

PRODUCTION AND MARKETABILITY OF FURNITURE INDUSTRY IN CAPIZ: CHALLENGES, SUSTAINABILITY AND PROSPECTS

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Abstract: The furniture industry in Capiz is an unorganized sector, a micro-small enterprise mostly home-based business with sole proprietorship. This study ascertained the production and marketability of the furniture industry in Capiz in terms of its challenges, sustainability, and prospects. Participants of the study were the 18, DTI registered furniture owners in Capiz, identified through purposive sampling. A researcher-made survey questionnaire and interview guide for gathering data. The data were analyzed and interpreted using the mean, percentages, and thematic analysis. A mixed-method research design using a convergent-parallel approach was employed. Results showed that the participants of the study were dominated by males, ages 31 to 51 years old, college graduates, and 4-10 years in business. Wood furniture was produced weekly and monthly based on order, used machine tools and workers mostly paid in “pakyaw”. They displayed their product within the area and through an online platform, catered to individual customers, and on a cash basis. The industry’s production was highly sustainable despite the challenges encountered, while, sustainable for marketability. The industry encountered challenges primarily on the start-up capital and the procurement of tools and machinery, labor force, and lacking and limited skills in designing, and only some of the owners attended seminars and training. They relied on their personal experience and personally trained their workers. Likewise, competition in marketing was a challenge because similar designs and furniture types were produced at varying prices, including customer satisfaction, delivery, and display or exhibit. Based on the results and analysis, the furniture industry in Capiz has greater prospects despite of the challenges. If given attention, support, and collaboration with the government agencies concerned, it can be organized into a cooperative for finances and identity, upgrading of quality and design using upgraded tools and machinery, glocal marketing, increase employment, and recognized entrepreneurs by affiliating with the established furniture industry in the country.

Keywords: Challenges, Production, Marketability, wood industry

I. INTRODUCTION

Background of the Study

The Philippine furniture industry is one of the country's most labor-intensive and artistic industries. Furniture companies tap Filipinos' hardworking, creative, and enterprising qualities in manufacturing high-quality furniture. Because of this, the Philippines is known as the “Milan of Asia.” The industry, which is 98% categorized under SMEs, provides 2.1 million indirect workers nationwide and provides business to 5.4 million in its supply chain. Philippine furniture is made using the finest sustainably-sourced raw materials such as hardwood, buri, rattan, bamboo, metal, and other indigenous products [4].

The furniture industry is one of the sub-industries under the manufacturing industry. It includes all companies involved in activities of designing, manufacturing, distributing, and in sales of functional and decorative objects of household equipment. Companies in this industry manufacture products such as wood and metal household, office, and institutional furniture; mattresses; wood kitchen cabinets; and commercial showcases and shelving. It is a major contributor to the global economy, with an estimated value of over USD 500 billion in 2020. The industry comprises small, medium, and large-scale manufacturers, both domestic and international. The manufacturing process involves designing, sourcing materials, cutting, shaping, assembling, and finishing furniture products. Many furniture manufacturers are adopting new technologies such as 3D printing and automation to increase efficiency, reduce manufacturing costs, and improve product quality [7].

The furniture industry in the Philippines is highly competitive owing to a large number of companies, both domestic and international, offering furniture products at competitive prices with limited variations in design and aesthetics. Furniture products of all price segments, including cheap, mid-segment, and luxurious/premium ones are designed by several manufacturers to cater to customers of all classes [8].

In 2020, a lot of businesses were greatly affected by the coronavirus disease that hit the Philippines. Some were forced to shut down or stop operations altogether due to the adverse effect brought by the pandemic. The artisans that make up much of the creative manufacturing and handmade CMH workforce are among the world's poorest and most vulnerable workers. Many of their businesses are now challenged with inventory backlogs, canceled orders, and supply chain disruption. Heritage skills have already been erased by offshoring in recent decades and more could be under threat [10].

