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## **Labor Absorption Dynamics in the Furniture Industry: Development Furniture Business and Employment Opportunities**

**Victor F. F. D. Pasalbessy<sup>1\*</sup>, Jemy Ricardo Parera<sup>2</sup>**

STIE Port Numbay Jayapura, Indonesia<sup>1</sup>

STIE Port Numbay Jayapura, Indonesia<sup>2</sup>

Corresponding Email: [pasalbessyvictor212325@gmail.com](mailto:pasalbessyvictor212325@gmail.com)\*

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### **Abstract**

The furniture industry is one of the small- and medium-sized industrial sectors with significant potential to create employment, especially in urban areas with limited formal employment. In Jayapura City, the development of the furniture business has played a significant role in absorbing local labor, but this dynamic has unfolded amid instability due to fluctuations in market demand, limited capital, raw materials, and production technology. This study aims to analyze the dynamics of labor absorption in the furniture industry in Jayapura City, identify the factors influencing it, examine the strategies employed by business actors to increase employment opportunities, and understand the relationship between the development of the furniture business and employment opportunities for the local community. This study uses a qualitative approach with a *multiple-case study* design. Data were collected through semi-structured, in-depth interviews, field observations, and supporting documents from purposively selected furniture business actors, workers, and related informants. Data were analyzed using *reflexive thematic analysis* through the stages of coding, theme development, and meaning interpretation. The results show that labor absorption in the furniture industry in Jayapura City fluctuates, is not linearly related to business growth, and is strongly influenced by order-based production patterns. Local labor is an important potential, but it still faces obstacles related to skills, discipline, and job sustainability. Amidst limited resources, business actors developed adaptive strategies through core teams, additional project-based workers, informal training, product diversification, and leveraging customers' social networks. These findings confirm that labor absorption in the furniture industry needs to be understood as a contextual socio-economic process, and that strengthening this sector requires support for working capital, access to raw materials, skills development, and the strengthening of the local small-business ecosystem. This study contributes to the literature on informal labor economics and small business development by offering a contextual understanding of employment dynamics in peripheral urban areas, while providing practical implications for local government policies aimed at promoting inclusive economic growth through the empowerment of small and medium-sized enterprises.

**Keywords:** furniture industry; employment; small and medium enterprises; local workforce; Jayapura City

## **Introduction**

Small and medium-sized industries are often the first place where the local economy survives when the formal sectors are slow to respond. In many developing cities, including those in eastern Indonesia, skill-based industries such as furniture manufacturing not only produce goods but also shape working relationships, build supply networks, and create livelihood opportunities for households with limited access to formal employment. In this landscape, the furniture industry should be viewed not merely as a unit of wood and furniture production but as a socio-economic arena that brings together manual skills, entrepreneurial creativity, demand fluctuations, and the urgent need for real jobs. The relevance of this issue is further strengthened by the fact that SMEs remain the backbone of Indonesia's economy, both in terms of the number of business units and their contribution to national employment (Kurniasari et al., 2023)

In this context, the city of Jayapura presents an important field of study. As the center of urban economic activity in Papua, this city is experiencing growth in demand for housing, services, and household consumption (Wambrauw, 2015), which, in turn, creates opportunities for the furniture business to grow. However, this development did not take place in a sterile environment. Furniture business actors operate under multiple pressures: limited working capital, unstable access to raw materials, relatively simple production technology, and market demand that can change rapidly with the season, projects, and people's purchasing power. As a result, labor absorption in the furniture industry is never static. It fluctuates according to order volumes, production capacity, business owners' survival strategies, and workers' ability to adapt to market needs. It is precisely at this point that the research question becomes crucial: how does the dynamics of labor absorption actually unfold at the business level, and why are some businesses able to maintain or even increase their workforce, while others tend to hold back on labor expansion?

Recent literature shows that MSMEs and small-scale manufacturing industries continue to play a central role in job creation, but the factors that explain their labor absorption capacity are increasingly complex. In Indonesia, MSMEs' readiness for digital transformation varies widely and is heavily influenced by leadership, resource capacity, and organizational adaptability (Anatan & Nur, 2023). At the same time, the spatial patterns of MSMEs in Indonesian cities are influenced by infrastructure, connectivity, and work accessibility, meaning that the employment opportunities created by small businesses are inseparable from the regional context in which the businesses grow (Widita et al., 2024). From a strategic perspective, market-based dynamic capabilities have also been shown to support the performance of MSMEs in Indonesia, especially when entrepreneurs must read changes in consumer preferences and respond quickly to market pressures (Tarihoran et al., 2023). These findings show that labor issues in small businesses can no longer be understood solely in terms

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of capital or output size, but also in terms of adaptability, regional positioning, and business strategy.

However, when the search is more specifically directed toward labor absorption, most recent studies still rely on quantitative approaches. The article, for example, analyzes labor absorption in Indonesia at the provincial level using an ARDL panel model and emphasizes the influence of household spending, working capital credit, and MSME growth. Meanwhile, Suminah et al. (2022) examine the factors that affect the income of MSME actors during the pandemic era, highlighting technology, business type, capital, and empowerment. These two studies are very useful for reading macro patterns and inter-variable relationships, but methodologically, they still place labor dynamics as something measured from a distance—through regional aggregates, statistical indicators, or business category differences. As a result, the concrete experiences of business actors in recruiting, retaining, reducing, or adding labor have not been adequately described. In other words, we know *what* is associated with labor absorption, but we do not yet fully understand *how* the process is carried out, negotiated, and maintained in the daily life of a business. (Silvia et al., 2025) (Suminah et al., 2022) .

This gap becomes even more apparent when attention is directed to the furniture industry. Recent furniture studies focus more on competitiveness, technological transformation, and production efficiency. (shows that the furniture industry faces serious challenges in adopting Industry 4.0, particularly regarding employee readiness, investment, and managerial change.) In another study (Červený et al., 2022b) emphasizes that innovative technologies can improve operational efficiency, but their implementation is greatly influenced by company size and internal capacity. They even found that adopting Industry 4.0 technologies in MSME manufacturing can increase labor productivity by around 7%, although the effect is heterogeneous and declines over time. In a more recent study, Pei et al. (2024) show that the furniture industry is also being driven towards circular design and sustainability, which requires changes in design, processes, and production organization. All of these developments enrich our understanding of the transformation of the furniture industry, but the focus is mainly on productivity, technology, and sustainability; not on the social dynamics of labor absorption at the small business level, especially in Eastern Indonesia, where the infrastructure, supply chains, and local markets are clearly different from more established industrial areas.

From here, *state-of-the-art* research can be summarized as follows: recent literature has shown that the performance of MSMEs and small industries is greatly influenced by technological readiness, innovation capabilities, market access, and regional context; it has also shown that macro- and meso-economic variables are related to labor absorption. However, what remains largely unexplored is a deep understanding of how employment is shaped in everyday business practices—through business owner decisions, production patterns, order uncertainty, local worker capabilities, and strategies for survival amid constraints. In a review of relevant literature from 2022 to 2025 on Indonesian MSMEs, small manufacturing, and the furniture industry, studies that specifically examine the furniture industry in Papua or Jayapura City using a qualitative approach are not prominent; most studies are at the national/provincial level, cover sectors other than furniture, or are conducted in contexts outside Indonesia.

Therefore, this research occupies an important position in filling this empirical and methodological gap.

