

VICTORIA UNIVERSITY OF WELLINGTON
Te Whare Wānanga o te Ūpoko o te Ika a Māui



**Developing Human Capability: Employment institutions,
organisations and individuals**

A research programme funded by the Foundation for Research, Science & Technology

Discussion Paper

Furniture manufacturing industry

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The Research Programme

Capability development has been identified as a vital component of the Government's vision for New Zealand's future workforce. Capability is about being able to do things, to achieve. It includes all the skills, abilities or competencies that contribute to the economic performance of firms. Moreover, it includes the ability to change and adapt in order to sustain performance over time. Developing capability (i.e., a talented, highly skilled and innovative workforce) is seen as a path to global competitiveness, wealth creation, economic prosperity and well-being.

The aim of the *Developing Human Capability* research programme is to identify the conditions for the optimal development of human capability in New Zealand organisations. To this end, we are investigating how organisations develop the skills and capability of employees, and the influences on this (e.g. organisational performance, government policy, vocational training systems, skill shortages, etc). We are also investigating what individual employees think about their skills and capabilities, how they have developed them, and what has influenced that development (e.g., job opportunities or lack of them, affordability or access to training, etc). Exploratory case studies of human capability development are being conducted in a number of New Zealand industries with the perspectives of employers and employees within organisations, as well as key personnel in industry and training organisations, contributing to our understanding.

This discussion paper for the furniture manufacturing industry is based on interviews with seven owner-employers, and 22 employees from seven, geographically spread, furniture-making organisations. These seven organisations ranged in size from 4 to 50 employees. Trade union membership and activity was minimal in these organisations. The largest organisation had several collectivised staff but their membership was bifurcated across two unions. The businesses were recruited to participate in the study through a letter and follow-up phone call. Symptomatic of the challenges facing the industry, a number of the organisations we initially contacted were no longer in business by the time interviewing commenced. Interviews were conducted on-site at each organisation. Questions examined perceptions of the broader furniture industry context; individual work and capability development histories; and perceptions of personal and organisational influences on capability development. Additional, contextual information was gathered through eight interviews with government decision makers, the Furniture Industry Training Organisation (FITO), and other industry representatives, training providers, and retailers.

Developing Human Capability in the Furniture Manufacturing Industry

Overview of the furniture manufacturing industry

The furniture manufacturing industry in New Zealand consists of around 1,790 enterprises and 10,280 workers.¹ Furniture manufacturers are geographically spread on both the North and South islands with large concentrations in Auckland and Christchurch. Annual turnover of \$1.3 billion makes the furniture industry a significant contributor to the New Zealand economy.²

A number of significant challenges face the furniture manufacturing industry. An average increase in imports of 10 percent per annum from low production cost/high production volume countries such as China is squeezing some local manufacturers out of the domestic market. This is compounded by the difficulties New Zealand manufacturers face in accessing distant, highly competitive markets. In 2003 total imports amounted to \$284 million compared with exports of just \$84 million.³ Further adding to manufacturers difficulties are skills shortages, particularly in areas such as cabinet-making where low levels of training and loss through retirement suggest there will be a continuance, if not worsening of the situation.⁴ This is in an industry where comparatively low wages contribute to a poor employment image.

Strategic responses to challenges facing furniture manufacturers

From our interviews it was clear that the broad context of market factors contributing to an uncertain future for the furniture industry was understood by, and of concern to, all including employees. In the words of one respondent:

“an awful lot of the furniture industry is holding their breath over China. And if they don’t take a deep breath soon and do something China will overwhelm them.”

Where differences emerged was in the responses to these factors. Included in our sample were organisations pursuing a range of strategies from intensification of mechanisation for low-cost mass production, to investment in skills for the high-end quality market. Others, however, were as one respondent suggested, less sure of their strategy:

“and there’s so many who are fighting the middle ground who are just fighting on price and they are not really selling furniture anymore. They’re selling finance.”

