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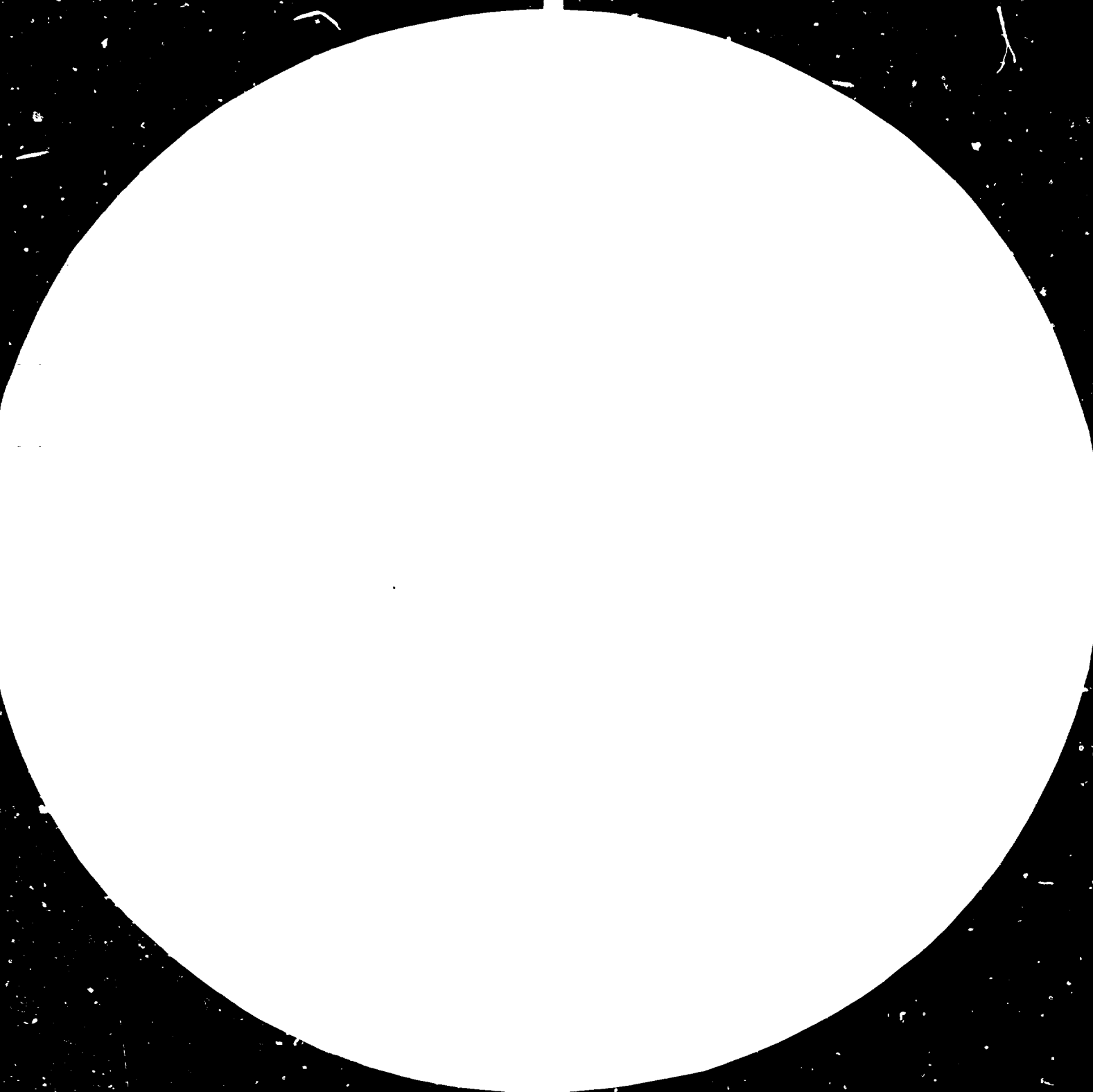
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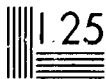
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PROFILE ON THE WOODEN FURNITURE INDUSTRY
IN PENINSULAR MALAYSIA *

by

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INTRODUCTION

Malaysia is one of the leading exporters of tropical hard wood. Although this precious asset is depleting at a terrifying rate due to land schemes and agricultural usages. Unfortunately, not much has been done to exploit its economic value to its fullest extent in terms of added value. Furniture is one of the items of which the timber industry should look for.

According to unofficial record there are about 1,000 furniture manufacturing establishments in the Peninsular Malaysia, about 1/3 are in the State of Selangor and the Federal Territory. The Furniture Industry of Malaysia comprises of more than 80% are in the small-scale group whose paid-up capital are less than M\$250,000.00 or employ less than 25 employees. The medium-size factories whose paid-up capital are more than M\$250,000.00 and less than M\$1,000,000.00 and the numbers of employees are between 25-100. And those who employ more than 100 employees and the paid-up capital are more than M\$1,000,000.00 are classified as big factories. In recent years there had been an increase in the numbers of new big factories manufacturing items mainly for exports. At the same time some medium-size factories also expanded into big factories.

PRODUCTION AND PLANT CHARACTERISTICS

It has been observed that in the furniture industry, those big and medium size factories to some degree of product specialization and some medium and most of the small factories are primary engaged in made-to-order production line. The problems of too many designs and measurements are critical constraints to production management.

Besides land, building and kiln drying plants, capital investments in furniture manufacturing falls largely on wood-working machineries. It is unfortunate to note that most of the costly machines purchased are under-utilized in most of the small and medium size plants. The reasons given being of low production run, large product assortment and inadequate mill space amongst others. Even in some of the large size factories the level of machinization can remain low so long as series production technique is not practised.

