

Review of Factors Influencing the Competitiveness of Bumiputera Furniture Entrepreneurs in the Domestic Market

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Bumiputera furniture entrepreneurs' share of the domestic market is about 5%. Despite incentives and assistance provided by the Government, their performance *vis-à-vis* the non-Bumiputera entrepreneurs still lag far behind. This review aims to shed some light for future improvement on related studies. The factors identified for review are raw material, networking, culture, product, technology, market, e-commerce, government assistance, and incentives. Lack of control of raw material and poor networking among Bumiputera entrepreneurs remain a problem, while culture plays an important role in shaping their entrepreneurship skills. Years of supplying the government contract market has led them to manufacture mostly mass-produced furniture such as kitchen cabinets, school furniture, and sofas. The use of more high-tech machinery among some entrepreneurs helps to increase their production efficiency while providing no guarantee of more sales without exploring more of the open market and taking advantage of the trend in e-commerce. While the numerous government assistance and incentives extended to Bumiputera furniture entrepreneurs have succeeded in assisting and developing some of the entrepreneurs, their performance in the domestic market still has not improved significantly.

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INTRODUCTION

The domestic market plays an important role in the development process of furniture entrepreneurs in Malaysia. With the significant growth in domestic consumption and demand due to the growth of the economy, the domestic market has also become a hedge against fluctuations in the international market (NAP 2020). Although the furniture industry is largely an export-oriented industry, the role of the domestic market in providing the necessary marketing channel for young entrepreneurs to grow is essential, especially to Bumiputera entrepreneurs. This is especially so when one considers that more than 90% of the Bumiputera furniture players are under the category of micro and small-scale enterprises. While one might think that with all the assistance and support given by the Government to develop the Bumiputera entrepreneurs may greatly provide them with an easy path to success in the domestic market, such success generally has not been observed. This is evidenced from the study by Ratnasingam and McNulty (2016), which found that Bumiputera companies only accounted for 5% of the total domestic furniture market worth around RM8.3 billion in 2016. While many studies on the topic of Bumiputera furniture players have been

conducted to gauge their strength and weaknesses, no specific studies on their performance in the domestic market has been thoroughly researched.

Amidst the impressive growth of the industry, information pertaining to the industry structure and domestic market remains scanty. While the potential of the export market is attractive, the growing domestic market as the country progresses towards a developed nation becomes an increasingly important marketing channel for budding entrepreneurs. In a 2020 forecast by Ratnasingam and McDouglas, the domestic market for furniture and accessories (non-structural) was estimated to be worth RM9.25 billion. In general, Bumiputera entrepreneurs have limited capabilities and technologies, which puts them at a disadvantage to compete and increase market share. They are also heavily dependent on unskilled workers to manage their mill operations and machineries due to their scale of operation (NAP 2020). With the growing competition in the domestic market, Bumiputera entrepreneurs usually have found themselves struggling to compete against the more efficient and better networked and well connected non-Bumiputera (mainly Chinese) entrepreneurs.

There were 471 Malaysian Timber Industry Board (MTIB)-registered Bumiputera-owned wood-based companies or about 9% of the total 5,182 wood-based companies in 2020 (MTIB, 2020). The contribution of Bumiputera-owned companies towards the export sales of wood products and furniture was RM64 million or 0.29% of total export sales. The export figure has been declining steadily over the years since the 1990s when the Bumiputera contribution to the export of the wood products sector was at its peak at around 26%. This reflects the dire situation of the Bumiputera entrepreneurs in the export market and the necessity of the domestic market for their survival.

This article aims to review the many studies on Bumiputera furniture entrepreneurs with a view to providing more understanding of their performance or under performance in the domestic market. While most of the studies seem to delve deeper into the characteristics of the Bumiputera entrepreneur itself, seemingly less attention has been given to the external factors impacting their performance in the market. A lot has also been said about the weaknesses of Bumiputera entrepreneurs in terms of their management skill, lack of finance, poor attitude towards business, and the small-scale operation of their businesses. This article will focus on other aspects of the factors that contribute to the competitiveness of Bumiputera entrepreneurs.

While it may not be sufficient to provide a conclusive view on their performance in the domestic market, a review of all relevant studies that contribute to the Bumiputera's current state of development may be useful in order to take the research on their performance forward. Several studies on Bumiputera furniture industry players have highlighted a number of reasons for why Bumiputera entrepreneurs have not been able to make the most of all the incentives and assistance provided by the Government and its agencies. Despite the recommendations put forward by such studies to rectify the problems, Bumiputera's level of penetration in the domestic market still remain far behind the non-Bumiputera entrepreneurs. This may suggest that all the previous studies may not be sufficiently in-depth to highlight the long-standing issue of under-performing Bumiputera players in the domestic market and be able to provide remedial measures for improvements.