As observed not too many businesses in the furniture industry stay long, especially in Capiz where the industry belongs to small-scale operations and mostly home-based production. Based on the data from DTI- most of the registered industry was furniture making.

The furniture industry in Capiz is decreasing in number and most are no longer operational despite the high demand for furniture even among the locals, it is, therefore, necessary to conduct a study on the sustainability of furniture production and marketability. This study further seeks to determine the challenges faced by owners amidst the pandemic. This also ascertains the experiences of Capiznon artisans in bringing the furniture to the world.

This study aimed to ascertain the production and marketability of the furniture industry in Capiz as well as the challenges, sustainability, and prospects.

Specifically, it aimed to answer the following questions:

1. What is the profile of business owners in the furniture industry?
2. What is the production of the furniture industry in terms of product, process, and quantity produced?
3. What is the market viability of the furniture industry in terms of promotion, target client, and preference?
4. What is the level of sustainability of the furniture industry in terms of production and marketability?
5. What are the challenges encountered by the furniture industry in terms of production, marketability, and sustainability?
6. What are the possible prospects in the furniture industry in terms of production, marketability, and sustainability?

Theoretical Framework

This study adopts two theories-the production theory and marketing theory.

Production theory. The theory involves some of the most fundamental principles of economics. These include the relationship between the prices of commodities and the prices (or wages or rents) of the productive factors used to produce them and also the relationships between the prices of commodities and productive factors, on the one hand, and the quantities of these commodities and productive factors that are produced or used, on the other [2]. While **Marketing theory** includes the four Ps of marketing. Product, price, promotion, and place form the four Ps of the marketing mix. A basic marketing theory states that to maximize sales, a company must position its products or services in the marketplace in such a way that consumers believe they need a particular product for service [6].

Conceptual Framework

The furniture industry in Capiz is an unorganized sector, a micro-small enterprise mostly homebased activity with sole ownership and employed only a few workers. Despite of the high demand for wood furniture in the market, most business owners were struggling especially in their production and marketability. Production of furniture was a challenge to Capiznon artisans and they also lacked a marketing strategy.

However, there were some furniture businesses that sustained their production and marketing despite problems. The emerging problems and challenges were identified and became the bases for the formulation of the possible prospects to help the industry increase production and marketability. The paradigm below presents the framework of the study.

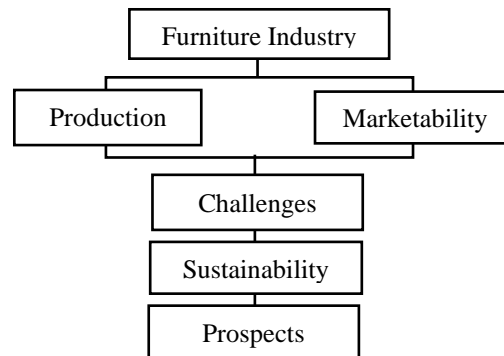


Figure 1. Production and marketability of furniture industry in Capiz and its challenges, sustainability and prospects

Significance of the Study

The results of the study are considered significant to artisan or craftsman, business owners, community, and future researchers. Artisan or craftsman as the main artists of the crafts, result of the study will serve as a guide to further improve or enhance the quality of every craft they made to sustain higher production. Likewise, the business owners is responsible for the full operation of the business, making sure that the production and marketability are properly looked into consideration. The results of this study will give a better opportunity for the industry to share the best practices in their production despite uncertainties and look forward to possible prospects to sustain their production in the future.

Moreover, the community is the end user of furniture products. The contribution of the community as buyers of these products will benefit both the industry and the workers. The income from the products purchased will increase also the productions whereby workers will also produce more. With the increase in production, craftsman or workers may also produce good quality products. Furthermore, the end results of this study will be a step forward for future researchers to delve deeper into the wider view of furniture production. This will serve also as a reference in conducting research related to furniture.

Lastly, the industry as the main producer and manufacturer of the crafts, this will serve as a reference to improve and increase the production of the industry.

