Furnishing Industry Reference Committee

The Australian Industry and Skills Committee (AISC) commissioned the Future Skills and Training Resource which summarises data on current and future Australian and international megatrends, to support Industry Reference Committees (IRCs) in developing their Industry Skills Forecasts and Proposed Schedules of Work.

Future Skills Workshop Outcomes

The following trends and considerations are based on Furnishing IRC discussions. This document presents the preliminary thinking of IRC members in order to stimulate broad discussion in industry.

The IRC welcome feedback in developing the Industry Skills Forecast.

Business and Economics

The key trends affecting the Furnishing Industry are:

Empowered customers: Customer behaviour is driving the entire furnishing supply chain. Customers have become more discerning as they gain more detailed product knowledge. They are also showing less brand loyalty, which is driven by high-speed competition. Digital spaces offer customers more information to make buying decisions and also provide opportunities for new and existing businesses to set up retail showrooms online. Supply chain networks mean manufacturers are more accessible to their customers.

Skills mismatch/Workforce vulnerability: There has been a decline in process work as automation takes over. At the same time, this has resulted in an increase in the higher-level trade skills required to operate more sophisticated equipment like computer numerical control (CNC), maintain equipment and undertake diagnostics, fault finding and problem solving. There is also a skills gap emerging where some older workers need to be more tech-savvy to understand social media and digitisation.

A range of other factors exacerbate the vulnerability of the workforce, including:

- the disenfranchisement of entry-level workers whose first preference was to attend university and see working in furnishing as second best

- the challenges in modern workplaces in terms of language, culture, and employee and employer attitudes

- the casualisation of the workforce resulting in workers who are not committed to a particular employer or career

- the focus employers place on training in their own products, which meets immediate needs, as opposed to long-term skill improvement.

Skills mismatch and workforce vulnerability is also impacted by 'boom-bust' economic cycles. Boom periods see a focus on output and often result in a narrowing of workforce skills. In contrast, bust periods require a more productive workforce with a broader range of skills but there is a lack of opportunities to undertake training.

Political and Institutional

The key trends affecting the Furnishing Industry are:

Innovation ahead of regulation: In regard to both manufacturing and sales, regulation is not keeping up with movement to new design standards to meet ageing and changing consumer needs. There is a lack of understanding in the industry that importers have the same responsibilities as manufacturers.

Innovative and creative entrants to the industry need **start-up thinking**, as online technologies offer new entrants unprecedented opportunities to reach markets and supply chains.

Agility of the VET system: The timeliness for RTOs to get updated qualifications on scope is affecting industry's ability to innovate. This has led to an increasing amount of non-accredited training being delivered to meet employers' needs for 'just in time training', which results in less portability of skills.

Political appetite for reform: Too many government policies and the volume of policy changes leads to uncertainty. The changing nature of the manufacturing industry from large conglomerates to niche providers means the industry needs government support and stability.

Society and Culture

The key trends affecting the Furnishing Industry are:

Ageing population: The ageing population has an impact on business, economic and design considerations with the need to ensure furnishings and fixtures cater to the growing market of older consumers. Some customers are also forward planning to ensure their homes will accommodate them in future years, which creates the need for design flexibility so that it caters to all age groups. There is a trend to design to more stringent building codes as people 'future-proof' their homes.

In some sectors, people are remaining in the workforce longer and need to be able to adapt to increasing use of new technologies in the workplace. In other sectors, people are leaving earlier due to the physical demands, creating a gap in the workforce as their extensive skills and knowledge leaves with them.

Workshop discussions also highlighted that ageing can also be defined in reference to technology and currency of information, material and product knowledge as even younger generations struggle to pick up skills in key areas.

Increased participation by women and gender-related disparity: Although women are not well represented in the majority of sectors of the industry, as evidenced by low participation rates as apprentices, the design and sales sectors of the industry do have a high proportion of women.

Discussion also covered issues related to general industry participation, which is influenced by **global mobility**. Many organisations look to employ workers on short-term visas as an avenue to attract new entrants. Manufacturing facilities are also primarily located in urban centres, increasing the trend to **urbanisation**, meaning regional workers find it difficult to get work.