Conceptually, a qualitative approach is relevant because the issue of labor absorption in the furniture industry is not solely related to the number of registered workers but also to the meaning of work, the relationship between owners and workers, how businesses manage skills, and decisions often made under limited conditions. Studies on MSMEs show that strategy, knowledge absorption capabilities, and open innovation play a role in supporting the performance of small businesses (Carrasco-Carvajal et al., 2023). However, in the context of the furniture industry in Jayapura City, these strategies need to be interpreted in their most concrete form: how business owners adjust the number of workers when demand declines; how they retain local workers when raw materials are difficult to obtain; how work skills are developed informally; and how employment opportunities for the local community are created or reduced due to production cost pressures. This is where the qualitative approach provides added value that cannot be easily replaced by aggregate models: it enables research to capture actors' processes, considerations, experiences, and rationalities more fully.

**Table 1.** summarizes the position of this research among the current literature.

<b>Author</b>	<b>Focus of Study</b>	<b>Approach</b>	<b>Limitations for this study</b>
(Suminah et al., 2022)	MSME income factors during the pandemic	Quantitative	Did not examine the process of labor absorption at the furniture business level
(Anatan & Nur, 2023)	Readiness for digital transformation of Indonesian MSMEs	Quantitative/survey	Focuses on digital readiness, not daily work dynamics
(Tarihoran et al., 2023)	The dynamic capabilities of Indonesian MSMEs	Quantitative	Explains performance, not recruitment and workforce retention experiences
(Widita et al., 2024)	Spatial patterns and drivers of MSMEs in Indonesian cities	Quantitative-spatial	City/regional scale does not yet cover micro business practices in depth
(Červený et al., 2022a) (Červený et al., 2022b)	Technological transformation of the furniture industry	Case studies/mixed	Focusing on Industry 4.0, the Central European context, not Papua
(Bettiol et al., 2024)	The impact of Industry 4.0 on the productivity of manufacturing MSMEs	Quantitative	Explaining productivity, not employment dynamics, in local furniture businesses
(Silvia et al., 2025)	Indonesian labor absorption at the provincial level	Quantitative panel	Aggregate in nature, it does not capture the experiences and strategies of business actors.

Based on this description, this study departs from the argument that the dynamics of labor absorption in the furniture industry in Jayapura City cannot be adequately understood only through aggregate figures or relationships between economic variables. What is needed is a closer reading of business practices, owners' decisions, workers' experiences, and the local context that shapes employment opportunities. Therefore, this study aims to analyze the dynamics of labor absorption in the furniture industry in Jayapura City, identify factors that influence labor absorption in the furniture industry, examine the strategies of furniture business actors in increasing employment opportunities, and understand the relationship between the

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development of the furniture business and employment opportunities for the local community. Thus, this study is expected not only to expand the academic knowledge base on labor in small industries in peripheral regions, but also to contribute to a more humanistic and contextual empirical foundation for the formulation of business development and job creation policies in Papua.

### **Literature Review**

In studies of small and medium-sized enterprises (SMEs), employment is commonly understood as the ability of business units to create, maintain, or expand job opportunities through ongoing production activities. However, this definition becomes too narrow when limited to the number of registered workers. In reality, especially in small skill-based businesses, employment also includes adaptive day-to-day decisions: when to hire more workers, when to extend working hours, when to involve family members, when to retain long-term workers despite declining orders, and when to stop recruitment because the business risk is considered too high. Therefore, labor absorption in the context of small industries is more accurately understood as a dynamic socio-economic process, not merely a statistical output. The findings reinforce this view by showing that working conditions, managerial pressure, and welfare in small companies change as the business grows, so that organizational decisions—including those related to labor management—are never truly static. This perspective is important for research on the furniture industry in Jayapura City because labor mobility in this sector is likely to follow fluctuations in orders, production capacity, and business resilience.

The relevance of this issue becomes even clearer when linked to the position of micro and small businesses in the Indonesian economy. The qualitative study " confirms that micro-enterprises are not only a source of household income, but also contribute to employment and local economic development. Interestingly, the study shows that the sustainability of micro-enterprises is supported not only by formal support but also by trust-based social networks, flexible informal financing, and local cultural values. For studies on labor absorption, these findings are particularly important because they show that businesses' capacity to create jobs is determined not only by formal economic variables such as capital and turnover but also by social resources often overlooked in quantitative measures. In the context of Jayapura, where social relations, trust, and survival strategies likely play a major role in recruiting local labor, this framework is particularly relevant.

Turning to the sectoral context, recent literature on the furniture industry shows that it has distinct production characteristics compared with many other manufacturing industries. (Skorupińska et al., 2024) emphasizes that furniture production is characterized by high labor requirements, a wide variety of materials, and small batch production due to high customization to customer demand. This character makes the furniture industry inherently labor-intensive but also vulnerable to disruptions in quality, raw materials, design, and production speed. In other words, the need for labor in the furniture industry arises not only from production volume, but also from the nature of the work itself, which requires manual skills, precision, and repeated adjustments to consumer specifications. For this study, this point is important because it

explains why changes in market demand can directly affect the number of workers needed at the enterprise level.

At the same time, the global furniture industry is under pressure to transform (Pei et al., 2024), with furniture companies increasingly being pushed towards circular economy practices, focusing on resource efficiency, product life extension, and the development of more sustainable designs. However, the study also emphasizes that user involvement and a systemic perspective among stakeholders remain underdeveloped. These findings have two implications. First, the furniture industry can no longer be understood solely as a traditional manufacturing process, as it now operates under the demands of innovation, efficiency, and sustainability. Second, this transformation is not always uniform, especially in small businesses working with limited technology. In the context of Jayapura City, this pressure is likely to manifest in more concrete forms: limited raw materials, simple production tools, and a local market that is not yet fully stable. Therefore, labor dynamics in the local furniture industry need to be seen as part of the process of business adaptation to structural pressures and a changing market.

To understand the dynamics of labor absorption in the furniture industry, recent literature offers at least three complementary theoretical lenses. First, *the resource-based view* (RBV) places internal resources—including worker skills, owner experience, production knowledge, and information management capabilities—as the foundation of business excellence. The resource-based view (RBV) (Estensoro et al., 2022) shows that implementing industrial transformation in MSMEs depends on the stage of business development and available resources; not all businesses have the same prerequisites to advance to a more advanced stage. In the context of small-scale furniture, this idea emphasizes that the ability to absorb labor is inseparable from the business's internal resource capacity. Businesses with limited capital, tools, or supply networks tend to limit recruitment, even when market demand increases.

Second, literature on *dynamic capabilities* helps explain how small businesses survive in changing environments. (, through a case study of the labor-intensive garment industry in Japan, shows that small companies are able to survive not only because of product quality, but also because of their ability to organize workers' skills, develop multiskilled workers, maintain long-term relationships with buyers, and continuously adjust resources to competitive pressures. These findings are invaluable for the study of the Jayapura furniture industry. Although the sectoral context differs, the underlying logic is similar: in labor-intensive industries, business sustainability depends on the ability to reorganize skills, work rhythms, and production strategies in response to cost pressures, supply constraints, or changes in orders. Thus, labor absorption is not merely an impact of business growth, but also a result of the business's ability to manage change.