The suggested remedy for Bumiputera furniture entrepreneurs is also based on the assumption that they can be assisted to achieve success by overcoming the challenges identified in this review with the right support and guidance from the Government and the business community.

FACTORS INFLUENCING BUMIPUTERA PERFORMANCE IN THE DOMESTIC MARKET

Raw Material

Raw material is one of the most important components in a production chain. It is common knowledge in Malaysia that timber availability and its price fluctuations pose a huge challenge to furniture manufacturers. Rubberwood, being the major timber raw material used in furniture manufacturing in Malaysia, is often subjected to such situations. When timber supply cannot meet peak season demand, which traditionally is around 3rd and 4th quarter of the year, timber price increases, and this affects the export competitiveness of Malaysian furniture (Ong 2003). While the shortage may seem seasonal, Ratnasingam and Lim (2017) offered a different view of the situation, describing the nature of the problem as being more of a structural rather than seasonal phenomenon. Another reason for the shortage of rubberwood was due to the decrease in the rubber replanting area by Rubber Industry Smallholders Development Authority (RISDA) in Peninsular Malaysia. In 2017, the rubber replanting area decreased to 15,964 hectares as compared to 2016 of 21,200 hectares, resulting in a shortage of around 150,000 m³ of rubberwood sawntimber of the total 850,000 m³ required by the industry yearly (MPIC 2019). In addition, the shortage was also contributed by conversion of rubber cultivation area into oil palm and other crops.

The lack of control over their supply of raw material is the Achilles heel of Bumiputera manufacturers, which most often renders their products uncompetitive against non-Bumiputera products. A study by Osman *et al.* (2019) stated some of the reasons for the dismal performance of Bumiputera furniture SME as the limited capacity and technology management, low productivity and quality input, and limited access to finance. However, the study made no mention of raw material as one of the contributory factors to the problem. Ratnasingam *et al.* (2002) highlighted the lack of raw material supply as one of the external factors that caused difficulty to Bumiputera manufacturers, as almost all timber traders are non-Bumiputera. With constraint in cash-flow and production capacity, Bumiputera entrepreneurs faced difficulties in getting their raw material, as they have to pay in cash at a price that is usually different from what non-Bumiputera companies pay.

The situation regarding the supply of rubberwood to Bumiputera furniture manufacturers in Malaysia is somewhat paradoxical, given the fact that more than 80% of rubberwood smallholders are Malays. However, this is not surprising, as most of the timber traders of Rubberwood are Chinese who control the pricing of the rubberwood that goes to the manufacturers. It also supports the finding that, according to a study by Amir *et al.* (2023), Bumiputera supply chain management and knowledge are comparatively lacking. The study found that the three main players in the Bumiputera furniture supply chain—material suppliers, manufacturers, and distributors—do not work closely together, which made it challenging to maintain the same standards, specifications, and quality across the supply chain.

A few studies on Bumiputera furniture entrepreneurs and SMEs did allude to the problems of raw material shortage as factors limiting their performance in the industry, although there was no in-depth discussion on the situation and the dynamics surrounding the problem.

The Government, on its part, has instituted measures to ensure the sustainability of rubberwood supply to the local timber industry such as the implementation of the forest plantation program and the imposition of rubberwood export quota. These measures have yet to show any significant effect on Bumiputera raw material requirement. However, a program by MTIB called raw material support program for

Bumiputera woodworking industry implemented since 2016 did provide some relief for Bumiputera woodworking and furniture entrepreneurs, through which many Bumiputera entrepreneurs who qualified for the interest-free loan program have benefitted much.

Networking

The importance of networking with one's suppliers and customers is crucial for the sustainability of the business. This has been well demonstrated by Ng *et al.* (2012) in their study on spatial innovation perspective on the Muar furniture cluster. The study highlighted how the close partnership between manufacturers with their immediate business environment (suppliers, customers, retailers, and support industries) helps to contribute to the process of interactive learning, which benefits the manufacturers and helps them to achieve greater height in the export market. It demonstrates a mutually beneficial and symbiotic connection with a high degree of trust and loyalty between the large Muar furniture producers and the SMEs.

