcare, and broadband. ***Targeted outreach to rural self-employed workers is also needed***, especially in informal and part-time work arrangements. Programs providing flexible grants, technical assistance, or mobile services could mitigate disparities in future crises. Similarly, ***limited awareness of or access to relief programs*** may have contributed to uneven outcomes for rural and underrepresented demographic groups. Incorporating these groups into disaster relief frameworks (e.g., streamlined PPP access) may reduce future disparities. Furthermore, ***work disruptions fall more heavily in certain rural demographic groups***, likely shaped by economic precarity, employment fragility, and discrimination.[6,7] Findings suggest that future programming include targeted outreach to informal workers in rural areas. Additional safeguards for self-employed workers without incorporated businesses may help reduce labor market exposure during future disruptions. These evidence-based solutions offer actionable steps to build rural resiliency against future pandemic crises.

Data and Methods

Findings based on data from the CPS COVID-19 supplement from May 2020 to May 2022, restricted to individuals aged 18–64 in the labor force (N=1,154,039 observations).[8] Analysis utilized a series of logistic regression models with the binary outcome of inability to work during the previous four weeks due to the COVID-19 pandemic. Full methodological details are available in the original published article. For more information, refer to "Self-Employment, the COVID-19 Pandemic, and the Rural–Urban Divide in the United States." *Rural Sociology* 89(2): 214-238. https://doi.org/10.1111/ruso.12534

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