Scope and Limitations of the Study

This study covered the 18 registered furniture industry, business owners in Capiz limited to wood and bamboo furniture. This was limited in determining the profile of the participants, the production and marketability, the challenges encountered and the level of sustainability in the furniture industry.

This involved a mixed method of research utilizing survey questionnaire and in-depth-interview in gathering data. There were only 18 respondents who were selected using purposive sampling. In analyzing data, mean and percentage for the quantitative data while thematic analysis for the qualitative interview responses. Likewise, a SWOT analysis was done for the prospects of the furniture industry.

II. METHODOLOGY

A mixed-method research design using a convergent-parallel approach was used in this study. Johnson & Onwuegbuzie (2004) defined this type of research as where the researcher mixes or combines quantitative and qualitative research techniques. The researcher uses a qualitative paradigm for one phase of the study and a quantitative paradigm for another phase of the study.

A Convergent parallel approach is a *concurrent* approach and involves the simultaneous collection of qualitative and quantitative data, followed by the combination and comparisons of these multiple data sources. This approach involves the collection of different but contemporary data on the same phenomena. This approach is often referred to as the *concurrent triangulation design* (single-phase) because the data is collected and analyzed at the same time [3].

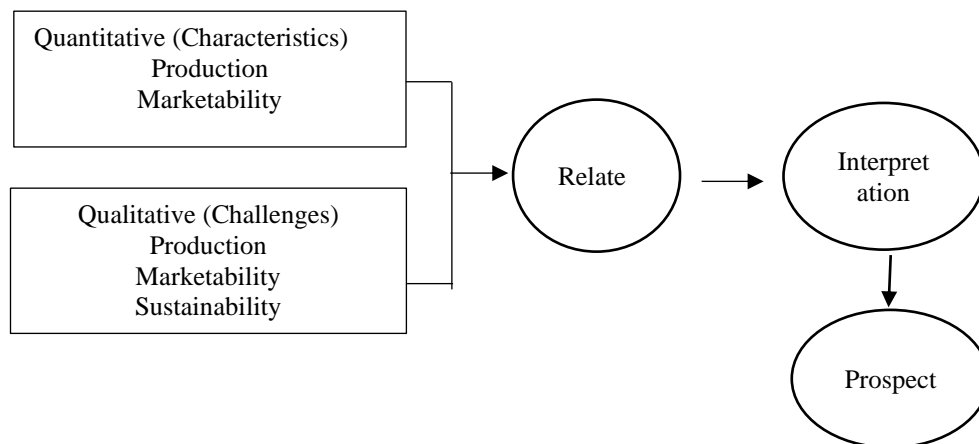


Figure 2. Concurrent triangulation design (single-phase)

Participants of the Study

Participants of the study were 18 registered furniture industry and business owners in the Province of Capiz and the City of Roxas, specifically the wood and bamboo furniture manufacturing industries. They were the wood furniture and cabinet makers and who were selected using purposive sampling using the following criteria. The wood and bamboo furniture and cabinet makers have 3 years or more in the business, registered in the Department of Trade and Industry (DTI), with paid workers and laborers, the sole owner of the business or entrepreneur.

Research Instrument

A researcher-made questionnaire and interview guide were used in this study and validated by the experts. The questionnaire was divided into three parts. Part I was on the profile of the participants. The second part was survey questions on production, market viability, and the level of sustainability of the furniture industry in terms of production and marketability with 10 items. On the level of sustainability, the five (5) point Likert scale was used to describe the frequency of responses consisting of nine (9) items. The third part was an in-depth interview guide with six (6) questions on the challenges of the furniture industry

Data Gathering Procedure

An official letter was sent to the Department of Trade and Industry, Roxas City to determine the number of registered furniture industries in Capiz. Upon the identification of respondents/participants, the researcher set a schedule to administer the questionnaire and the interview. During the interview, part one and part two of the questionnaire were answered by the participants by checking the appropriate boxes of their answers, then followed by an in-depth interview as the third part. The researcher went to the different municipalities where the wood furniture business and makers were located. However, some of the listed businesses in DTI could no longer be found, closed during the pandemic, and only one owner with different business names registered. The owners as the participants were allowed to talk freely while guided to cover the most important issues. A recorder and notepad were used in the interview. The recording was transcribed after.