Unfortunately, the same could not be said for the Bumiputera furniture entrepreneurs. While networking among the furniture entrepreneurs and related industries does exist, the level and depth of interaction is not comparable to those that exist in the non-Bumiputera companies. The majority of these non-Bumiputera SME subcontractors are former employees of the large manufacturers, and they receive financial and business support from their former employers, according to an extensive study conducted by Ratnasingam and Wagner (2009) on 387 furniture manufacturers in the Muar furniture village. No such relationship exists in the Bumiputera furniture industry, whereas an efficient network of production chain work together to make an impact in the export market as exemplified by the Muar furniture village. Despite the Government's attempt to simulate such arrangement for Bumiputera furniture entrepreneurs through the setting up of Bumiputera Furniture Villages funded by a series of projects under the Malaysia Plan, the result has not been successful, mainly because of the failure of anchor companies to continue in the project due to a number of reasons. One example is Lang Furniture (Selangor) Sdn. Bhd., the anchor company for the Pahang Furniture Village in Kampung Sempadan, Temerloh, which after some years decided to withdraw from the project, citing problems such as difficulty in sourcing rubberwood raw material and marketing their products locally and overseas as well as management decision to focus their business more on property development instead of furniture. Without the anchor company, the vendor companies operating in the village found themselves without a leader to guide and provide support in marketing and management of their business. With no caretaker in sight, the vendors began operating on their own. With their limited capacity, they were only able to take on smaller jobs to sustain their living. This would later prove to be to the detriment of their operations. The fact that these furniture villages were created by government organisations and are therefore less economically orientated and lack a feeling of urgency could also be contributing factors to the project's failure. On the other hand, Muar is a distinct kind of business-driven cluster. It evolved naturally because of its own dynamics without much government intervention (Ng and Thiruchelvam 2011).

Ratnasingam *et al.* (2024) also revealed that one of the major challenges that impeded Bumiputera's furniture entrepreneurs' ability to gain access and capture market share is the lack of inter-ethnicity business collaboration. Lack of trust between the two ethnics in question, *i.e.* Malay and Chinese, is cited as one of the factors that contributes to this situation where unfamiliarity due to lack of business contact between them may have been the cause. Although some attempt towards collaboration were said

to have taken place in the past, disagreement for example on pricing and under-capacity to perform, had somewhat contributed to the failure in collaborating.

The Government through MTIB has also tried to bring about greater collaboration between established Chinese furniture companies and potential Bumiputera furniture entrepreneurs through a program called smart partnership in the furniture industry in 2019 (MTIB 2019). However, this program also did not meet the objectives set out to increase the number of Bumiputera entrepreneurs in the wood-working industry due to difficulties in implementation and the termination of the necessary funding under the Malaysia Plan project.

While networking among Bumiputera entrepreneurs themselves has long existed, this networking system is not as strong as those that have existed in the non-Bumiputera companies because the strength of the players and the reach of the network are not the same. Bumiputera entrepreneurs are mostly of equal standards or level of business operation that lack the guidance and support of an anchor or main-contractor, compared to those that have existed in the non-Bumiputera network. The anchor is a large enterprise whose role is to capture big overseas contracts to be supplied through the vendor companies or their suppliers. The existence of major exporters from Muar who are able to provide jobs to their vendors through their export activities is another reason why their vendors are able to flourish in the business. The unlimited export market provides them with the opportunity to explore bigger markets, which the limited domestic market is unable to provide.

The subject of networking in the furniture business is an important aspect in the development of the Bumiputera furniture industry. Through strong networking, one can get a lot of feedback on how to improve the design of one's products, data on consumer preferences, latest development in the industry and other issues that can help to improve one's products and business. New businesses can also be generated from networking. Despite this, an in-depth study on the nature and intricacies of networking in the Bumiputera furniture industry is still lacking.

Culture

Culture plays a very important role in molding a successful entrepreneur. A culture that supports the objectives of a strategy and operation can drive performance and stimulate innovation in an organization (Ratnasingam 2018). There is a close relationship between culture and attitude that will have influence on one's entrepreneurial skill. Ratnasingam *et al.* (2021) claim that the furniture industry had the most start-ups of any manufacturing sector between 1990 and 2005 because of the low entrance barrier that still exists in the sector and the wide-ranging cultural network among its participants. A number of studies on Bumiputera entrepreneurs have also shown that culture plays a significant part in their development as entrepreneurs.