Third, the *local embeddedness* approach broadens the reading from the business's internal level to the social context of the region where the business grows. shows that the sustainability of micro-enterprises in Indonesia relies on trust-based social networks and local cultural values, while emphasizing that labor policies for MSMEs in rural areas need to be adapted to local realities rather than imposed through a uniform formula. Although the study

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by Maebara et al. focuses on workers with disabilities in rural Japan, its analytical value lies in the recognition that MSME decisions regarding work are always rooted in the local context: demographic conditions, access to labor, social norms, and business operational capabilities. In the context of Jayapura, local attachment is an important lens because employment opportunities in the furniture industry are likely determined by a combination of market demand, local community skills, and business operators' social strategies in building and retaining the workforce.

In the empirical literature, qualitative studies on small businesses have increasingly highlighted dimensions previously marginalized by quantitative approaches, such as survival practices, social relations, and the meaning of work. (For example, through semi-structured interviews with 20 managers from 12 small companies, it was found that manager well-being and working conditions changed throughout the business growth phase. This study is important because it shows that small companies are managed in highly fluid situations; work demands, resources, and work-life balance change over time. Its contribution to this research lies in emphasizing that the dynamics of small businesses cannot be understood as a single point, but rather as a trajectory. However, Ahmadi et al.'s focus is stronger on the manager's well-being and does not specifically discuss how these changes translate into labor absorption decisions.

In Indonesia, Charisma et al. (2025) offer methodological contributions that are quite similar to this study's direction. Using a qualitative exploratory approach and in-depth interviews with micro-culinary entrepreneurs in Bandung, they show that business sustainability strategies are built through adaptive financial management, trust-based social networks, and the internalization of cultural values. Interestingly, this study explicitly criticizes the view that access to formal financing is the only key requirement for business sustainability. Theoretically, this position is relevant to studies of the furniture industry because it suggests that a business's ability to retain workers may depend on informal logic—for example, personal relationships, worker loyalty, or payment flexibility—that does not always appear in formal economic models. However, the study focuses on the sustainability of culinary businesses rather than on labor dynamics in skill-based manufacturing.

At the international level, the study " provides a rich example of how labor-intensive industries survive amid the pressures of globalization. Through an in-depth case study of garment MSMEs in North Iwate, the study shows that survival strategies are built through developing multiskilled workers, meeting tight deadlines, and building relationships of trust with buyers. Furthermore, this study shows that local industrial areas can exhibit cluster effects through information exchange, cooperation among actors, and collective efforts to attract local young talent. These findings resonate strongly with this study because they show that labor absorption is determined not only by individual company capacity but also by the local business environment and relationships among actors. However, the Japanese context, with its stronger infrastructure, institutions, and history of industrialization, is clearly different from that of Papua, so these findings cannot be directly transferred without contextual reading.

Another relevant study is " on informal wood furniture micro-industries in Nairobi. The study shows that informal furniture businesses play an important role in job creation and

livelihoods, but are hampered by their informal status, limited access to credit, business location issues, informal transactions, and rising wood prices due to supply shortages. These findings are very similar to the problems faced by the furniture industry in developing cities, including those that may occur in Jayapura: businesses' ability to absorb labor is easily eroded when raw material costs increase, access to financing is limited, and business formalities are not yet established. However, the study by Lippe et al. uses a *mixed-methods design that emphasizes business-formality segmentation rather than in-depth accounts of actors' experiences* managing workers. At this point, there is still room for qualitative research that is closer to the narratives, processes, and daily strategies of Kurniawan et al. (2024).

Furniture literature that is more oriented towards business performance also provides important insights, although not entirely qualitative. (Kusa et al., 2024) shows that entrepreneurial orientation, information management, and knowledge management contribute to the performance of small and medium-sized furniture companies in Poland. (adds that quality management in furniture production requires highly context-specific adjustments due to the diverse nature of the products and their strong dependence on consumer needs.) In summary, these two studies clarify that the performance of the furniture business is closely related to the ability to manage knowledge, processes, and production quality. However, there is a tendency to position labor only as one component of production, rather than as a primary focus alive in the experience of business actors. This gap is important to note because for regions such as Jayapura, work is not merely a factor of production but also a matter of livelihood, social mobility, and the economic sustainability of local households.

When read as a whole, the latest literature reveals three main trends. First, studies on MSMEs and small industries increasingly recognize that small businesses operate in a dynamic environment, making adaptation strategies, social networks, and internal capabilities very important (Ahmadi et al., 2024; Charisma et al., 2025; Iwasaki, 2025). Second, studies on furniture confirm that this sector is labor-intensive, demands high customer responsiveness, and is facing the pressures of technological transformation and sustainability (Skorupińska et al., 2024; Pei et al., 2024). Third, some studies that directly address employment or livelihoods in small businesses still tend to depart from the logic of business structure, formality, or performance, rather than from the daily processes of labor absorption at the business-unit level (Lippe et al., 2025; Kusa et al., 2024).

Thus, *the* theoretical *gap* in this study lies in the lack of integration among three interrelated lenses: internal business resources, dynamic capabilities for responding to change, and local attachment that shapes work decisions. Meanwhile, *the* empirical *gap* lies in the scarcity of qualitative studies that specifically examine the dynamics of labor absorption in the furniture industry in Eastern Indonesia, particularly in Papua, from the perspectives of business actors and the local context. Existing studies provide a useful foundation, but they do not answer the most important questions for this research: how do furniture business actors in Jayapura City actually read market opportunities, manage capital and raw-material constraints, retain local workers, and decide whether to increase or decrease the workforce? This is where the position of this research becomes clear. This research not only fills the gap in the geographical context but also broadens the reading of labor absorption from something

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commonly calculated to something that needs to be understood in depth as an experience, a strategy, and a socio-economic practice.

**Table 2.** Literature Synthesis Related to

<b>Author</b>	<b>Context/Focus</b>	<b>Approach</b>	<b>Key Findings</b>	<b>Relevance and Gaps</b>
(Ahmadi et al., 2024)	Small businesses and manager well-being	Qualitative, semi-structured interviews	Working conditions and well-being change as the business grows	Emphasizes the dynamic nature of small businesses, but does not yet focus on labor absorption
(Charisma et al., 2025)	Micro culinary businesses in Bandung	Exploratory qualitative	Business sustainability is supported by informal financing, social networks, and local culture.	Relevant for examining survival strategies and local contexts, but not the furniture/manufacturing sector
(Iwasaki, 2025)	Labor-intensive garment MSMEs in Japan	In-depth case studies	Multiskilled workers, buyer trust, and local cooperation support business continuity	It is highly relevant to understand the survival strategies of labor-intensive industries, but the institutional context is different.
(Lippe et al., 2025)	Informal furniture micro-industries in Nairobi	<i>Mixed methods</i>	Formalization is influenced by credit, business location, profit, and wood prices.	Relevant to furniture and labor issues, but does not delve into labor management experiences.
(Kusa et al., 2024)	Furniture SMEs in Poland	<i>Mix-method</i>	Entrepreneurship orientation, information, and knowledge drive performance	Explains internal business resources, but labor has not been the main focus.
(Skorupińska et al., 2024)	Wooden furniture production	Review	Furniture is a sector with high labor demand and contextual quality requirements.	It reinforces the labor-intensive nature of the furniture industry, but does not discuss the context of the local workforce.
(Pei et al., 2024)	European furniture industry	Multiple case studies	Transitioning to a circular economy requires design, efficiency, and stakeholder engagement.	Demonstrates the pressure for change in the furniture sector, but does not address the dynamics of labor in local small businesses

### **Research Method**

This study uses a qualitative design with a *multiple case study* orientation that focuses on the experiences, considerations, and strategies of furniture business actors in absorbing labor in Jayapura City. This design was chosen because the issue of labor absorption in the furniture industry is not only related to the number of workers recruited, but also concerns the decision-making process, business adaptation to changes in demand, skills management, and how business actors navigate limitations in capital, raw materials, and technology. In qualitative research, an interview-based, context-exploration approach allows researchers to understand how actors interpret the realities of their businesses and how these interpretations shape their

economic actions. Thus, this design is considered most appropriate for capturing the dynamics of labor absorption in a deep, contextual, and reflective manner.