¹ Furniture Industry Training Organisation Website
http://www.fito.co.nz/about/industry_background.php

² Ibid

³ Ibid

⁴ Department of Labour, December 2004, ‘Skill shortage assessment, occupation: cabinetmaker (74211)’

Recruitment into the furniture manufacturing industry

The current tight labour market and shortage of workers with particular skills means that furniture manufacturers are competing not only with each other, but with other industries to attract workers. This raises a number of questions: what motivates people to seek employment in furniture making? What motivates them to participate in training programmes that will make them skilled workers? What are employers doing to attract workers?

Why do people work in the furniture manufacturing industry?

When we asked individual employees how they had come to work in the furniture industry we received two broad responses. For a number of employees, the decision to take a furniture-making job was based on a personal passion for making things. In most cases this was described as stemming right back to school days, from an interest in woodwork courses.

“For me the lure or the attraction of creating things has always been the thing that holds me.”

For others, it was more pragmatic factors - the influence of family or friends, or simply knowledge of the availability of a job. It was common for the employees we interviewed to have heard about available work through their extended networks, whether it be a previous employer, a friend who had a contact in the industry, or a casual interaction with a truck driver. Although in most cases there was a ‘trial period’ where capabilities for the job were tested, respondents did not describe a long taxing selection process. As one employee put it:

“I think I had the job before I went for the interview, so I was told. So I don’t think they were terribly choosy.”

From the employers point of view

Reflecting these dual pathways into the industry, one owner commented that there are two tiers of employees: those who are very competent people, focused, and building a career; and another group who are transient, just doing the job, and with little career focus. When reflecting on recruitment to the industry, there was a view amongst owner/managers (and older employees) that some young people lacked the attitude, work ethic and stamina needed. One respondent’s comment captured this perspective:

“it is hard to find young guys with [a] work ethic and sense of responsibility and good social skills”

This was voiced by a range of others as the ability to:

“get on with others in the smoko room”, “not always being late for work”, “not having Mondayitis”, and “just knowing the basics of going to work”.

Yet another view considered that some want *“instant learning (and) instant top salary”*.

This appeared to be causing some frustration for employers who, due to a limited pool of skilled or potentially skilled workers in the labour market, were taking whoever was available, “*attitude and all*”. A number of employers attributed the current lack of skilled workers to schools and families encouraging students to pursue other tertiary education options as opposed to the trades. Some of the education providers we spoke to had a different perspective:

“our research shows (secondary school) students are diffident about making decisions particularly in the trades areas and that they tend to take the softer options in the easy to get jobs. They might be jobs that rolled over from school or they’re the ones they can slip into very easily... crews in McDonalds, the car yard – washing cars, the supermarket; the easy things ...[They are] fearful of entering education, having to make a positive commitment into a career.... ..And that’s something we’re trying to break through but it’s extremely difficult for us”

The most common recruitment strategy used by employers was newspaper advertising. When looking for apprentices, some used referrals from Polytechnic tutors and one company successfully used a job agency. Some had workers approach them looking for an apprenticeship. One company, looking for process workers rather than apprentices, regularly used WINZ. The selection processes used by employers were fairly similar. All reported interviewing applicants as the main selection mechanism. Some used a task assessment exercise (for example, use a staple gun to upholster the arm of a chair), and some used a job trial period.

How does human capability development occur?

Without exception, capability and skill development was reported as ‘on-the-job’. There was a mixture of informal and formal learning in furniture manufacturing organisations and both contribute in their own way to capability development. We asked respondents to describe a capable worker. We then asked a number of questions related to learning - how learning occurred and what style of learning suited employees best.

What is a capable worker?

Opinions on the features of a capable worker were remarkably similar. They fell under two main categories, 1) attributes or habits, and 2) abilities. The reported attributes or habits of a capable worker included: honesty, self discipline, reliability, timeliness, consistent behaviour, self confidence, the desire to do everything well, have goals or aspirations to work towards, and willingness to learn. The abilities cited included: ability to problem solve, think a job through and organise it, communicate, and to make and take opportunities. Some also mentioned ‘a practical bent’ and a ‘passion for wood’.