It is public knowledge that Bumiputera entrepreneurs have largely failed to make the most of all the incentives and assistance given by the Government to empower them in the furniture industry. This is very much related to several elements in their culture that somehow prevented them from achieving total success in their business undertaking. In this era of globalization, which is full of uncertainties, the culture of looking at change as an opportunity rather than threat is a very important characteristic to produce a successful entrepreneur (Ratnasingam and Latib 2022). In this regard, one has to be open-minded in looking at the challenges as an opportunity to attain success.

A number of articles have been written about how a Bumiputera is commonly known as someone who is not a great risk-taker compared to a non-Bumiputera. This can be seen in their preference to have a salaried job, which is less risky compared to being an entrepreneur working on his own. It is this sort of mentality that can prevent

them from going far in their business. This mindset which is being carried over into their entrepreneurial world of business is manifested in their reluctance to take up huge loans from banks to expand their business for fear of not being able to pay. This aversion to risk-taking could even go to the extent of experimenting with unique design of furniture (Puteri Fadzlina *et al.* 2012).

The great risk-taking characteristic in non-Bumiputera (Chinese) businessmen is also responsible for their ability to expand their business worldwide, exploring the uncertain foreign market with confidence and hard work. As a result, they are able to expand their business and at the same time attract more vendors to supply them with parts and components. In contrast, Bumiputera entrepreneurs seem to be easily satisfied with a business that can give them a decent profit without thinking much about expanding to more markets, let alone creating a network of vendors for an expanding business.

The culture of relying on assisted-development programs is also prevalent in many Bumiputera entrepreneurs. Bumiputera furniture manufacturers are more interested in marketing their product through the ‘umbrella scheme’ or government contracts (Osman *et al.* 2018). Because the domestic market is less competitive and offers attractive, lucrative government contracts, they choose to operate there (Gomez *et al.* 2004). In a sense, the help and encouragement they received from numerous organisations, including the MTIB, the People’s Trust Council (MARA), and the SME Corp., has given them a “rent-seeking” mentality that has hindered their ability to compete and increased their reliance on political patronage, networking, and support in order to succeed (Gomez 2002; Gomez and Saravanamuttu 2013). Operating in an open, competitive marketplace that demands the requisite technical and managerial abilities, market knowledge, and entrepreneurial orientation is a prerequisite for developing successful entrepreneurs (Ratnasingam *et al.* 2021). This assertion is consistent with the study by Zainol and Wan Daud (2011) on government support and entrepreneurial orientation of Malay entrepreneurs in Malaysia, which revealed that the Chinese continue to dominate the nation’s entrepreneurial activity, and Malay entrepreneurship continues to lag behind them. One explanation put out for this could be that communities that receive government help or assistance have developed a “dependency” mentality that stifles initiative. A community that does not receive government-aided programs or help, such as the Chinese, is more likely to act proactively and cohesively, and they are also more likely to succeed in their entrepreneurial endeavours.

The propensity of Bumiputera entrepreneurs to work alone rather than in groups is another cultural characteristic that restricts their ability to produce (Ratnasingam 2018; Amir *et al.* 2023). Business expansion is frequently severely limited in the absence of collaborative networking (Amir *et al.* 2023). Perhaps, the lack of the culture called “Quanxi” found in the Chinese entrepreneurs in Muar furniture village may have been one of the reasons for this. Quanxi is a strong culture that enables the members to have close cooperation and to help each other in whatever situation including in the supply of timber, finance, fixture and fittings, wood machineries, logistics, and marketing of furniture (MTIB, 2007).

In contrast to the Chinese, who had a long history of entrepreneurship and who typically passed down family companies from father to son, the Bumiputera group did not have a heritage of entrepreneurship, as mentioned by Arif and Abubakar (2003). On the other hand, Bumiputera were accustomed to working for the government or for themselves as smallholders or farmers. This differing background however, is no excuse for one not to be successful in the business. The furniture industry in Malaysia

has a low entry barrier where many successful entrepreneurs have emerged from a humble beginning with hard work and perseverance.

It is worth noting that the example given about culture above is only on cultural values that tend to hinder progress in business based on the observation made in past studies. It is used to show its effect in so far as business is concerned. This however, does not deny the fact that other values are also important if not more important in order to be successful in life.