The research setting comprises small- and medium-sized furniture businesses in Jayapura City, Papua, that produce wooden furniture or furniture made from wood derivatives for household, office, and special orders. Jayapura City was chosen because it is the center of urban economic activity in Papua and a space where furniture businesses thrive in a dynamic market but face limitations in raw material supply, access to capital, and production technology. Participants were purposively selected based on their direct involvement in the labor absorption process. The main participants consisted of furniture business owners or managers, permanent and temporary workers, and—when necessary to enrich the context—supporting informants such as raw material suppliers or parties who understood the development of local small businesses. The number of participants was not determined rigidly from the outset but rather followed the principle of information power, and data collection was stopped when thematic repetition or saturation of meaning was observed. In qualitative research practice, this strategy is considered more appropriate than pursuing a large sample size, as depth of data is more important than the number of respondents (Xu et al., 2025).

Data collection was conducted primarily through semi-structured, in-depth interviews, as this approach allowed researchers to maintain focus on the study's core issues while giving participants space to explain their experiences and considerations in depth. The interview guide was structured around four lines of questioning: the development of the furniture business, changes in the number of workers, factors influencing decisions to recruit or reduce workers, and business strategies for maintaining or increasing employment opportunities. In addition to interviews, this study also used limited field observations of workspaces, production processes, division of labor, and interactions between business owners and workers. These observations are important for understanding practices that are not always revealed verbally in interviews. Where available, supporting documents such as order records, product variations, or simple information about the workforce are also used as supplementary material to help triangulate sources. Interviews are recorded with participants' consent and transcribed verbatim to preserve the nuances of meaning and participants' word choice. Methodological literature confirms that in-depth interviews are effective for exploring experiences, perceptions, and the logic behind actions, especially when research seeks to understand work and organizational phenomena from the perspective of direct actors (Xu et al., 2025).

Data analysis was conducted using the *reflexive thematic analysis* approach developed by Braun and Clarke. This approach was chosen because it is flexible, interpretively robust, and suitable for identifying patterns of meaning across participants' experiences without losing their social context. The analysis process was carried out in six stages: familiarization with the data through repeated reading of the transcripts, initial coding, development of provisional themes, re-examination of the themes against the entire data set, definition and naming of themes, and construction of an analytical narrative. Within this framework, themes are not treated as something that "emerges" from the data, but are constructed through reflective interaction between the data, research questions, and the researcher's analytical position (Braun & Clarke, 2023) (Byrne, 2022). Therefore, the analysis does not stop at grouping topics but

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also focuses on interpreting how labor absorption dynamics are influenced by changes in demand, cost structures, production capacity, and furniture businesses' adaptation strategies. The six-stage procedural description of thematic analysis is also supported by methodological guidelines that emphasize the importance of familiarization, systematic coding, and coherent theme development to ensure interpretive sharpness in qualitative research results (Ahmed et al., 2025).

Data validity is maintained through several strategies. First, *triangulation* is carried out by comparing data from business owners, workers, observations, and available documents to identify consistency and differences in perspective. Second, *member checking* is carried out on a limited basis by confirming interview summaries or initial interpretations with several key participants to prevent misinterpretation of their statements. This approach is not presented as a mechanical validation but as a space for dialogue to clarify the meaning and context of the findings. Third, the researcher compiles *an audit trail* that records methodological decisions, category changes, and analytical notes throughout the research process. Fourth, the researchers applied reflexivity through *field notes* and analytical memos to assess how their initial assumptions could influence their reading of the data. This strategy aligns with the *trustworthiness* framework, which emphasizes four main criteria: credibility, transferability, dependability, and confirmability. Transferability is maintained by providing a rich contextual description of the characteristics of the furniture business in Jayapura City, enabling readers to assess the possible relevance of the findings in other contexts.

Ethical aspects of the research were placed as an integral part of the overall process. Before the interviews were conducted, each participant was given an explanation of the purpose of the research, the type of participation requested, the use of voice recorders, the right to refuse to answer certain questions, and the right to withdraw from participation at any time without any consequences. Participant consent was obtained verbally and/or in writing, depending on the field situation. To maintain confidentiality, participant names, business names, and other identifying information were disguised using codes or pseudonyms. Audio data, transcripts, and field notes were stored securely and used only for the academic purposes of this research. Emphasis on protection from risk, informed consent, and confidentiality are central principles in qualitative research ethics, especially when data is obtained through personal narratives and potentially sensitive working conditions (Y. Zhang et al., 2024) (Boden-Stuart & Thompson, 2026). Additionally, the reporting of this research methodology was prepared in accordance with the COREQ principles to ensure transparency regarding the research context, interview process, and data analysis (Tong et al., 2007).

**Table 3.** Research Operational Design

<b>Component</b>	<b>Description</b>
<b>Design</b>	Qualitative, <i>multiple case study</i>
<b>Location</b>	Small and medium-sized furniture businesses in Jayapura City
<b>Participants</b>	Business owners/managers, permanent/temporary workers, and relevant supporting informants
<b>Sampling technique</b>	<i>Purposive sampling</i> until saturation/sufficiency of information
<b>Data collection techniques</b>	Semi-structured in-depth interviews, field observations, and supporting documents

<b>Instruments</b>	Interview guide, observation sheet, recording device, field notes
<b>Analysis techniques</b>	Six-stage <i>reflexive thematic analysis</i>
<b>Data validity</b>	Triangulation, <i>member checking</i> , <i>audit trail</i> , reflexivity, thick contextual description
<b>Ethics</b>	<i>Informed consent</i> , anonymity/pseudonymity, data confidentiality, right to withdraw

## **Results**

Based on the coding process of in-depth interview data, field observations, and available business document searches, the results of this study are organized into six main themes, namely: (1) furniture business growth that is not always linear with the addition of labor; (2) labor absorption that is greatly influenced by fluctuations in demand and production patterns; (3) local labor as both a potential and a challenge; (4) limitations in capital, raw materials, and technology as factors hindering labor expansion; (5) adaptive strategies of business actors in maintaining and increasing labor; and (6) the relationship between the furniture industry and local community employment opportunities, which is real but fragile. These six themes show that the dynamics of labor absorption in the furniture industry in Jayapura City occur in a fluid, contextual pattern that is highly dependent on the resilience of each business unit.

### **Furniture business growth is not always linear with the addition of labor**

Findings show that the growth of furniture businesses in Jayapura City is not automatically followed by an increase in the number of permanent workers. Several participants stated that their businesses experienced growth in order types, customer reach, or product variety, but this growth was mostly addressed by increasing working hours, reorganizing work, or hiring temporary workers, rather than recruiting new permanent workers.

Some business owners explained that their business growth was "wave-like." At times, especially when there were project orders or large household furniture orders, production activity increased sharply. However, once the orders were completed, the volume of work declined again. Therefore, the decision to hire permanent workers was considered risky.