When asked how one knows when a worker is capable the general response from learners and from supervisors was a combination of: quality of the finished product, no mistakes being made, no re-works required, fewer questions being asked, increased productivity, and a tidy work space.

A capable foreman or supervisor was seen as having the ability to give clear instructions, possessing a full range of people skills, and being approachable. Capability as a general manager or business owner included having these supervisory skills, and importantly, a range of other managerial and business skills such as the ability to plan and manage cash flow and capital requirements, to think ahead about the product market and to relate this to the skills and actions required by the business.

Informal learning

A recurring response from interviewees was the importance of, and in many cases the preference for, learning through experience. That is, through observation, questioning, and trial and error. Being in a supportive environment was clearly important for this to occur, even though the learning experience itself did not always have to be positive. Some interviewees relished being thrown in the deep end by being required to urgently develop new skills so they could step up to a new job.

In some organisations, on-the-job learning through experience was explicitly facilitated with new employees being placed under the wing of somebody more senior. Many spoke enthusiastically about the important role senior tradesmen had in the skill development of newer employees.

“Senior tradesmen – they’re the main useful people. You just learn so much watching them and asking them questions.”

For those employees who had reached trade qualified or master craftsman status, skill development occurred more through experimentation and new work orders ‘*every time you get a new piece (design) to do you’re learning something different*’. Notably, both employers and more experienced employees valued the knowledge and skills gained through having moved around the industry and worked for different firms.

In other organisations such formalised structures did not exist and it was simply up to new employees to sink or swim. This approach was more likely to be found in organisations taking the mass-production route. Here, task simplification was often being used to reduce the need for complex skills acquisition. As one interviewee commented:

“Today they’re not given much opportunity to make any mistakes. It’s all too simplified...because of the piecemeal way they do things now. If something’s quite complicated in one area, say a job is quite complicated to do, the person running the business will try and cut the complicated bit out, and you can only cut so much out and then there’s nothing left.”

And a trade qualified worker in a mass-production manufacturer observed:

“Well I don’t think you need to serve an apprenticeship to do what we do. Because you need to know how to run the computer. And it’s all done on the computer. And you need heaps and heaps of training to learn the computer. People who are good on the computer are not good with their hands. Like you can become an engineer and never lift a spanner up. You do it all in theory.”

This comment signals the impact of changing technology on some furniture manufacturing processes. One could argue that rather than suggesting qualifications are not needed at all, the statement is evidence of the need to update trade qualifications with new skills, such as those required for computer-based manufacturing. Indeed this is a view held by some industry observers:

“certainly with advanced technology, the CNC controlled technology, there are some real issues about training enough people who can programme and operate CNC controlled equipment”

Formal training & qualifications

Most interviewees left school between 5th and 6th form, and from there, went either to a polytechnic or straight into a job, with the workplace being the primary site of learning and training. Some had found a job in which they could undertake an apprenticeship. The few employees who had completed 7th form at school were more likely to have undertaken a polytechnic course or apprenticeship after leaving school. The older, more experienced workers who were interviewed, had mostly gone straight from school into an apprenticeship scheme.

Organisations differed considerably in the extent to which they encouraged and supported their employees in accessing and undertaking formal training. Where formal training was supported, this training tended to take three forms - apprenticeships for newer employees, compliance related courses for particular employees (such as health & safety training, or equipment training), and non-industry specific courses (e.g., computing and supervisory or management) for more senior employees. Respondents generally reported that non work-related or personal development courses would not be supported by the organisation.

Support for apprentice training varied. One company deliberately had no apprentices, nor did it use unit standards in the on-job training it offered. Apprentices and unit standards were viewed as: *“not productive enough, quick enough, (involving) too much paper work and take(ing) too long”*. Employees in this company were trained in company specific processes: *“we teach them our way of doing it”*. Moreover, they were trained in just a part of the process, not the whole. According to the employer: *“operate a simple process and you don’t need a higher skill base and you don’t need to be paying such higher wages”*.

