

## **Entrepreneurship Coaching Role as a Realization of Furniture Industry Empowerment in Pasuruan towards Independence**

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**Abstract:** *Competition in an industry is not only caused by the presence of the existing competitors. Yet, there are some other forces that helped the structure of the competition. Furniture industry is one of small industries that is growing in Pasuruan is considered to be capable in job creation and absorb labor force in large numbers and be able to increase revenue and local communities. Small furniture business continuity industry in Pasuruan will be effective if the coaching role of entrepreneurship. In the empowerment of the industry furniture in Pasuruan, Department of Cooperatives and SMEs Pasuruan making various efforts such as: (1) to provide guidance to human resources (HR), coaching is done by providing guidance entrepreneurial in form of training in the furniture craft industry in Pasuruan such as training to improve the facilitation of Intellectual Property Rights (IPR). The training procedure is dealing with the management of patents, brand rights, the legality of operations, product design, entrepreneurship and management; (2) assistance in accessing capital; (3) develop a cooperation network with the Department of Industry and Trade (DESPERINDAG) and the private sector, to facilitate the promotion of the need for furniture in Pasuruan; and (4) the introduction of furniture products in Pasuruan through exhibitions and promotions.*

**Keywords:** *Development and Empowerment Entrepreneurship*

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### **I. Introduction**

Competition in an industry is not only caused by the presence of the existing competitors, but there are some other forces that helped structure the competition. These forces is the threat of new entrants, existing competitors, the product replacement (substitution), the size of the bargaining power of buyers and the bargaining power of suppliers. For example, a company with a very strong market position in an industry where there is no threat of new entrants will get lower profits when faced with cheaper substitute products and quality. An extreme example of the intensity of competition is the industry called perfectly competitive industry, where new entrants can enter freely, existing companies do not have the power to bargain well to suppliers and customers, and the competition is becoming unmanageable because of a large number of companies and products that are similar (Porter, 1992: 6). The weak position of the company in the industrial environment can lead to difficulties in marketing their products with appropriate price and quality. It happens to the furniture industry in Pasuruan.

Industrial furniture is one of small industries that thrive in Pasuruan is considered to be capable to create job creation and absorb labor force in large numbers and be able to increase revenue and local communities. Industrial output consists of a variety of products include: chairs, sofas, wardrobes as well as various other kinds of furniture products.

The development of small furniture industry in Pasuruan is not comparable with the subsector of small industries in Jepara city. Yet, furniture industry subsector in Pasuruan has sufficient potential to be developed in the future. However, if businesses there can not prepare well to face the challenges of this competition, it is feared furniture products in Pasuruan will not be able to survive in the face of competition from other products, so it will have an impact on the survival of their businesses in the future will come.

Davidsson et al. (2002) concluded that the magnitude of the business unit (firm size), the length effort (age), and the legality of the business units (legal form) affect the growth of the business significantly. Another finding is that business growth is also significantly affected by the location of the business unit and the internationalization of the activities of the business unit. Shanmugam and Bhaduri (2002) also found that the tendency for large business units and business unit start-up slow growth of its business. In addition, the impact of company size on the growth of businesses in the food industry is greater than the industry instead of metal goods.

Becchetti and Trovato (2002) found that the factor affecting business growth can be the size of a business unit (size) and firm age (age), but also influenced by the company's ability to export and retrieval of bank credit made rationally by the owners or managers of SMEs. Roperti (1999) showed that the size of the

company (firm size) and significant positive effect on the growth of the business, while the age of the firm (firm age) and significant negative effect. Glancey (1998) concluded that the growth of small industries significantly affected by the variable of size businesses (size) and firm age (age). Another finding from this research is the location of the industrial business unit also affects the growth of the business.

The study results by Davidsson et al. (2002), Shanmugam and Bhaduri (2002), Becchetti and Trovato (2002), Roperti (1999) and Glancey (1998) concluded that the magnitude of the business unit (firm size), the length effort (age), the legality of the business unit (legal form), the company's ability to export and bank credit decision made rationally by the owner or manager of the Small and Medium Industry can contribute to the growth of the business. These factors will be effective if the coaching role of entrepreneurship.

## **II. Literatur Review**

### **2.1. Entrepreneurship**

According to Hisrich (2005), entrepreneurship is the process of creating something new and takes all the risks and rewards, while the entrepreneur is an innovator or someone who develops something unique and different. Zimmerer and Scarborough (2010) entrepreneur is someone who creates a new business with risk and uncertainty in order to achieve profitability and growth by identifying opportunities and combining resources owned. According to Hisrich (2005), entrepreneurship is the process of creating something else to use the time and accompanied activities and risk capital as well as receive remuneration and satisfaction and personal freedom. Then, Drucker (1985) stated that entrepreneurship is the spirit, skills, attitudes, behavior of individuals in handling the business / activity mengaruhi on efforts to find, create, implement ways of working, technologies, and new products to improve efficiency in order to provide better service and profit the greater one. To gain the necessary creativity and discovery of new things, entrepreneurship is a process that has a high risk to produce value-added products that are beneficial to the community and bring prosperity for the entrepreneur.