One business owner said, "If you say that the business is growing, yes, there has been growth. We used to only make simple tables and chairs, but now we also make cabinets, kitchen sets, and beds. But that doesn't mean we immediately hire more people. Sometimes it's busy for a month or two, but then it's quiet again." (P1)

Similar statements emerged from other participants, who emphasized that business growth is more often interpreted as an increase in the types of work rather than in formal labor. "Orders are now more varied, but we mostly manage the existing workforce. If we immediately add permanent workers, it will be difficult to pay them when orders decrease." (P4)

From the workers' perspective, this situation is also perceived as unstable. One worker said that even though the workshop appears to be active, not everyone has a permanent job. "It does look busy, but not everyone here has a permanent job. Some only come when there are large orders. When there is less work, they go home." (P7)

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Thus, business growth in the furniture industry appears to be more of a situational expansion of production capacity than a stable institutional expansion. The number of workers is typically kept at a minimum safe level, while additional needs are met through daily workers or informal assistance.

### **Labor absorption is highly influenced by fluctuations in demand and production patterns.**

The second theme shows that changes in the number of workers are closely related to fluctuations in market demand. Labor absorption in the furniture business does not follow a fixed pattern throughout the year; it instead tracks orders. Periods of high demand generally occur during construction projects, office equipment needs, new school years, or increases in certain household consumption. Conversely, when demand declines, business owners tend to reduce additional workers, cut back on working hours, or delay recruitment.

One participant clearly described this pattern: "If there is a school, office, or new house project, we can hire more people. But if there are no projects, only the core workers remain." (P2)

Another participant added that labor absorption in the furniture business is highly dependent on the type of order. Mass-produced products with uniform sizes allow for faster division of labor and create a need for additional workers. Conversely, custom orders require more skilled workers, but not necessarily more of them. "When we make a lot of school chairs, we add more workers because the work can be divided. But when we get orders for special cabinets or kitchen sets, we can't just add anyone; we need people who understand how to measure, cut, and assemble." (P5)

Field findings also show that some businesses implement a core-and-additional work pattern. Core workers are responsible for the main processes, such as measuring, cutting materials, assembly, and finishing. When orders increase, business owners invite additional workers for specific jobs such as sanding, transporting materials, or applying a base coat of paint.

One worker explained: "Usually, the core workers are permanent. When there are many orders, other friends are called in to help sand, lift wood, or paint. So, the number of people added depends on the amount of work." (P8)

In addition to fluctuations in demand, production patterns also influence labor decisions. Some businesses operate more on a made-to-order basis, so labor absorption is reactive. Only a few businesses produce stock on a regular basis due to limited capital and the risk that goods won't sell immediately. "We rarely keep large stocks. We are afraid that goods will sit around for a long time, tying up money. So when we get a new order, we work flat out. Only then do we see whether we need to hire more people or not." (P3)

This theme shows that labor absorption in the furniture industry in Jayapura City is elastic but unstable. It is elastic because it can increase rapidly when demand rises, but it is unstable because it is highly dependent on unpredictable order flows.

### **Local labor is both a potential and a challenge**

All participants basically acknowledge that the furniture industry has great potential to absorb local labor. However, data shows that local labor is in an ambivalent position: on the one hand, it is considered important because it is socially close, easily accessible, and has a direct impact on the surrounding community; on the other hand, business actors face challenges related to technical skills, work discipline, and sustainability of work commitment.

One business owner stated: "If possible, we prefer to hire local workers. Since this is a local business, the local community should also benefit from it. But we have to be patient and teach them from scratch." (P1)

This statement was reinforced by another participant who emphasized that recruiting local workers often requires a long learning process. "Many local children want to work, but not all of them have the basic skills. So, at first, they don't immediately start with fine production work. They usually start by helping to lift materials, cleaning, sanding, and then are slowly taught." (P6)

From the workers' perspective, working in furniture manufacturing is often seen as a space to learn practical skills not available through formal education. One worker recounted: "When I first started, I couldn't do anything. At first, I just helped hold wood and lift goods. Gradually, I was taught how to measure, cut, and assemble. So working here is indeed a learning experience." (P9)

However, some business owners said that the continuity of the local workforce is often disrupted by workers coming and going. Some workers quit when work is slow, move to other sectors, or don't stick around because they think furniture work is too hard and demands too much dedication. "The problem is not just finding people, but retaining them. Sometimes they have only been trained a little before moving on. There are also those who cannot stand it because furniture work is tiring, dirty, and requires precision." (P4)

Another participant expressed the challenge of work discipline: "If the workers are skilled, the work goes smoothly. But there are also those who come irregularly. Even if only one person is late, the whole process can be delayed." (P2)

This theme shows that local workers are an important asset to the development of the furniture business, but the process of transforming them into productive workers does not occur overnight. It takes time, training, supervision, and patience from business owners for local workers to truly contribute to the production process.

### **Limited capital, raw materials, and technology are factors hindering labor expansion**

The fourth theme highlights three major obstacles that most frequently arise in interviews: limited capital, an unstable supply of raw materials, and the use of simple production technology. These three factors not only affect business capacity but also directly hinder businesses' ability to expand employment opportunities.

Regarding capital, business owners explained that the main problem is not just a lack of initial funds, but rather limited cash flow to purchase materials, pay wages, and cover

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operating costs before customer payments are received. "Hiring more workers isn't just about having people. The hard part is paying their wages while buying materials. Sometimes customers give us a small down payment, but we already have to start working." (P3)

Another participant emphasized: "If you have strong capital, you can actually hire more people and work faster. But what often happens is that the money runs out first on raw materials, transportation, and equipment. So labor is put on hold." (P5)

Regarding raw materials, participants noted that wood and other material prices often fluctuate, while availability is not always consistent. Supply constraints make it difficult for businesses to plan production with certainty, so recruitment tends to be carried out cautiously. "Sometimes we have orders and workers, but the wood hasn't arrived, or the price has gone up. When this happens, work is delayed. So, we don't dare to hire many people if the materials are not secure." (P2)

From field observations, it appears that some workshops use basic equipment with limited mechanization. Cutting, assembly, and finishing still rely heavily on manual skills. This situation has two sides. On the one hand, simple technology opens up opportunities for manual labor. On the other hand, production efficiency is low, and businesses' capacity to accept large orders is also limited.

One business owner stated, "The tools here are still simple. So even if we get a lot of orders, it doesn't mean they will be completed quickly. Sometimes the workers get tired, time runs out, but the results still have to be neat." (P6)

Workers feel the same way: "If we had all the necessary tools, we could work faster. Now, many tasks are still done manually, so one job can take a long time. When orders pile up, we work overtime, but that doesn't mean we can immediately hire more people because space and tools are also limited." (P10)

This theme shows that the decision to hire workers is not made in isolation. It is closely related to the business's ability to bear costs, secure raw materials, and adjust to the available capacity of production equipment.

### **Business actors develop adaptive strategies to maintain and increase their workforce**

Despite many limitations, the study's results show that furniture businesses are not passive. They have developed various adaptive strategies to maintain business continuity while retaining existing workers. These strategies include regulating core and additional work, informal training in the workplace, flexible wage payments, product diversification, and utilizing social networks to obtain orders.