Other companies had owners who had *“always believed in them (apprentices)”*. In these companies, apprentices were supported by trade qualified staff who believed that *“employers have a responsibility to train young guys”*.

Apprenticeship Scheme

The Modern Apprenticeship Scheme is an important component of formalised training for the furniture manufacturing industry. All respondents were glad to see the return of formalised apprenticeships, but there were mixed views from both employers and apprentices on how well it runs. The work-based apprenticeship scheme was reported to have advantages such as: being practical; allowing development of firm-specific skills; facilitating minimum loss of production from the apprentices; and the visits of the Roving Assessors took administrative pressure off the employer and assisted the apprentices.

“(the apprenticeship) has given me a work ethic and social skills, dealing with people” (newly qualified apprentice)

However, there were also a number of concerns expressed, many of which were centred on a perception of declining standards. Changes in the structure of apprenticeship training in response to mass-production processes and changing educational philosophies were seen by some as having resulted in a decline in the quality of trade training. Employees and employers described a bygone era when everyone in the industry was trade qualified and understood what a particular qualification meant in terms of the range and depth of skills. Due to modern apprentices picking and choosing from a wide range of courses under pressure to obtain credits in the minimum amount of time, some interviewees expressed less confidence about qualified tradespersons’ skill sets and general capability:

“Every firm does it different. So the modern apprenticeship is a little bit shy of full training, because you can pick and choose units to suit the firm.” (foreman)

“But the difficulty with unit standards is they’re little isolated pieces of learning and they sit there and there’s another one there and there’s another one there. We believe that education is the inter-relationship between those.” (education provider)

“you only have to get so many credits and you can pick your machines”(apprentice)

An exacerbating factor mentioned by a number of employers were the difficulties apprentices had where training required access to specific machinery. Although some employers were cooperating to overcome this, suspicion within the industry would tend to render this an unlikely solution for many. As a result, some foremen observed that the record of learning (this details the individual unit standards which have been completed) is more useful to an employer than the trade certificate. The record of learning allows one to see the specifics of what a person has, and by implication has not, been trained to do.

Both employers and apprentices lamented the inability of the current system to allow apprentices to calibrate their progress against that of other apprentices, and the lack of contact with other apprentices. Block courses used to fill that function. Although some employers were keen to see block courses reintroduced, they were also currently relieved not to have apprentices lost to production while away on blocks.

“we don’t have any evidence to suggest that if someone passes a unit standard in our organisation and someone is passing the same unit standard elsewhere, whether the quality of their work is the same. We don’t have a feel for that.”

“if the standard is low enough everyone will pass and no-one will shine”

As a result, we surmise that quality of apprenticeship training is largely dependent on the quality of the employer and supervisory or other staff working with apprentices. Although clearly the introduction of Roving Assessors has been helpful to apprentices

and their employers, there is still a view in organisations we spoke to that it is much easier to cheat in the workplace based assessment:

“bit too easy to get through the unit standards now” (supervisor)

“the process was rubbish....only saw the assessor 3 or 4 times.... No theory in the apprenticeship now, all practical...can’t judge yourself against other apprentices” (newly qualified apprentice)

“the roving assessor is good, but better if he came on demand” (apprentice)

The change to market-driven funding arrangements for industry training also appeared to have presented problems. Some employers expressed frustration that furniture-making training and courses are now being directed by a “bums on seats” mentality. That is, training institutions run courses that provide the most return resulting in unpopular courses being cut regardless of their importance to the industry.