Changing work and career values: Industry is changing, as seen in the shift from a large number of small manufacturers to a small number of very large manufacturers, which has resulted in an increased demand for assemblers rather than fabricators. Vendors and their supply chains are also becoming more responsive to meet industry needs.

Younger industry entrants have different work expectations and seek different learning approaches, including the use of mobile technology as a learning tool. The uptake of new skills is related to a person's willingness to undertake training where they see the benefits for their careers at a particular point in time. However, employers are becoming less willing to invest in training as their employees won't stay long enough to get a return on investment.

The social trends impacting the market are dictating to industry what the customer wants and what to make. This, in turn, dictates the tools used and the technology needs.

Technology

The key trends affecting the Furnishing Industry are:

Mobility and connectivity-digitisation are both trends underpinned by **Big Data**. The increased use of cloud-based services is largely determined by customer access to high-speed data networks, which is impacted by distance and distribution. Some uncertainty exists about data security.

Cross-disciplinary science-optimising the brain: Increasing digitisation in the industry has resulted in an increased focus on digital literacy, as well as generic skills such as critical thinking, research and problem solving.

Industry needs a workforce that is aware of what technology exists and has a preparedness to recognise any equipment issues and knows who to ask to have it rectified.

Artificial intelligence (AI) and machine learning-augmented reality (AR) and virtual reality (VR): AR and VR opportunities are being utilised by some sectors of the industry, such as virtual showrooms and equipment repairs. The trend towards digitisation, AI and machine learning, and the use of emerging technologies rests predominately with larger organisations, as small players find it difficult to get into this space due to prohibitive costs involved.

Resources and Environment

The key trends affecting the Furnishing Industry are:

Access to quality internet: Reliable access to the internet, at an efficient speed, is important to the industry, particularly as more customer service and training is delivered online. These challenges are compounded by a lack of experienced trainers, the loss of integrated soft skills and the risk to assessment integrity.

Ethical sourcing of new materials: As ethical sourcing of new materials and legislative requirements slowly takes hold, there is an increased requirement for 'Chain of Custody' documentation. Some industry sectors perceive the required changes to business processes to meet ethical sourcing requirements as a potential challenge. Some companies are implementing the 'Cradle to Cradle' principles when designing new furniture, and it is anticipated to become more prevalent in Australia based on the example set by international markets. European manufacturers, for example, are required to demonstrate how they meet this principle before furniture or products can be taken to market.

Considerations for Training

Employers/Industry

Employers and industry need to consider:

- engagement with the supply chain and vendors and encourage partnerships with RTOs in regard to training on new technologies

- encouraging development of soft skills (creativity, problem solving and innovation) in the workplace to meet the increasing demand for digital and related skills

- how to invest and engage younger and new industry entrants in undertaking skills development so workers can see and feel the benefits in completing training

- better succession planning and knowledge transfer (both ways) from new entrants and ageing workers

- the appropriate skill sets of workers in the Furnishing Industry to support them to work in the building industry during low periods.

Learners/Workers

Training for workers needs to be more aware of different building codes in relation to future applications.

Assembly skill sets could be used to assist fabricators to build on existing qualifications to meet industry demand.

Government

Both federal and state governments need to continue to work on harmonisation of training regulations and standards across states to assist with consistent national skills standards, as well as:

- improving the training package development process to ensure technology developments are integrated in a timelier fashion

- supporting systems so that accurate career advice is available and promoted

- being more proactive to assist RTOs' timeliness in obtaining new qualifications on scope.

Education and Training

The VET system needs to ensure that:

- soft skills are incorporated in formal training delivery in response to demands for digital and related skills increasing

- online delivery and assessment is undertaken appropriately to meet industry needs

- appropriate trainer capability with respect to new technologies, as it is an important factor to deliver skills to industry

- opportunities to map non-accredited and vendor training to the national standards to assist with skills portability

- training packages are more adaptive, responsive, meaningful and relevant to work, employers and skill development.