Product

The types of furniture products produced by Bumiputera entrepreneurs are also influenced by the market under which they operate in. For example, Bumiputera furniture entrepreneurs flourished in the 1990s during the period of the implementation of the umbrella concept under Guthrie Furniture Sdn. Bhd. (GFSB). During this period, Bumiputera furniture companies enjoyed most of the lucrative contracts handed out by the Ministry of Education (MOE) to supply school furniture all over the states. These contracts were managed by GFSB, who distributed them to the Bumiputera vendor companies under the program where school furniture made of rubberwood were mass-produced by these companies to fulfill the MOE contracts. The objectives of the umbrella concept is to nurture new Bumiputera furniture entrepreneurs to establish themselves in the local market before venturing into the export market later. GFSB's function is to provide assistance in financing, market, and management to the vendor companies. The convenient way to start them has been to produce school furniture according to the given specifications. As a result, many Bumiputera furniture companies were able to participate and benefit from this program.

The nature of contracts obtained by the Bumiputera companies during this period has also led them to produce mainly panel-based furniture products (MTIB, 2018). As a result, most of Bumiputera furniture companies produce furniture such as Kitchen cabinets, sofa and school furniture where panel products such as plywood, particleboard and MDF are the main raw material used besides rubberwood (Ratnasingam *et al.* 2024).

Over time, however, originality and innovation have suffered as a result of an over-reliance on contract manufacturing and mass production. This is evident when Bumiputera who were involved in the vendor program found difficulties in expanding into the export market, one reason of which was the inability to innovate in the design of their furniture in the fast-changing fashion industry of furniture. To address this issue, Osman *et al.* (2016) suggested that a revamp on past models from producing or manufacturing buyer-specified products to creating, designing and marketing own products may be required.

Technology

Bumiputera furniture entrepreneurs have largely been using simple technology in their production processes. Tuan Hassan *et al.* (2014) found that a majority of small Bumiputera furniture manufacturers in Kelantan used limited and old technology with creative modification to their machineries. It was only after the introduction of the machinery support program by MTIB in 2017 that more sophisticated machineries such as Automatic Edge Bander, Panel Saw Optimizer, CNC 5 Axis, CNC Boring and Beam Saw started to be used by more Bumiputera entrepreneurs in their production processes.

While these machineries did much to speed up the production processes and increase output, there must be enough jobs for the machines to work on in order to reap the real benefit of its sophistication. This means that there must be more order books to be fulfilled that will translate into more sales and income. When there are no sales, the

machines will be lying idle in the workshop gathering dust. An MTIB report on the performance of the recipient of the machines in 2017 found that the level of usage of the machines among the entrepreneurs was only about 15% of its capacity, which suggested that there were not many jobs for the machines.

Given the underutilization of the machines, perhaps there could be a better way to maximize the use of all the machines so that the benefit could be extended to other Bumiputera companies who did not qualify for the machines. In this regard, the Government can think of ways to do it. One possible option is the sharing of machines, with certain conditions to be worked out among the users. It would be too high an expectation to expect the mainly small entrepreneurs to acquire the high-tech machinery on their own, given the high investment cost, lack of skilled workers, and low workers' wages prevalent among the entrepreneurs.

While technology is important in ensuring efficiency in production, one also needs to take cognizance of the views expressed by Ratnasingam (2004), who sees the value of furniture based on perception to better understand the need for technology in furniture production. He contends that since furniture is sold on the basis of perceived value rather than actual value, creating value-added furniture involves more than just employing top-notch machinery and cutting-edge technologies; rather, it involves creatively and innovatively expressing a way of life. Similar opinions were expressed by Ettema (1981), who saw furniture as a crucial instrument for self-presentation and as such, sensitive to its exhibition. Additionally, he claims that technology has led to a decline in fashion. Despite enabling increased production, machines have not been able to produce variations in design because they cannot replicate expensive patterns at low cost.

Perhaps in any Government assistance program, a more holistic assessment of the requirement by the individual entrepreneur is needed. Aspects such as their scale of operation, human resource capability, and overall business plan needs to be given detailed scrutiny before handing out a machine that is far too sophisticated for their operation. In some of the cases reported by MTIB, the use of the machines was stalled because the person who was handling it left for another company who offered a better salary. Pinching of workers is not uncommon in the industry where skilled workers are in great demand to operate the high-tech machines. This phenomenon of Bumiputera workers moving to other Bumiputera companies is common in the Bumiputera business community which gives rise to the perception that Bumiputera woodworkers tend to group together in their employment habits. However, this may change over time with the development that is going on in the business world as could be seen in some of the big firms, which employ workers from many nationalities and ethnic groups. There is also no law to stop one from seeking better opportunities and income elsewhere.