The first strategy is to retain the "core team," considered the most skilled and trustworthy, and then add temporary workers as the volume of work increases. "The important thing is to have core employees first. They are the ones who handle measurements, frames, and finishing. If there is a large order, then we add more people to help. That way, the business can continue to run, but the fixed costs are not too high." (P1)

The second strategy is informal job training. Almost all participants mentioned that new workers learn directly in the workshop through daily practice. This model was chosen because it is more suited to the conditions of small businesses and actual production needs. "We don't have formal training. People come to work, observe, participate, make mistakes, get corrected, and so on until they can do it. It is a long process, but it is the most feasible way." (P4)

The third strategy is flexibility in wages and work distribution. Some businesses implement payments based on job type, workload, or project completion, rather than solely on a fixed monthly wage. "Some are paid a fixed salary, while others are paid per job. It depends on the position and order conditions. This method allows us to continue providing work even though our income is not yet stable." (P3)

The fourth strategy is product and service diversification. When demand for certain furniture declines, businesses switch to making other products or offering repair services to maintain a steady workflow. "If orders for cabinets are slow, we take on jobs for chairs, tables, doors, or shelves. The important thing is that the workshop stays open and people still have work." (P5)

The fifth strategy is to rely on social networks and word-of-mouth promotion. Orders often come from long-standing customer relationships, recommendations from relatives, or local project networks. These networks are important because the continuity of orders is crucial to maintaining the workforce. "Existing customers are very important. If one person is satisfied, they will tell others. That way, the craftsmen can continue to work." (P2)

These findings show that business strategies do not always take the form of formal planning, but rather practical adjustments born out of experience. Efforts to retain workers are carried out through a combination of cost caution and operational flexibility.

### **The furniture industry creates job opportunities for the local community, but these are fragile in nature**

The final theme shows that the furniture industry provides real employment opportunities for the local community, especially for those who lack high formal skills or broad access to jobs in the modern sector. Some workers stated that furniture workshops were the first place they earned a steady or semi-steady income. "Before working here, I didn't have a steady job. After joining the furniture workshop, at least I have an income, even though it depends on orders." (P8)

Another worker added: "Working in furniture allows me to support my family. It's not a big salary, but I can take my skills with me." (P9)

From the business owners' perspective, creating job opportunities for the local community is seen as part of their inherent social responsibility, even if it is not always formally stated. "When business is good, we are also happy to be able to provide work for people in the community. It's not much, but it's beneficial. The problem is that small businesses like ours can quickly go under when the market declines." (P6)

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However, these job opportunities are fragile. Work is available, but its continuity depends heavily on incoming orders, the stability of raw materials, and the business's ability to manage costs. Workers do not always enjoy long-term job security, and business owners are not always able to promise such stability. "We would like to hire more people, but the reality is that orders are not consistent. If we have too many workers, we will be in trouble when business is slow." (P4)

"There is work, but it cannot be said to be secure. If raw materials are difficult to obtain or orders decline, we also have to temporarily stop." (P10)

Thus, the furniture industry in Jayapura City has emerged as a sector that significantly absorbs local labor, but its capacity remains highly vulnerable to internal and external business changes. Job opportunities exist, but they are not yet fully secure.

**Table 4.** Summary of Research Findings

<b>Theme</b>	<b>Description of Main Findings</b>	<b>Empirical Indications</b>
<b>Business growth is not linear with the addition of labor</b>	Business growth is more often responded to with work intensification and temporary additional labor rather than permanent recruitment	Orders increase, but permanent workers do not always increase
<b>Fluctuations in demand and production patterns</b>	The number of workers varies depending on orders, projects, and product types	Core and additional work patterns are very dominant
<b>Local workforce: both an opportunity and a challenge</b>	Local labor is important, but requires skills training and work discipline	Local recruitment is high, but retention and skills remain a challenge
<b>Limited capital, raw materials, and technology</b>	Business obstacles hinder workforce expansion	Recruitment is delayed due to cash flow, timber prices, and limited tools
<b>Adaptive strategies of business actors</b>	Businesses survive through informal training, work flexibility, product diversification, and social networks	Workforce retention through flexible working models
<b>Real but fragile local employment opportunities</b>	The furniture industry creates jobs, but they are not always stable	Jobs are available, but depend on the continuity of orders

**Table 5.** Representative Quotes per Theme

<b>Theme</b>	<b>Participant Code</b>	<b>Quotes</b>
<b>Business growth is not linear</b>	P1	"We used to only make simple tables and chairs, but now we also make cabinets, kitchen sets, and beds. But that doesn't mean we immediately hire more permanent staff."
<b>Fluctuations in demand</b>	P2	"If there are school, office, or new house projects, we can hire more people. But if there are no projects, only the core staff remain."
<b>Local labor</b>	P6	"Many local children want to work, but not all of them have basic skills."
<b>Business limitations</b>	P3	"Hiring more workers isn't just about having people. The hard part is being able to pay their wages while also buying materials."
<b>Adaptive strategies</b>	P5	"When cabinet orders are slow, we take on jobs servicing chairs, tables, doors, or shelves."
<b>Precarious employment opportunities</b>	P10	"If materials are hard to come by or orders drop, we also stop temporarily."

## Discussion

The findings of this study indicate that labor absorption dynamics in the furniture industry in Jayapura City do not follow a linear growth pattern; rather, they fluctuate, are selective, and depend heavily on businesses' ability to navigate market uncertainty. The main implication of these findings is that labor absorption in small-scale furniture businesses cannot be understood solely as an automatic consequence of business development. In the context of Jayapura, business development is more often translated into expanding job types, increasing work intensity, or strengthening the role of core workers, rather than a direct increase in the number of permanent workers. This pattern confirms that for labor-intensive small businesses, the decision to hire is never based solely on demand logic but is always mediated by risk calculations, resource constraints, and experience navigating a volatile market. Thus, labor absorption appears as a cautious adaptive process, rather than an expression of stable business expansion. These findings are in line with studies on small businesses showing that working conditions, managerial pressures, and organizational decisions change as businesses grow, so business development is not always synonymous with internal stability or formal job expansion.

From a theoretical perspective, the results of this study reinforce the relevance of *the resource-based view* and *dynamic capabilities* in interpreting the behavior of furniture businesses in peripheral regions. Limitations in capital, raw materials, production tools, and worker skills are not merely technical obstacles but real constraints that determine the extent to which businesses can create job opportunities (Maebara et al., 2025). Within the RBV framework, limited internal resources prevent companies from freely converting growth in demand into an increase in permanent labor. Meanwhile, from a dynamic capability perspective, business resilience is evident in the owner's ability to reorganize the existing combination of resources—for example, through a core team, additional workers on a per-project basis, product diversification, or flexible wage systems. Studies of Indonesian MSMEs show that *sensing*, *seizing*, and *transforming* capabilities play an important role in supporting business performance amid rapidly changing market conditions. In the furniture sector, the adaptive capabilities of workers and organizations have also been shown to contribute to business sustainability, especially when market needs change and efficiency pressures increase. The findings of this study support this argument but also expand on it. In Jayapura, dynamic capabilities are not only about business model innovation but also about the art of retaining workers amid cost pressures and supply uncertainty.