From the above definition, it can be concluded that an entrepreneur should be able to see an opportunity, an opportunity to analyze and take decisions to achieve a useful advantage for himself or the surrounding environment and the continuation of its business before these opportunities be exploited by others. Entrepreneurs who succeed usually spur a dream and trying to make it happen because of the high confidence of success that can be achieved.

Segal, et al, (2005) suggested two theories regarding about encouragement to entrepreneurship, "push" theory and the "pull" theory. According to "push" theory, individuals are in the push to become entrepreneurs due to encouragement of negative environment, for example dissatisfaction at work, difficulty for finding jobs, lack of unflexibility of working hours or salary that is not enough. In contrast, "pull" theory argues that individuals are interested in becoming entrepreneurs because they are looking for things related to the entrepreneur's own characteristics, such as independence or indeed because it believes entrepreneurship can provide prosperity.

Decision-making to be self-employed has a positive side and a negative which can be referred as the advantages and disadvantages of being an entrepreneur. According to Buchari Alma (2010), the advantages of being entrepreneurial is: 1) opens the opportunity to reach the desired destination itself; 2) there are opportunities to demonstrate one's abilities and potential in full; 3) open opportunities to gain the maximum benefits and advantages; 4) there are opportunities to help people with the efforts of concrete and 5) opens the opportunity to be the boss. While the weakness of being an entrepreneur is 1) to obtain revenue is uncertain, and bear the various risks; 2) work hard and time / long working hours; 3) quality of life remains low until he succeeded, because he had to downsize and 4) getting a very big responsibility, a lot of decisions to be he did not master the problems it faces.

Mutis (2005) provided personal traits for entrepreneurs that are most often expressed are: 1) the need to achieve something; 2) the need for control, intuitive creative orientation; 3) look to the future; 4) a tendency to take risks; 5) have the mental freedom; 6) has the leadership and 7) social rebels. So the characteristics of private entrepreneurs supported by the need to achieve something, control, creative, risk-free as well as the soul of a leader and oriented to the future. Mc. Clelland in Wiratmo (2006) stating the characteristics of self-employment as follows 1) the desire to excel; 2) the desire to be responsible; 3) preference to medium risks; 4) perception of the likelihood of success, 5) stimulation by feedback; 6) energetic activity, 7) orientation to the future; 8) skill in organizing and 9) attitude toward money.

### **2.2. Fostering Entrepreneurship**

In general, coaching occurs through a process of releasing things that are inhibiting, and learned knowledge with new skills that can improve their living and working better. Such development involves planning, organizing, financing, coordination, implementation, and monitoring of a job to achieve maximum results. In that definition, it implicitly contains an interpretation that coaching is all efforts and activities

concerning the planning, organizing, financing, coordination, implementation, and monitoring of a job in achieving maximum results.

Coaching activity contains elements to maintain, enhance and update the properties of dynamic, progressive, and innovative, can work well when implemented based on careful planning. This is in line with what is disclosed Syadam (2000) that coaching means renewal or effort, action or activity that is carried out efficiently and successfully in order to obtain better results. Thoha (1999) suggested that there are two elements that are in terms of coaching, the coaching is an act, process, or statement of purpose and the development showed an improvement over anything.

Coaching that is done continuously is expected by entrepreneurs and artisans to be better and more appropriate to the culture that is used in the organization, such as working hard, works well, has a high spirit, mentally strong, have a sense of high concern to achievement.

### **2.3. Empowerment of Small and Medium Industries**

Payne (1997) explained that empowerment is essentially aims to help clients get the power, strength and ability to take decisions and actions to be taken and related to the client's self, including reducing personal and social constraints in the action. Ife (1995) stated that the empowerment means giving power, giving "power" (power), the power, to the less powerful. According to Paul (1987) empowerment means equitable power-sharing political power sehingga raise awareness of vulnerable groups and increase their influence on the process and results of development. Rappaport (1987) says that empowerment is defined as understanding the psychological effects of individual control of the social state, political power and rights. MacArdle (1989) defines empowerment as a process of decision-making by the people who consistently implement the decision. People who have achieved the goal of collective empowered by their independence, even a "necessity" for a more empowered through their own efforts and the accumulation of knowledge, skills and other resources in order to achieve the goal without depending on the help of external relations. Empowerment of Small and Medium Industry adapted to the potential, problems and characteristics in accordance with the empowerment program. The process of empowerment of Small and Medium Industry is not much different from community empowerment. Empowerment of Small and Medium as a program must still planned seriously and focus on efforts to make the perpetrators of Small and Medium Enterprises to be more intelligent and able to develop communication so that in the end can talk to each other constructively and address the existing problems ,

Jamasy (2004) stated that the consequences and the main responsibility in development programs through community empowerment approach is powerless or have power, strength or ability. The power in question can be seen from the physical and material aspects, economic, institutional, cooperation, intellectual strength and commitment in implementing the principles of empowerment. Ability helpless have the same meaning to the independence of the community. One way to achieve it is by opening up opportunities for the entire community in the stages of program development. Each component of society has always had the ability or the so-called potential. Integrity of this potential will be seen if among them integrate and work together to be empowered and independent.