Markets for Bumiputera Entrepreneurs

The domestic market for Bumiputera furniture entrepreneurs can be divided into Government contract market, open market, and niche market. The Furniture Entrepreneur Program was started by the Government in 1983 under the management of Syarikat Kayu Sedia Sdn.Bhd., a subsidiary of MARA with 30 entrepreneurs who had a small factory or workshop using basic machinery for government contract market (PETRA 2019). In the early 90s, the umbrella concept program was introduced under the stewardship of Guthrie Malaysia Trading Corporation (GMTC), which was later known as GFSB. This program was then called GFSB Integrated Marketing Program. In the early stages, the Program was placed under the supervision of the Ministry of International Trade and Industry (MITI) and later under the Ministry of Entrepreneur Development (KPU). Under this program, 142 entrepreneurs were developed, and a

supply contract order worth more than RM350 million was supplied by the entrepreneurs. This Program was terminated in 2003 and replaced by the Central Contract Panel System in 2004. The number of entrepreneurs was also reduced from 142 to only 58 active entrepreneurs that were given MOE contracts in 2018. A total of 90 people comprised of new and old entrepreneurs was appointed in 2018 under a new system called Centralized Panel Contract under the Ministry of Finance. As can be seen, gaining a government contract has been the main marketing channel for many Bumiputera furniture entrepreneurs from the beginning of their involvement until today. According to Ratnasingam (2018), the size of government contract offered yearly was around RM500 million.

The government contract market is coveted by Bumiputera entrepreneurs, as it is a captive and a guaranteed market for them. This partly explains their reluctance to be graduated out of the umbrella concept in the 90s and the current Centralized Panel Contract. Despite the attractiveness of the Government contract market to Bumiputera entrepreneurs, only 30% of the RM500 million worth of annual government contract market is actually done by Bumiputera (Ratnasingam 2018). It is therefore not surprising that their dominance of the domestic market is still far behind the non-Bumiputera entrepreneurs. The study by Ratnasingam and McNulty (2016) highlighted that Bumiputera only controlled 5% of the domestic market worth RM8.5 billion in 2016. This shows that there is still plenty of room for Bumiputera companies to tap into the domestic market besides the government contract market.

In order to assist the local furniture industry to produce quality product consistently, the Forest Research Institute of Malaysia (FRIM) introduced the Product Certification Services (PCS) in 2013. With proper implementation of this system, it can assist the Bumiputera in enhancing the quality of their products to meet the challenges of competition in the market.

There is a lot of exhortation by the Government and other relevant bodies such as MITI and PUSAKA for Bumiputera companies to venture into the open market instead of just relying on government contracts (Puteri Fadzline *et al.* 2012). There are certainly more challenges to be found when one ventures into the open market, and this requires a lot of hard work in terms of finding the right balance in all aspects of production and business. One important aspect is the need to upgrade their marketing skills and be more market-oriented where they need to quickly adapt to the ever-changing customer demand (Bawon 1999).

Even in the domestic market, Bumiputera entrepreneurs are concentrating on specific target markets, typically geography or village based, according to a study by Ratnasingam *et al.* (2024). Only a small percentage of them supply to retail stores in larger townships or urban regions.

While the challenges to compete in an individual capacity against a dominant merchant class, *i.e.*, Chinese companies that has much more access to capital, in addition to family traditions of saving and running dominant businesses can be overwhelming, Bumiputera as a group can be galvanized to be a strong player in the market with the necessary government assistance as proven during the Guthrie Furniture era. Some of the qualities and traits inherent in non-Bumiputera business people which made them good in business can also be learned and acquired by Bumiputera entrepreneurs.

The predominantly micro-businesses nature of Bumiputera furniture entrepreneurs should not deter them from operating a viable business as suppliers to big furniture exporting companies. These companies need such suppliers to supply them with parts and components in order to meet the huge demand of the international market.

E-commerce

The popularity of e-commerce of late has also been a boon for Bumiputera entrepreneurs, as it has enabled them to market their products more easily and less expensively than the usual mode of marketing where big expenses are incurred on advertising and promotional activities. With the use of the Internet, a wider reach of the market is made possible, although Ratnasingam *et al.* (2015) contended that purchasing furniture frequently necessitates seeing and handling the actual item. According to a study by Ratnasingam *et al.* (2020) to determine how the furniture industry was handling the pandemic, the increase in e-commerce use was actively promoted during the COVID-19 pandemic. Although the net effect shown by that study appears to be negligible, the use of E-commerce and social media in the industry started to gain prominence, including in the Bumiputera furniture industry. This is affirmed by the same study, which stated that following the global coronavirus outbreak in 2019, it became increasingly clear that furniture makers were using digital marketing as their only marketing outlet.