“it’s a viability issue. We require 15 or 16 people at a time to run a viable programme if we’re going to develop it. And we need a degree of surety that there’s continuity there.”... “you’ve got to get pay back. Because the equipment, we’re talking about replacing one of the CNC machines now and it’s \$400,000.” (education provider)

“Yeah, so the big issue for a provider like ourselves is to be able to try and identify a viable programme and then to get support of the industry.” (another education provider)

Thus there appears to be a growing disconnect between education/training institutions and the needs of industry. This may be due to lack of consultation and sharing of information, or it could be partially due to the pressures of the funding system – tertiary institutions funded by EFTS and industry training organisations by STMs.

“our protection programme has actually been quite attractive to employers when the students pay for their first year and they spend a year here learning the base skills so that when they go out to an employer on a part time basis in the second year, they actually have much more, they’re productive. The employer is not carrying the cost of the first year of them developing really base skills. Some ITOs are quite negative about that because it’s involving the use of EFTS” (education provider)

Finally there were varying practices in terms of who met the student costs of the apprenticeship, for instance:

“our employer goes halves in the cost with the boys”

and

“we pay for the unit standards/apprenticeship but if they leave within 2 years of completion they have to pay half back”

Some employers expressed reluctance to pick-up the bill because the current scheme does not oblige the employee to stay on and work for the employer on completion of their training. The Furniture Industry Training Organisation has cited employer concerns about the poaching of trained employees as an impediment to wider employer

support for the modern apprenticeship scheme. Various suggestions were made by respondents to address this:

“government need to subsidise trade training (the employer) and market it.”

“there should be a furniture industry levy – to pay back to the businesses that do train apprentices”

“need to have contracts that tie the apprentice to the employer for return of service”

What influences capability development?

Capability development is not just about individual choice. Our research showed that organisational factors can shape whether individuals (a) have the opportunity; and (b) are motivated to develop. Organisational practices for encouraging and rewarding capability development (e.g., time to attend courses, increased pay, career progression, acknowledgement of progress) were clearly important to interviewees. Also mentioned were encouragement through social connections at work and more intrinsic rewards such as a sense of pride and satisfaction in skills acquired, increased self-confidence, and being challenged. Interviewees described, for instance, the excitement of having new things to create and finding ways to improve a piece of furniture. Finally, out of work priorities and basic literacy skills emerged as important.

Organisational support and social networks

The employer was often mentioned as being influential in both motivating employees and providing opportunities for skill development.

“if you don’t have a good employer it makes it harder”

Employees’ most enthusiastic descriptions of employers were reserved for those who actively encouraged and made possible their participation in courses, apprenticeship training or other skill development training. One such employer’s open door policy, where all employees were welcome to “*come and have a chat*”, and his efforts to remain visible on the shop floor, were commented on by his employees. This employer was creating an environment where employees’ social connections with their boss and with each other played a key role in learning new skills and getting the job done. The importance of these social connections was underscored by one employee’s description of his workmates as “*a good bunch of guys*” who would help you out when you needed it. Employees appeared conscious of their reliance on ‘worker goodwill’ to pass on knowledge and skills that were fundamental to their work success.

This was further emphasised in reflections by employees on what had hindered their capability development:

“guys in the past who’ve been narrow minded about sharing knowledge or skill development.”

Others mentioned the negative impact of not having adequate support in the workplace or at home, and lack of motivation or lack of desire to do things well. For some that lack of motivation may have been confidence related:

“Self confidence - a lot of people are very unconfident about their ability to undertake training and achieving”

For others a lack of work focus may be maturity related. For instance most apprentices are young males (16 – 20 years old), some of whom become distracted by financial, peer group and social relationship issues.

“main hindrance [during an early phase of his apprenticeship] was not focusing on work, e.g. talking too much and so making mistakes” (qualified apprentice)

The fit between employee motivations and organisation strategy

Employees’ motivations had important implications for how they felt about changes such as mass-production work design and the introduction of new technology within the industry, and about the development of their own capability. As one respondent said:

“In a lot of places I know they get an order in and they’ve got 120 of these to do and when they’ve finished that there’s another job of 120 but they’re very similar to the one he’s just done. And it’s quite soul destroying really. I’d be out the door.”

