

Abstract

The powder coating industry in Malaysia has increasingly replaced the traditional liquid paints in metal-based industries due to its environmental friendliness, governmental legislation and improved technology. The powder coating industry had grown steadily in the early 1990's in tandem with the Malaysian economic performance. The high growth rate of the industry has attracted new entrants to set up manufacturing plants in the country. However, the unprecedented currency crisis in 1997 has drastically reduced the market size and demand. Faced with an overcapacity scenario, the players are scrambling for market shares by competing heavily in price. The research aims to provide an overview of the Malaysian powder coating industry from its beginning in the 1970's and to conduct a strategic analysis of the industry. The research then examines in detail the corporate strategies of ICI-NOF Powder Coating (M) Sdn. Bhd.. The company has a strong Japanese customer's base because of the influence from the Japanese joint venture partner. As the powder coatings business has been declared as non-core, ICI-NOF has to face the external competitive environment without much support from the parent company. The final part of the study provides some recommendations to the company in order to enhance its competitiveness.