Findings regarding business growth that does not automatically increase the number of permanent workers are also important to note, given the furniture industry's labor-intensive nature. Recent literature confirms that furniture production requires relatively high levels of manual skill, intensive adaptation to customer demand, and complex quality management (H. Zhang & Zhu, 2026). Therefore, the demand for labor in the furniture industry is high, but not always on a large scale; what is often needed is a combination of skilled core workers and additional workers for supporting tasks. Findings in Jayapura show a very similar pattern. Business owners tend to retain a core group of workers skilled in measurement, assembly, and finishing, then add temporary workers when there is a surge in orders. This supports the finding

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that the furniture industry is highly labor-intensive and has stringent quality demands, so adding workers cannot be done carelessly. However, this study also reveals a more vulnerable side. When equipment remains simple and capital is limited, the sector's capacity to absorb labor is constrained despite its labor-intensive nature. In this sense, the labor-intensive nature of the furniture industry does not automatically translate into a large capacity to absorb labor; it still requires supportive conditions for the job opportunities that arise not to immediately evaporate.

The finding that fluctuations in demand are the main driver of changes in the number of workers confirms that the working mechanisms in the furniture industry in Jayapura City are highly responsive to the market (Setiawan et al., 2023). Project orders, household needs, and custom orders are the main drivers of employment growth, while a decline in orders is met with a reduction in additional workers or a halt to recruitment. These results are similar to findings from studies on labor-intensive industries in Japan, which show that small companies survive by restructuring workers' skills, adjusting production rhythms, and meeting rapidly changing demand. However, the context in Jayapura reveals an important difference. While in the Japanese context, business resilience is also supported by a relatively strong cluster environment and institutional support, in the case of Jayapura, labor elasticity actually grows out of limitations. Due to market instability and high costs, small businesses develop flexible labor patterns to survive. In other words, labor flexibility here is not merely a strategy for efficiency, but a form of self-protection against business risks. This distinction is important because it shows that the concept of labor flexibility does not always arise from organizational modernization but can also emerge from structural limitations that compel business actors to continually adapt.

The next finding, namely, that local labor is both a potential and a challenge, provides a fairly important analytical contribution. On the one hand, the furniture industry has proven to be a source of learning and employment for the local community, especially for those who lack broad access to formal employment (Mwagike, 2024). Workers start with basic jobs and gradually learn until they master production skills. This pattern shows that the furniture industry functions as an arena for informal skill formation and local economic mobility. This is consistent with qualitative studies on microenterprises in Indonesia that emphasize the roles of social networks, trust, and local cultural contexts in supporting business sustainability. In this study, local attachment is evident in business actors' preference for hiring local people, as well as in the recognition that furniture work is not only an economic relationship but also a channel for social benefits to the immediate community. However, these findings also show that the local workforce is not a ready-made resource. Basic skills, work discipline, and worker retention remain real challenges. Therefore, the absorption of local labor requires time and patience on the part of business actors. At this point, this study reveals an important tension: the more local and inclusive a business is, the greater the training demands placed on small business owners, whose resources are limited.

These results can also be interpreted through the lens of *regional embeddedness*. Recent literature shows that actors' attachment to regional networks, environments, and cultures influences their perception of business opportunities. The findings of this study show that in

the context of Jayapura, local attachment influences not only how business actors perceive market opportunities but also their labor decisions. Social proximity makes the recruitment of local workers more likely, but it does not, in itself, solve the problems of skills, productivity, and job sustainability. In other words, local embeddedness creates social opportunities to access work, but does not automatically result in job stability. This is where this study adds a new nuance to the discourse *on embeddedness*: strong local relationships are indeed important, but their economic value still depends on businesses' capacity to transform social relationships into productive work organizations.

Findings regarding capital, raw materials, and technology constraints as the main obstacles to labor expansion are consistent with previous literature, but also correct overly technocratic interpretations (Sheffi, 2024). Several studies on furniture and MSMEs emphasize that technological transformation, green innovation, and digitization can improve business efficiency, productivity, and sustainability (Alabi et al., 2024). In Jepara, for example, green HR management practices and employee engagement are related to the sustainability of furniture businesses (Putra et al., 2024). At a more general level, the adoption of Industry 4.0 in manufacturing MSMEs has also been reported to increase labor productivity, although the effects are not uniform. The findings of this study do not contradict this direction but place it in a more contextual light (Ullah et al., 2024). In the case of Jayapura, the fundamental problem does not lie primarily in the adoption of advanced technology, but rather in businesses' ability to maintain cash flow, obtain raw materials at affordable prices, and operate adequate tools. Therefore, discussions about modernizing the furniture sector would be premature if they did not first address the fundamental issues that determine employment capacity. Thus, this study reminds us that the discourse on innovation and industrial transformation needs to be grounded in the reality of small businesses in the eastern region, which have not yet enjoyed the same level of infrastructure and production ecosystem as other industrial centers.

At the same time, the study's results show that furniture businesses in Jayapura City are not merely victims of structural limitations. They have developed quite sophisticated adaptive strategies in practice: maintaining a core team, using additional workers on an as-needed basis, conducting informal training, diversifying products, and utilizing customers' social networks. These findings support studies showing that MSMEs survive not solely because of their resources, but also because of their ability to continuously reorganize those resources. In the context of furniture, entrepreneurial orientation, information management, and knowledge are also known to contribute to business performance. This research reinforces the view that adaptive strategies often emerge not from formal managerial structures but from highly practical day-to-day decisions. This means that dynamic capabilities in small businesses do not have to appear as spectacular innovations; they can manifest as an acute sense of market timing, the courage to take risks, and the skill to manage working relationships flexibly. This is one of the important contributions of this study: it reveals the form of "down-to-earth dynamic capabilities" in small industries in a context of still-limited infrastructure.

Scientifically, this study makes at least three contributions. First, it expands the study of labor absorption by shifting the focus from macro-level inter-variable relationships to daily enterprise-level processes. Many previous studies have explained labor absorption through

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wages, investment, output, or credit. Still, this study shows that hiring decisions are also shaped by order rhythms, the quality of working relationships, experience in managing risk, and the suitability of workers' skills to production demands. Second, this study brings together three lenses that often operate independently: internal resources, dynamic capabilities, and local embeddedness. In the case of Jayapura, these three factors are closely intertwined and together explain why employment opportunities can be created but remain fragile. Third, this study adds empirical evidence from Eastern Indonesia—particularly Papua—which has been relatively absent from the international literature on MSMEs, labor, and the furniture industry. In this case, the study's contribution is not only in terms of substance but also in the location of knowledge, a topic that has received little attention.

From a practical standpoint, the findings of this study have clear implications. Strengthening labor absorption in the furniture industry will not be effective if it relies solely on rhetoric about job creation. What is needed is an intervention that addresses the business's weak points, namely, more flexible access to working capital, guarantees or facilitation of raw material supplies, support for basic production tools that increase efficiency without eliminating labor, and skills training schemes closely aligned with the needs of local furniture workshops. In addition, because recruiting local workers requires gradual learning, policy programs should not only pursue output measured by the number of workers absorbed, but also facilitate on-the-job training and small-business-based apprenticeship systems. In this way, the furniture industry can be positioned not only as an economic unit, but also as a space for developing local work skills. This practical relevance is in line with the findings of recent studies that emphasize the importance of training, mentoring, resource support, and policy design that is more sensitive to the local context of MSMEs.

However, the findings of this study should be read in light of its limitations. Methodologically, this study uses a qualitative approach to the furniture business in one city, so the results are not intended to be statistically generalized to the entire furniture sector in Papua or Indonesia. The depth of the data is its main strength, but it also limits the scope for external generalization. In addition, because the data is mainly sourced from interviews, observations, and limited business documents, some highly sensitive labor decisions—for example, those related to wages, labor disputes, or business debt burdens—may not be fully disclosed. Contextually, Jayapura's status as a city in eastern Indonesia also means that it has different market, logistics, and raw material characteristics from other furniture centers such as Jepara or Surabaya, so comparisons must be made with caution. These limitations do not diminish the value of the findings. Still, it is important to emphasize this so that the results are interpreted proportionally and do not lead to excessive generalization.