Data Analysis Procedure

The results of the study were analyzed using both quantitative and qualitative methods. For quantitative data, the participant's profile and the responses on production and market viability were tallied to get the mean and percentage. On the level of sustainability, responses were tallied to get the average to determine the mean and interpreted using the scoring variables. For the qualitative data, responses to challenges were interpreted, categorized, and coded. A thematic analysis was used to analyze the data. Thematic analysis is a method for analyzing qualitative data that entails searching across a data set to identify, analyze, and report repeated patterns [1].

First is the familiarization with the data. Second, coding involves generating concise labels (codes) that identify important features of the data. The third is generating initial themes. Fourth is reviewing themes. The fifth phase is defining themes.

The final phase involves weaving together the analytic narrative and data extracts and contextualizing the analysis in relation to existing literature.

A SWOT analysis was further utilized for the formulation of possible prospects.

III. RESULT AND DISCUSSION

Participants of the study were dominated by 15 males and only three (3) females. Ages between 31 to 51 years old, married with the highest educational attainment of college graduates. Most of them were in the business for 4-10 years.

The study revealed that the industry produced wood furniture such as, sala sets, chairs, tables, cabinets, door frames, door panels, and a combination of both wood and bamboo furniture, produced once a week, once a month, and based on the order. The source of raw material was locally available in retail. Employed advanced machine power tools while others used traditional with simple machines and employed 4-8 workers. Workers were paid mostly in ‘pakyaw”, followed by weekly, daily, and percentage. In terms of items produced, mostly produced 1-2 sets of furniture in a week, in two weeks and three weeks, and sometimes on a made-to-order basis.

In market viability, results showed that in terms of promotion, most of the industry displayed their product within the area of production and also through online platforms. Most of the clients catered to individual customers. The wood industry prioritized the quality of materials, quality of production, and aesthetic design in product making. Most of the items purchased were paid on cash/COD and allowed installment.

In terms of the level of sustainability results showed that maintaining high-quality products, methods employed in the production, supplies, and materials are “highly sustainable”. On the other hand, the salary of workers, tailored products, and customer satisfaction were also “highly sustainable”. However, the industry’s capability to meet delivery, meeting the demand of clients, and product promotion were “sustainable”.

Challenges encountered by the furniture industry in production revealed that start-up capital was found to be the number one problem. The industry started with a small capital while some had inadequate budgets. Secondly, tools and machine procurement, high maintenance, and replacement of parts as other challenges. Third, labor force or manpower, few workers employed when the business started, low commitment, and irregular attendance. Another challenge was the lacking skills in designing the furniture, and lastly the source of raw materials which were of poor quality of wood.

While challenges in marketing revealed that competition was one of the problems although the industry had the same products and designs they compete in the price of the item. Aside from these, customer satisfaction, delivery, and display or exhibit were also other challenges.

Moreover, challenges in the sustainability of production and marketability showed that the labor force/manpower was sustained. Business owners financially supported their workers by paying their salaries despite the pandemic, they work even pandemic. If no workers were available, the owner himself do the work. Production was continued. In terms of marketability, few industries switch to online orders. Online promotion and display help the furniture industry in sustaining their production and market their products.

Likewise, the furniture industry utilized the scraps of raw materials through recycling, small pieces or chips of wood were turned into another product, and new designs such as frame mirrors, wall decors, decoration on doors, and wood tiles. Bottles and tin cans were recycled. Saw dust was used for cooking and used as compost for plants.

