A Gigantic Blow? Let’s Put Ashley Furniture’s Move in Perspective: Guest commentary

Former employees of the Ashley Furniture HomeStore factory and warehouse in Colton are pictured picking up their last paychecks Aug. 26. (Staff file photo)

By Christopher Thornberg
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If you didn’t catch the news, Ashley Furniture HomeStore announced in late August that it would be closing its two production facilities in the Inland Empire. Such news is never good, particularly for the 840 workers and their families who will need to look for new sources of income.
But consternation over the issue’s broader economic effect has been blown amazingly out of proportion given the ground-level reality of the economic boom occurring in the region. This reaction is best illustrated by the almost absurdly hyperbolic headline in the Los Angeles Times, “California’s Inland Empire reels after losing hundreds of blue-collar jobs” (Aug. 29), which included choice quotes, one describing the move as a “gigantic blow” to the region.

To understand what the move will really mean to the area, consider the context. As of July, there were 1.85 million employed residents in the Inland Empire (according to the U.S. Bureau of Labor Statistics household estimate). The region is the 16th largest metropolitan statistical area in the nation, and by itself larger than 23 states. The 840 jobs that will be lost due to the move by Ashley Furniture represent one-twentieth of 1 percent of all jobs in the Inland Empire — significantly smaller than even the sample error on the labor force estimate. The individuals losing their jobs will certainly be affected, but this simply doesn’t move the aggregate needle.

Moreover, the loss is not symbolic of any local trends. The Inland Empire has been averaging 3 percent growth per year since 2011. That is twice the national average and one of the faster growth rates in California — faster than better-known neighbors Los Angeles and Orange Counties. This breaks down to an addition of more than 4,000 new employed residents per month in the region, almost five times the loss from this one company’s departure.

Of course, there are the worries about manufacturing — a sector that provides decently paying jobs to blue-collar workers. But in this particular region, the loss of Ashley Furniture is the exception rather than the rule. The Inland Empire has been a hot spot for new manufacturing jobs, not a place suffering from a loss of them. Over the past 5 years employment in this sector has grown by 2.8 percent per year in the Inland Empire — one of the fastest paces of growth in the state.

As for Wisconsin and North Carolina, locations Ashley Furniture has named as possible places the company will move its operations to: They are anything but hot manufacturing centers. Both areas have seen manufacturing jobs grow by a paltry 1 percent per year since 2011.

This is, of course, cold comfort for the 840 workers losing their jobs, and efforts should be made to help them. Thankfully, such efforts will be made through a wide variety of public resources available to individuals and families that can assist them through difficult months. These range from unemployment insurance to local workforce investment boards to many other social assistance programs.

It is also worth noting that these workers will be moving into a labor market that is significantly better than it was a few years ago. The local unemployment rate has fallen to 6 percent, and many companies loudest complaints are about their inability to find
trained, experienced workers — particularly in manufacturing. Given this environment, many of the recently displaced workers should be able to find similar employment relatively quickly.

There is no doubt we should pay attention to this departure. Economic development efforts are often most effective when focused on helping existing businesses within a community flourish. Hopefully, managers at the region’s economic development agencies are busy talking to managers at Ashley Furniture to find out why this decision was made, and reviewing their own internal efforts to prevent surprise departures like this from happening again.

Overall, the departure of Ashley Furniture from the Inland Empire will have little effect on this large, high-growth economy in either the short or long term. Unfortunately, more often than not these stories tend to define a region, rather than being understood as an exception to local realities. And this is a shame — since the Inland Empire deserves credit for having as strong and dynamic an economy as it has.

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