

local powder coating manufacturer was started in 1984, replacing the import of powder coating from Singapore and Thailand.

In the late 1980's, a new wave of foreign direct investment came into electronic and electrical sector in Malaysia. Japanese companies like Matsushita has invested millions of Ringgit building plants in Malaysia. In the 1990s, Petronas started building network of transmission of gas pipeline i.e. Peninsular Gas Utilization. The three phases of project measuring a total of 1065 kilometer propelled the tremendous growth of powder coating industry. Furthermore, the double-digit growth of the construction industry from 1990 to 1996 provides the opportunity for business expansion.

In 1998, it is estimated that the market size of the powder coating industry was around 6500 metric tons worth about RM80 million. There are five manufacturers in Malaysia, of which four are multinational companies and only one that is a local-based company.

Since the economic crisis started in 1997, the market size has shrunk by more than 20 percent. Escalating raw material cost due to depreciation of Malaysian currency deeply hurt the profitability of the companies. Inability to pass on the cost to customers because of overcapacity and the shrinking market has caused the powder coating industry to face its biggest challenge since it started in Malaysia.

1.2 Objectives of the Study

The objectives of this study are firstly to conduct a strategic analysis of the powder coating industry in Malaysia. Secondly, the corporate strategies of ICI-NOF Powder Coatings (M) Sdn. Bhd. will be examined and some recommendations will be made to enhance the competitiveness of the organization.

1.3 Significance of the Study

Powder Coating is gaining popularity in paints industry in Malaysia due to its environmental friendliness. This study would contribute to a better understanding of the development and challenges faced by the powder coating industry in Malaysia. This study provides also valuable insight for any organization interested in powder coating industry in Malaysia.

This study also will be of significant value to the management of ICI-NOF. The in-depth analysis of the company and its business network will be useful when designing the company's corporate strategy. It is hoped that the management of the company will consider the recommendations in the study.

1.4 Methodology

This study covers five powder coating manufacturers in Malaysia and presents an overview of the operation of these companies in Malaysia. Case study method (Emory,1980) was used in this research so that the companies can be investigated in depth and with meticulous attention to details. This highly focused attention enable careful study of events or conditions as they occur and identification of their interrelationship.

The primary data was obtained through non-random interview conducted with various managers and executives in the powder coating industry that include manufacturers, suppliers and clients. The secondary data was collected from newspapers, trade journals, reports issued by the Ministry of Finance and Department of Statistics. Financial results of the companies were obtained from the Registrar of Company.

Porter's Five Forces strategy is used to examine the attractiveness of the industry. Value Chain Analysis is also used to analyze the activities performed in various stages

of the company. The strength and weakness of the activities and the linkage within the product value chain will be discussed.

1.5 Organization of the Study

The study focuses on the powder coating industry in Malaysia. An organization was selected to discuss the prospects and the challenges it faces. The study is divided into six chapters as follow:

Chapter 1	Covers the introduction of the powder coating industry in Malaysia
Chapter 2	Discusses the development and structure of the powder coating industry in Malaysia
Chapter 3	Examines and analyze the industry using Porter's Five Forces model
Chapter 4	Focuses on the value chain analysis in the powder coating process
Chapter 5	Provides an in depth case analysis of ICI-NOF Powder Coatings (M) Sdn. Bhd. by using some strategic analysis
Chapter 6	Concludes the research findings and provides recommendations to the Organization