Further, the study revealed that the furniture industry’s owners and workers in the province of Capiz did not attend seminars and training. They relied on their personal experience when they put up the business, they personally trained their workers, although there were few attended but on limited time only (attended only once).

Based on the results and analysis, the furniture industry in Capiz has greater prospects despite the challenges. If given attention and support, the following were identified prospects for the industry in Capiz.

Generate high-quality furniture, to improve materials thru pre and post-treatment and processing, utilize the appropriate type of wood for specific furniture. Superb and impressive furniture design with aesthetic appeal is one of the prospects by leveling up and enhancing skills through the use of technology through training workshops on computer-based



designing, collaborating and hiring experts with the Department of Trade and Industry and enrolling in Furniture Making NC II with the TESDA Program.

Upgrade tools and machinery, learn the operation and maintenance in collaboration with Local Government Units and large-scale manufacturers for the acquisition and training. Organize a cooperative for the industry.

Enhanced Glocal (global and local) marketing, to improve the marketing of the product with global quality but locally made. Training on marketing strategy and establishing linkages by affiliating with existing business organizations in coordination with the MSME and DTI. Increase in employment to attract more workers and increased production in order to reduce unemployment by coordinate with DOLE.

Recognized entrepreneurs protect and secure their businesses by registering with the Stock and Exchange Commission (SEC).

IV. CONCLUSION AND RECOMMENDATION

Conclusions

The business owners of the furniture in Capiz are still in their prime age, still physically able, and have practiced-based experience related to the industry. They have been educated but have no industry skills training. The business is still unstable due to the owner's limited number of years in the business, the nature of the business, and its composition.

Likewise, their expertise is in wood furniture. However, the success of a business' production depends on workforce and compensation coupled with machinery and equipment. Just like other businesses, financial assistance is the key to continuous wood furniture production.

.However, for the furniture to become more marketable, the adaptability to new trends in marketing like online selling, open house, and public displays have been effective. Thus, maintaining the good quality of raw materials used, aesthetic designs, and customer satisfaction would be a competitive advantage.

Generally, the Capiz furniture industry's production is highly sustainable and marketable. Hence, it is patronized by the locals and meets the demands and needs of the customers.

The identified challenges in production can be used as bases for continuous product improvement and development in the wood furniture industry if addressed and given attention by the concerned agencies. Moreover, they make affordable products of exquisite craftsmanship with modern technology combined with human creativity and a love of beauty.

Similarly, challenges in marketing are a common dilemma of business. However, wood furniture business owners have initiatives in dealing with and satisfying their customers. They are innovative in making their pieces of furniture. Hence, promoting healthy competition by coming up with a unique design at a reasonable cost.

Despite the demand for non-wood furniture, the wood furniture industry is projected to prosper because of the increased demand in many establishments and exportation. Thus, it is expected that the industry to level up and upgrade its product quality, design, affiliation, identity, business security, marketing strategy, and eventually sustainability by enrolling, consulting, collaborating, training, and registering with various identified government agencies. Although, locally made but of global quality wood furniture.

Recommendations

The following are recommendations drawn out from the conclusion of the study:

Government agencies such as DTI, DOLE, and TESDA may provide assistance through collaboration with the local government unit like DENR and CAPENRO by providing and addressing the needs of the industry, for the supply of wood and larger scale industries.

Improved the Capiz furniture industry's marketability, through training on marketing strategy and establishing linkages by affiliating with existing business organizations like the MSME and DTI. Enhanced and encourage the online market to increase sales and improved competition to attract more customers. To increase production, level up, and



enhanced skills through the use of technology, training, and workshop on computer-based designing of TESDA, DTI, and DOLE. Upgrade tools and machinery to sustain production and increased marketability.

The Capiz furniture industry is encouraged to organize cooperatives and associations in support of the industry and have an ally with other cooperatives. Coordinate with DTI, DOLE, CDA, Chamber of Commerce, and local manufacturers.

The proposed prospects based on analysis were recommended to the wood furniture industry owners and businesses.

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