

5.0 CONCLUSION AND RECOMMENDATION

The advent of technology i.e. the web, product genetic engineering, etc., would render a new phase of challenges for the Malaysia Oil Palm industry. It was argued that new entrants at times of radical technological change displaced incumbent industry because such a change render their capabilities obsolete or they do not have the incentive of to invest in the radical change fear for cannibalizing their existing product (Henderson, 1993). Oil palm industry in Malaysia are in similar to the former situation where the U.S. soybean oil producers had, since 5 years ago, used engineered soy to get the higher yield rate (Bek Nielson, 2000)

The Malaysia palm producers should always stay abreast with these technology development and champion such move in order to remain competitive.

A move to have a strategic alliance with Indonesia is crucial but need to be tacit and inimitable. It has been recognized that a firm's competitive advantage may rest on collaborative relationships with and the success of co-opetitors, i.e. suppliers, customer, complementors, and alliance partner with whom it must collaborate and compete (Afuah, 2000). But, this may takes its toll against its co-opetition. Collaborative relationship, usually a case of competitive advantage can forced co-opetitor can become handicap if a technological change renders co-opetitors capabilities obsolete. What may be seen as as an incremental or competence enhancing technological change to a firm because it leaves its technological capabilities intact may actually render those of its suppliers, customers, complementors, or alliance partners obsolete thereby reducing the performance of an unsuspecting firm that only looks out for those

technological changes that potentially have a direct impact on its own capabilities.

A joined promotion on palm oil should be carried out with Indonesia. The Malaysian Palm Oil Promotional Council which was established in 1978, had carried activities such as Trade Shows or Fairs, trade Mission, Seminars. This is crucial because of the complexity of the international business environment and the comparative scarcity of resources especially faced by small and medium size firms.

Another important point to note is the involvement of government level in promoting the programs in order to address the problems of export barriers, explicit or implicit, encourage investments such as tax free incentives.