In organisations with a focus on mass production the work is often repetitive. This limits the range of skills employees are able to develop and may negatively impact on motivation. Employers and employees commented on the importance of fit between employee’s work-related expectations and the organisation they worked in - with the assumption that employees would gravitate to organisations that suited them. However there was evidence for some employees lowering their expectations because support from the employer was not forthcoming.

Out of work commitments

In responding to the question about barriers to skill development some respondents noted the impact out of work priorities had on their ability to either take up training courses or to progress in their career. As a reminder of different motivations between individual employees and within any individual across the life-span, responses to out of work priorities varied. For instance, one respondent commented that out of work priorities should not be seen in a negative sense - he was at a stage where he enjoyed time spent with the family and believed that not advancing at work meant not having to take home additional stress. Similarly, whilst some cited having young children as a motivation to up-skill, others felt unable to commit time and money to training until their children were older.

Language skills

Poor English and basic literacy were identified by a number of employers and employees as a barrier to skill development. Labour shortages have meant that furniture manufacturers are more reliant on migrant workers - many of whom come

from non-English speaking backgrounds. Moreover, some employees who do speak English expressed frustration at the impediments they faced as a consequence of poor literacy. One employee commented that his poor literacy had led others in the organisation to label him as dumb and, as a consequence, a poor candidate for skills development.

Career progression and employees' plans for the future

Most respondents were reasonably confident that they would have the opportunity to develop into other roles within the organisation. Some employees mentioned impediments including: having to wait for another person to leave their role; in the case of a family owned operation, a tradition of family members performing particular roles; and being identified as lacking the necessary capability. One employee observed:

“Yeah there’s a lot of learning to do in this place. There’s a lot of people with limited capacity in this place so they have certain roles...They just don’t have the skills to put them safely in charge of machinery or stuff like that. That keeps them to more specific areas, away from you know anything more substantial.”

Some employees were not thinking too far into the future and were either content with what they were doing or allowing the future to unfold. Some had thoughts of moving into a different industry while others had visions of setting up their own business. Those employees with aspirations to own their own business expressed a need for capability development, particularly in business skills and computing.

“there are very few at highly qualified tradesmen level (who focus on career) versus the journeyman who is mid range and transient”(owner)

*“no incentive to do master trade – not enough money in it” (qual apprentice)
“Just go to foreman and then manager” “prefer to go overseas and get cruiser job.”*

“after I’m qualified I might go overseas, take it as it comes” (new apprentice)

“Somehow we have to make a career in the wood industry as a whole an attractive proposition to people because we’re competing with other industry sector groups now and when you get tourism (saying) ‘well we need 17,000 new people in the industry over the next 10 years’ and the dairy industry saying ‘we need 10,000’, you start to do the numbers. You soon work out that this is going to be highly competitive and wage rates in the furniture industry are not, particularly at the lower levels, are certainly not highly attractive. So that’s an issue for the industry” (industry observer)

Pay and reward strategies

Every organisation we visited had a different pay system; generally that they had developed themselves and that was only transparent to the owner/employer. These ranged across combinations of skill + time served + rate for job/task (within a capped rate for the job); to skill + individual productivity + company profit; to skill + productivity. The measures of productivity ranged from experienced judgement of the employer to formalised production measures. The main drivers for the type of pay

system chosen seemed to be notions of perceived fairness (regarding individual effort, quality, productivity and skill); affordability to the company; and internal relativities.

Employees and employers also reported an interesting range of other reward or motivational strategies. One company moved to a 4 day week, 10 hour day, which allowed a 3 day weekend without any reduction in income. Most employees found this strategy positive, as it meant travel occurred at off-peak times and for some it allowed them to hold a second job. Another company rewarded staff by giving them a week off in the workshop during which they could make a piece of furniture for themselves. This strategy was popular, as one newly qualified apprentice stated “*I’ve got a bed at home which I made which is bloody good actually*”. Many organisations reported offering more interesting projects/work to good performers. A number of organisations reported rewards such as staff beers and barbecues, or trips out or away for staff – some purely recreational and some to attend furniture fairs.