Production efficiency of a manufacturing plant does not only depend on machines, labour and raw materials availability, but also on plant lay-out. Proper plant layout is one of the keys to high production efficiency. This refers to the generalization of product line, machines location equipments and working places, as well as the planning of internal transport system and of the factory building itself. It was found that the following factors greatly affect plant lay-out of the furniture mills:

1. Product assortment is usually large
2. Lack of standardization in product measurements
3. Production runs tend to be small
4. The life of most design is short, and
5. Many mills do not sited in the proper area.

Most of the small manufacturers are located in the new villages, or kampongs or at the periphery of urban areas. It is common to see that many use their residential houses as workshops. Thus, proper plant lay-out of such mills are out of question. Very often machines are placed where there is space, with little consideration for product flow or machine capacities. This causes under-utilization of certain machines and haphazard internal traffic which often results in low rate of production. To make things worse they often manufacture several items or products at the same time, leaving no rooms for systematic production lines.

As for the medium-sized mills, some of the problem peculiar to small furniture manufacturers still hold true, except that they have a higher production level. Product assortment tends to decrease as the mill become larger. Production arrangement tends to develop away from the stationary working place system commonly found in small mills to arrangement according to manufacturing methods and series production line system according to successive work stages.

In contrast to the two plant layouts, the large-sized furniture mills have adequate space as well as additional space for expansion. Machines are arranged in such a way to facilitate high rate mass production of limited models of items. Production process is very specialised and production runs are large so as minimising machine idle times. Successive work stages production arrangement allows quality checking at each stage of the line, thus, resulting in consistent product quality.

PROBLEMS

Based on the information made available, the major problems facing the Furniture Industry of Malaysia can be classified into the following:

1. Factory space
2. Production capacity and technique
3. Production quality and promotion
4. Skilled personnel
5. Finance

Factory space

Majority of the Furniture Industry are under in small-sized factories since most of them are located in the new villages where the residential areas or illegal occupying on state land. Hence they are not sited in the proper area to operate their business. Therefore limitation of land and space, amongst other factors, can seriously deter development. As for the Industry to break away from traditional small scale production towards mass production is difficult. Since many small sized factories lack space for expansion, also shortage of facilities like electricity powers and the service of telephone communications.

Production capacity and technique

Some medium-sized furniture manufacturers have been trying to penetrate the overseas market, particularly Japan, EEC and U.S.A. However, it is sad to observe there are cases whereby oversea orders are not met in time. The quality demanded are generally too high or the designs are too sophisticated for local manufacturers. The production capacities for most of the small and medium sized manufacturers are not adequate for series production set up. The problem, however, is more of a management rather than technical as the machineries of most of the mills are up-to-date and it is common most of these machineries are under-utilized. Unsystematic production schedule may be one of the major causes. Similarly, control on production cost is difficult.

Production quality and promotion

The level of technology by the majority of the local furniture manufacturers is still much short of standard for export market. Firstly, there is lack of know-how, not so much on wood machining, but of finishing. Secondly, due to lack of qualified designers in the industry, manufacturers then turn to copying of one another designs or the popular designs from overseas. This results in manufacturing of furniture of similar basic designs, except for finishing quality, culminating to an unhealthy competition.

As regard to promotion, plenty could be done. Hardly we find our manufacturers advertise their products in the local papers or oversea-publications. We rarely find our local manufacturers to make use of the facilities available by the Ministry of Trade and Industries, such as the Malaysia Export Trade Exhibition Centre and the many Trade Commission offices overseas.

Skilled personnel

Majority of the small and medium-sized manufacturers, the management personnel are mostly educated with primary and secondary education level, therefore adaptation to changes on new ideas and modern methods of management is slow. As for the technicians and cabinet-makers they may go for some forms of apprenticeship in workshop or factory. Seldom do they go for higher technical training.

Finance

As majority of the Furniture Industry are under the small-scale group, because of their smallness, it is difficult for them to obtain loan from banks and financial institutions.

Recommendations

In order to accelerate the development of the industry, the following are needed:

1. Furniture Complexes
2. Furniture Industry Board
3. Technical and management know-how

Furniture Complexes

Since the furniture industry is mostly located in new villages and close to cities and towns, it would be more favourable if the industry would be in the contiguous areas where the manufacturers will enjoy and share the common facilities, such as the kiln driers, sawmill and plywood plants and the availability of ample power supply. In addition, they feel secure as their establishment are located in the proper areas and they will be able to concentrate to expand to production of high quality and specializes furniture both for local and export market.

Furniture Industry Board

The furniture industry has contributed much towards the development and expansion of the manufacturing sector of the timber industry. Hence the establishment of a Furniture Industry Board will assist and encourage the growth of the industry. The functions of the Board are the provision of loans for modernization of facilities, establishment of industrial sites for the industry, also to map out a strategy to phase out those primary operation that is affected by the growth of the industry.

Technical and management know-how

The furniture industry of Malaysia lacking far behind that of Japan, Korea, Philippines and Singapore in terms of mass production technique, export quality, production cost and economic production. To accelerate the growth of the industry, more management and technical personnel should be sent overseas for further training. For these, the UNIDO can play a significant role.

Conclusion

The Malaysian Government has recognized the potential scope for wooden furniture industry in this country. The Government emphasis, nowadays, is towards manufacturing/processing value-added products, especially the resource-based industries, and we strongly believe that the furniture industry is one of them that should be encouraged.