There are many benefits to be gained by adopting E-commerce and digital marketing, as it also gives businesses key data and insights into consumer habits and needs besides providing a platform for marketing of furniture products. There is no question on the need for Bumiputera furniture entrepreneurs to embrace E-commerce and digital marketing to boost their business as today's customers are more inclined to shop online. Young entrepreneurs are also using social media such as TikTok and Facebook for their business.

Government Assistance and Incentives

In order to address the challenges faced by Bumiputera entrepreneurs in the Malaysian wood-based industry, particularly in the furniture sector, and to increase their equity in the sector, the government had implemented numerous measures, *i.e.*, fiscal, financial and infrastructure, all of which aimed at improving the business performance of Bumiputera entrepreneurs. The numerous assistance and support programs accorded by the Government to assist Bumiputera furniture entrepreneurs were implemented as early as the fifth Malaysia Plan. MTIB, the organization responsible for the development of various sectors of the timber industry, has a special Division on Bumiputera for this purpose. The Division, which is now called the Bumiputera Economic Empowerment Division, provides assistance to Bumiputera entrepreneurs in the timber industry in the form of raw material and machinery support, skills training, market promotion, business networking, and also infrastructure facility to encourage more participation and increased sales of Bumiputera companies. The Division also manages furniture promotion centres namely Nusa Bestari in Johor and Alamesra in Sabah to promote sales of Bumiputera furniture in the domestic market.

The programs offered by MTIB have benefited Bumiputera tremendously in improving their operation and sales. One such program is the Raw Material Endorsement Loan Program to wholly owned Bumiputera companies, which can provide proof that they have secured a contract to supply furniture and are able to apply for the loan to procure raw materials. The applicant will be given full funding for the purchase of raw materials costing between RM5,000 and RM20,000 for an enterprise, while for private companies, the amount is between RM20,000 and RM1 million. The revolving fund comes with an initial loan allocation of 16 million. This financing program is widely utilized, and many Bumiputera entrepreneurs have indicated that they have benefitted significantly from the program as the loan application procedures are less cumbersome and stringent when compared to the loan processing by financial institutions. The interest rate free loan has been an attractive feature. It has enabled

many Bumiputera companies to realize contracts worth millions of ringgits since its implementation.

Another notable program from MTIB is the Production Capacity Uplifting Program, whereby MTIB will purchase and lend machines such as auto edge bander, sliding table saw, panel saw optimizer, laser cutter, CNC Boring and CNC 5 and 3 Axis to the small and medium-sized Bumiputera entrepreneurs. The allocation is provided under the 10th and 11th Malaysia Plan totaling RM37.95million (MTIB, 2018). This program has enabled Bumiputera companies to improve their production efficiency with the use of the high-tech machinery.

Prior to the current MTIB programs, the Government through its agencies had initiated various programs, for example the establishment of furniture villages for Bumiputera entrepreneurs in Ulu Yam, Selangor; Kampung Sempadan, Temerloh, Pahang; Lahat, Perak; Setiu, Terengganu; and Kota Kinabalu Industrial Park (KKIP), Sabah. These furniture villages are a part of the government's initiative to concentrate furniture producers in one place with basic amenities including roads, water, electricity, a kiln drying and preservation plant, raw material storage, and transportation, among other things (Ng and Thiruchelvam 2011). Despite the big sum of money invested for this project, the result has not been a success. While there may be many reasons for its failure to meet the objective of establishing successful Bumiputera furniture vendors, it does appear that one particular key reason is the failure to find a strong anchor company to drive the project.

The Wood Industry Skills Development Centre (WISDEC), which was established by MTIB has played a crucial role in narrowing the participation gap between Bumiputera and non-Bumiputera in timber industry. It serves as a training centre to nurture Bumiputera skilled workers and to transfer technologies to meet the demand of timber industry, especially to prepare them for the adoption of more sophisticated technologies in relation to the development of Industry Revolution 4.0. Besides WISDEC, other training centres for Bumiputera such as Furniture Industry Technology Centre (FITEC) and MARA have also played an important role in the training of Bumiputera in the furniture industry.