Therefore, further research needs to move in several directions. First, comparative studies across regions—for example, Jayapura, Manokwari, Sorong, Jepara, and Surabaya—will be very useful for assessing the extent to which labor absorption dynamics in the furniture industry are shaped by different logistical, market, and industrial ecosystem contexts. Second, subsequent research could combine qualitative approaches with basic quantitative data on labor costs, wage structures, order volumes, and productivity, so that the relationship between actors' experiences and business performance can be read more holistically. Third, theory

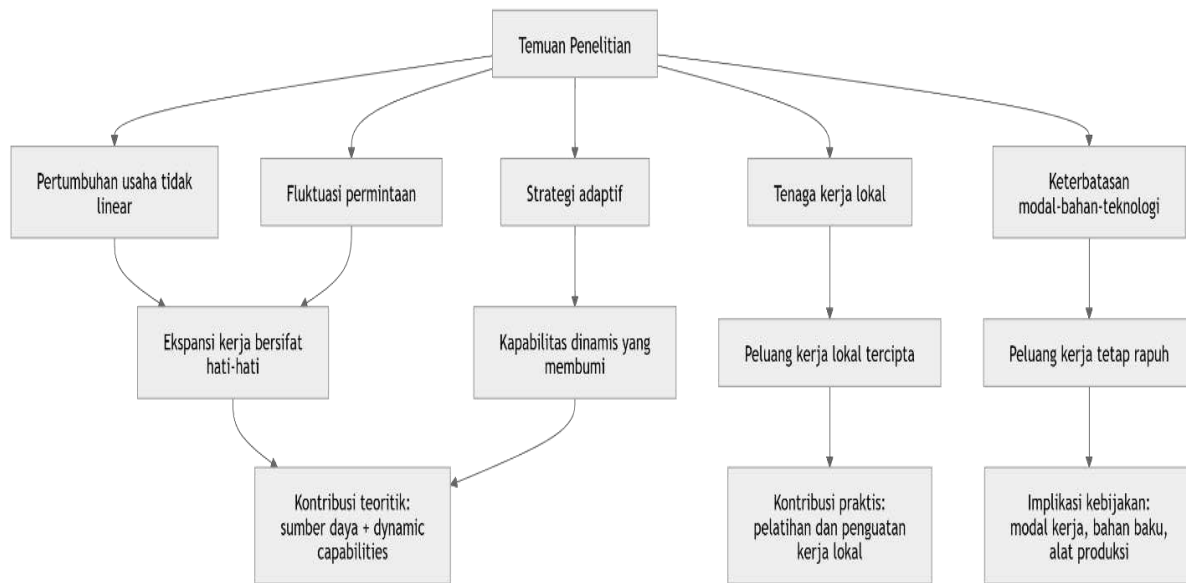
development could be directed toward a stronger integration between *dynamic capabilities*, *embeddedness*, and studies on the formation of informal work skills, as these three aspects are interrelated in this case. Fourth, future research should also give more space to workers' perspectives, especially young workers and novice local workers, to better understand how the furniture industry shapes work aspirations, loyalty, and career sustainability outside the formal sector. These directions are important so that studies on small industries do not stop at describing vulnerabilities, but develop into a clearer explanation of how local work can be created, maintained, and improved sustainably.

Overall, this discussion confirms that the dynamics of labor absorption in the furniture industry in Jayapura City lie at the intersection of opportunity and vulnerability. This industry clearly provides employment opportunities for the local community and serves as a space for skills development, but these opportunities are built on a foundation that is not yet fully solid. Therefore, the main finding of this study is not only that the furniture industry can absorb labor, but also that this absorption capacity depends on small businesses' ability to manage uncertainty, maintain local relationships, and turn limitations into survival strategies. At this point, this research makes an important contribution to the study of labor, MSMEs, and regional development: local work is not only about how many people are employed but also about the socio-economic conditions that enable that work to survive.

**Table 6.** Synthesis of Findings, Meanings, and Their Relevance to the Literature

<b>Key findings</b>	<b>Contextual meaning</b>	<b>Consistency/tension with the literature</b>
<b>Business growth is not linear with the addition of permanent workers</b>	Business actors tend to avoid fixed cost risks and opt for flexible work expansion	In line with MSME studies on growth accompanied by changes in working conditions and adaptation needs, extending this to the issue of daily/project workers
<b>Market demand strongly determines changes in the number of workers</b>	The labor structure is shaped by the rhythm of orders, not solely by the formal capacity of the business	In line with labor-intensive industry studies on the importance of rapid market response, the context in Jayapura shows flexibility born of vulnerability, not just efficiency.
<b>Local labor is important, but requires training</b>	The furniture industry serves as a space for informal skills learning	Supports studies on local embeddedness and social networks, while showing that embeddedness does not automatically result in labor productivity.
<b>Capital, raw materials, and technology constrain labor expansion</b>	Structural barriers are more fundamental than issues of advanced modernization	Contrasting the optimism of innovation/technology literature with the reality of small businesses in the eastern region that are still struggling with basic business needs
<b>Adaptive strategies of business actors support business continuity</b>	Dynamic capabilities are evident in daily practical decisions, not just formal innovations	Reinforcing the theory of dynamic capabilities, but showing its contextual and down-to-earth form in small furniture businesses.

**Discussion Synthesis Diagram**



**Figure 1.** Synthesis of Discussion

**Conclusion**

This study shows that labor absorption dynamics in the furniture industry in Jayapura City are fluctuating, contextual, and do not fully follow a linear business growth pattern. The development of the furniture business does indeed create employment opportunities for the local community, but this absorption capacity is greatly influenced by changes in market demand, order-based production patterns, the availability of raw materials, limited working capital, and the ability of business actors to manage their workforce and resources. Under these conditions, labor absorption does not occur as a stable expansion process, but rather as a result of continuous adjustments to internal and external business pressures.

These findings answer the research objectives by confirming that labor dynamics in the furniture industry cannot be understood solely through formal economic indicators or aggregate quantitative approaches. Instead, these dynamics need to be interpreted from the real experiences of business actors, the survival strategies they have developed, and the working relationships that have grown within the local context. Thus, this study fills a gap in previous studies, which have been limited in explaining the processes, meanings, and strategies of labor absorption in the furniture industry, particularly in Eastern Indonesia, and have relied on a qualitative approach.

Scientifically, this study expands our understanding of labor absorption by framing it as a socio-economic process shaped by the interaction between internal business capacity, strategic flexibility, and attachment to the local context. Contextually, this study presents empirical evidence from the city of Jayapura, which has been relatively rarely discussed in academic literature. In practice, the findings of this study show that strengthening the furniture industry as a labor-intensive sector requires support that is not only oriented towards increasing

production but also towards strengthening working capital, improving access to raw materials, developing the skills of the local workforce, and stabilizing the small-business ecosystem.

Further research needs to expand the regional scope and deepen cross-context comparisons to better understand the dynamics of labor absorption in the furniture industry. In addition, further studies can develop integration between the perspectives of business actors, workers, and the policy environment to produce a more complete reading of local work sustainability in the small and medium-sized industrial sector.

### **Declaration of conflicting interest**

The authors declare that there is no conflict of interest in this work.

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