### **2.4. Entrepreneurship Coaching Role as the Realization of Small and Medium Industry Empowerment**

Business growth for furniture industry in Pasuruan will be growing if it is done effectively by implementing empowerment element. In the empowerment of the industry furniture in Pasuruan, Department of Cooperatives and SMEs Pasuruan makes various efforts such as: first, to provide guidance to human resources (HR), coaching is done by providing guidance entrepreneurial form of training to industrial furniture in Pasuruan city such as training to improve the facilitation of Intellectual Property Rights (IPR). The training procedure is aimed to do management of patents, brand rights, the legality of operations, product design, entrepreneurship and management. This is in accordance with the opinion of Suharto (2009) that the process and achieving the goal of empowerment can be achieved through the strengthening and smiles.

Second, help accessing capital. Cooperatives and SME Institution in Pasuruan provide information about how to obtain capital relief to a third party, namely banking and provide information on how to prepare a good proposal to make capital.

Third, develop a network of cooperation for SMEs. Cooperatives and SME Pasuruan cooperation with the Department of Industry and Trade (Industry and Trade) and private parties, the agreement aims to facilitate the promotion of craft furniture in Pasuruan. This is in accordance with the opinion of Hafisah (2004) stating that it is necessary in the development of SMEs one of which is the development of partnerships necessary to develop partnerships of mutual help between SMEs and large employers in the nationally and internationally to avoid the occurrence monopoly in the business. In addition, it aims to to expand market share and more efficient business management.

Fourth, there should be promotion for the furniture products of Pasuruan through exhibitions and promotions. With the exhibition and promotion of this furniture products of Pasuruan can expand its marketing

and provide opportunities to cooperate with other SMEs and large employers. This is in accordance with the opinion of Hafsa (2004) which stated that the development of SMEs need to be considered one of them is developing a promotion, it is in order to further accelerate the process of partnership between SMEs and large enterprises needed special media in an effort to promote the products produced.

### **2.5. Supporting Factors and Obstacles of the Empowerment Process for Furniture Products in Pasuruan**

The supporting factors of the implementation of the empowerment of furniture in Pasuruan are: (1) the integrated structure, the lack of clarity in the organizational structure as the executor of the policy has been to support the successful implementation of the empowerment of furniture in Pasuruan. It is appropriate that proposed by Tambunan (2002) that the role of local governments at the provincial and district levels one of which is the implementation, elaboration, and coordination of central government policies; (2) the furniture community in Pasuruan needs to be strengthened in the development of business information network for business development for its members; (3) the use of e-business technology to process information related data to SMEs in Pasuruan. In addition, e-business technology such as the website is also used by SMEs to develop their business in marketing their products.

The inhibiting factors of the implementation of the empowerment of SMEs are: (1) limited human resources and lack of competent to carry out development activities of SMEs, such as consultants and trainers. The role of government as a pioneer should be as a role model for the whole community; (2) capital difficulties for SMEs. The difficulty of the procedure to be followed and requirements posed by financial institutions to SMEs in the capital borrowing is a common problem faced by SMEs. Capital fund is a strategy for SME development that the government should extend credit schemes specifically with requirements that are not burdensome for SMEs, to help increase its capital, either through financial services sector formal financial services sector informal, the guarantee scheme, leasing and venture capital funds; (3) the technical problems of SMEs. It is about the production process, technical marketing, and product promotion. The technical issues are generally overlooked by SMEs so that the limiting factor for the Department of Cooperatives and SMEs Pasuruan in empowerment and certainly impeded progress in SME business. With the technical problems faced by SMEs, then the Department of Cooperatives and SMEs Pasuruan need to implement specific strategies in empowering prior manner to empower does identify in advance for SMEs based on the level keberdayaannya, helpless and whether or not identified in order to maximize the empowerment conducted by the Department of Cooperatives and SMEs Pasuruan that the process is not misdirected and more focused.

## **III. Conclusion**

The development of small furniture industry in Pasuruan has sufficient potential to be developed in the future. However, if businesses can not prepare well for the competition, it is feared that furniture products in Pasuruan will not be able to survive in facing of competition from other products, so it will have an impact on the survival of their businesses in the future, furniture business continuity industry in Pasuruan will be effective if the coaching role of entrepreneurship. In the empowerment of the industry furniture in Pasuruan, Department of Cooperatives and SMEs Pasuruan should make various efforts such as: (1) provide guidance to human resources (HR), coaching that is done by providing entrepreneurial guidance form of training of the craft industry furniture in Pasuruan such as training to improve the facilitation of Intellectual Property Rights (IPR). This training procedure is dealing with the management of patents, branding rights, the legality of operations, product design, entrepreneurship and management; (2) assistance in accessing capital; (3) develop a network of cooperation with the Department of Industry and Trade (Industry and Trade) and the private sector, facilitate the promotion for furniture products in Pasuruan; and lastly (4) introduce the furniture products of Pasuruan through exhibitions and promotions.

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