All these trainings are good for producing skilled workers for the timber and furniture industry. However, without a proper tracking system on those who have been given training at these institutions, it is difficult to see where these trainees might end up in their career. For all we know, there could be many who end up working in other industries. This is not surprising, as according to the Ratnasingam *et al.* (2021), there is a declining interest in recent graduates in pursuing a degree in Wood Science Technology (WST), as it is deemed that the mostly family-run wood products companies offer few prospects for professional advancement, relatively low pay, little use of technology, unfavourable working conditions, "greener pastures" in other industries, and few chances for entrepreneurship in an established sector. In this regard, a proper system of recognition for those who have successfully undergone training at those institutions may perhaps be useful to retain them in the industry. When their special qualifications and skills are recognized, then perhaps they would be able to earn higher wages.

The Government is also investing heavily in promotional programs for Bumiputera by organizing local furniture fairs such as the MTIB-organized Wood and Lifestyle Fair for Bumiputera companies besides sponsoring Bumiputera companies in other international fairs including the Malaysian International Furniture Fair (MIFF) and Export Furniture Exhibition (EFE). Through these fairs and exhibitions, Bumiputera companies are able to find a good marketing channel to sell their products. They are also able to collect information and feedback on their products from buyers

who attended the fairs from which further improvement on their products could be made. A nominal participation fee is charged for participating in Bumiputera companies for these events. The Government has been able to obtain a good return on investment as most Bumiputera companies who participated have been able to make good sales at these fairs.

While the government incentives and support is likely to continue in the future, it is worth noting that it has its limits. Ultimately, it is necessary for Bumiputera furniture entrepreneurs to grow their businesses to the level where they can be independent of any government support. This has been the objectives of any Government assistance programs that at certain point in future the entrepreneurs are expected to be able to strike out on their own.

As shown by the many assistance programs and support given to Bumiputera furniture entrepreneurs by the Government, it can be said that in the context of Malaysia, while access to capital is important, it may not be as crucial as the other factors mentioned in this review especially with the many available funds provided by agencies such as SME Corp, MARA, MTIB, *etc.*

CONCLUSIONS

This review highlights the challenges faced by Bumiputera entrepreneurs in their effort to compete in the domestic furniture market in Malaysia. While the factors influencing their competitiveness are most commonly found in the Bumiputera business community, it is by no means exhaustive given the narrow focus of this review.

The review on the factors influencing the competitiveness of Bumiputera furniture entrepreneurs in the domestic market highlights the problem of sourcing raw material at a competitive price which remains unresolved, as Bumiputera entrepreneurs lack control of the supply. In this regard, the Government has implemented a number of measures to assist Bumiputera in overcoming their problems.

Bumiputera furniture entrepreneurs also lack the necessary networking to flourish in business, as they are hampered by several factors including cultural factors and lack of trust of their non-Bumiputera counterpart. Culturally, they are generally not great risk-takers and rely much on the security of government contract market to sell their products instead of venturing into the open market. Historically, they are also new to the concept of entrepreneurship as compared to the Chinese.

The type of furniture products that they produce are closely linked to the products they produced under the programs initiated by the Government in the early years of their development that started their journey as furniture entrepreneurs. Therefore, most of the furniture produced are school furniture, kitchens furniture, and sofa sets. These products are mostly manufactured in mass production style that have several drawbacks such as lacking the necessary creativity and innovation that are needed in the current competitive environment of the market.

Bumiputera furniture entrepreneurs have also used high-tech machines supplied by the Government to improve their production efficiency. However, a more intensified use of the machinery that can only come with more orders, which is needed in order to benefit fully from the assistance extended by the Government. To overcome the shortcoming in the use of the machines, a more innovative arrangement for the use of the machines may be needed especially during lean times where orders are hard to come by.

In terms of the markets for Bumiputera entrepreneurs, the government contract market is still the preferred choice due to the guarantee it provides and its less stringent

requirement. Over-dependence on the government contract market will not be sustainable in the long run as the market is limited with more entrepreneurs vying for it. The way forward is to venture into the open market which is unlimited but requires a lot of hard work to succeed. The emergence and popularity of e-commerce has also provided Bumiputera entrepreneurs with the means to explore more markets and increase sales.

Lastly, the Government has indeed done a lot to assist and support Bumiputera furniture entrepreneurs to succeed in the market. The assistance and support programs have come in the form of infrastructure development, raw material and machinery support programs, training, marketing, and promotion. While some of these programs have succeeded in helping some Bumiputera to develop and progress in the market, many are still held back in their progress, as evidenced by the statistics of their control of the domestic market.

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