Promising developments

In the face of a more challenging global context for furniture making, two areas for development appeared promising - the focus on better design and the pursuit of inter-firm collaboration.

Design

A message that FITO has been eager to push is that the incorporation of design into the furniture-making process can provide organisations with a point of difference from their competitors. There are, however, impediments to the employment of designers.

“There still isn’t a lot of work for designers. Mainly because they feel they can’t afford it. And I think one of the realities also is that a lot of the design schools turn out people with no practical skills and you just can’t pay someone to gaze at their navel”

The first impediment mentioned by employers was the cost associated with taking on designers - for smaller manufacturers going it alone was not considered to be a real option. The second impediment was the lack of designers with the right combination of furniture knowledge and design skills. These are issues, also identified in a recent study by the Centre for Strategic Design, which are driving an initiative that is looking at tertiary design education.⁵

Collaboration

In an initial interview with an industry leader, a tendency for manufacturers to focus on competing domestically was identified as having distracted from the need and ability to compete internationally. This prompted our interviewers to ask owners and managers about experiences of collaboration. There was a general view that furniture manufacturers have a tradition of being suspicious of each other and, therefore, have often worked in isolation. Some indicated that attempts by national industry

⁵ This initiative involves FITO, FANZ, Weltec, Massey University, and a number of design companies and furniture manufacturers.

organisations to encourage manufacturers to work collaboratively through sharing skill information and resources/machinery had been challenging.

“we have discovered with furniture making, and I’m not sure whether it’s true in other businesses, that we are all a little bit suspicious - we’re not, but the furniture group or furniture fraternity is all very suspicious of each other and doesn’t want someone else watching over their shoulder to see what they are doing. I just think it’s a very closed-minded New Zealand attitude where we’re so frightened of sharing ideas or sharing skill.”

Notwithstanding this general sentiment, there is evidence of pockets of change with some furniture manufacturers working together to take on export markets. One of these owners observed:

“this is the first time in 45 years in the industry that we’ve shared information, collaborated”

Another owner reported being part of a network of mainly younger furniture manufacturers who have begun to work collaboratively. This network meets regularly over breakfast to discuss their issues. Another commented on the benefits of clustering furniture manufacturers and related industries. This was seen as important for providing the conditions for collaboration and specialisation.

Conclusions

Increased imports and skills shortages clearly present challenges for New Zealand’s furniture industry. Although increased mechanisation is assisting some manufacturers face this challenge, it brings with it the need for new skills as well the risk of losing old ones. There is a sense of polarisation in the approaches, and therefore capability development needs, of manufacturers. This is clearly presenting a tension for the industry, training providers and employees. Specifically, at one end of the spectrum manufacturers are using mechanisation and attendant task simplification to achieve quantity for a mass market, or a different style of product. At the other end, are smaller operations focused on quality crafted products for a high-end niche market.

Two extremes of approaches in furniture manufacturing organisations

	Commitment to production	Commitment to craft
Organisational/business model:	Mass production model	Craftsperson model
Approach to skill:	Process workers/restricted range of skills	Investment in craft skill
Work motivation:	A job to be done, targets to be met (quantity and quality)	Passion for creating quality crafted furniture

Notwithstanding the significant differences in capability development experiences associated with these divergent approaches, some common themes emerged.

- **Commitment to capability has to come from the top** – the owner/manager’s belief in providing development opportunities and encouraging take-up appeared to be critical.
- Importance of **social networks** to capability development – sharing capability, encouraging and supporting less capable workers. Capability development is not always structured or planned - much of it is informal, on-the-job.
- **Emerging skill needs** identified included design, computer technology, business and management. As one person observed “*We need to be talking about capability development at all levels in the industry*”.
- Concerns about the cost and quality of training under the **Modern Apprenticeship Scheme**, and the perception of disconnect between industry needs and training provision.

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