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INDUSTRY ANALYSIS OF FILM PRODUCTION FIRMS

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A thesis submitted to the Board of Examiners in partial fulfillment of the requirements for the degree of Master of Business Administration (MBA)

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ACCEPTANCE

This is to certify that this thesis entitled **" Industry Analysis of Film Production Firms "** has been accepted by the Examination Board for awarding Master of Business Administration (MBA) degree.

Board of Examiners

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ABSTRACT

This paper intends to analyze the effect of macro-environment factors and organizational competencies on competitive strategies, and their effect on firm performance of film production firms. Among (100) film production firm, which are currently operating in the industry, (30) firms are randomly selected to survey through the personal interview method. It is found that the firm's owners practice cost leadership strategy when they are suffering from bad effect of political, economic and technological forces, although socio-cultural forces favors to practice cost leadership strategy. The firm's owners choose the differentiation strategy when they see good effect of political and technological forces. Moreover, their strength in financial management and human resources encourage them to practice the differentiation strategy. It is also found that firms with cost leadership strategy cannot reap strong financial performance. Whether the firms adopt cost leadership or differentiation strategies, it can lead to good internal business process performance. Recently, most of the owners practice cost leadership strategy without investing in learning and new technologies. Therefore, firms should find out ways to promote human capabilities and technologies to be able to adopt differentiation strategy and achieve successful organizational performance.

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CHAPTER (1)

INTRODUCTION

The film industry comprises the technological and commercial institutions of filmmaking, i.e., film production companies, film studios, cinematography, animation, film production, screenwriting, pre-production, post production, film festivals, distribution and actors, film directors and other film crew personnel. Through the expense involved in making films almost immediately led film production to concentrate under the influences of standing production companies, advances in affordable film making equipment, and expansion of opportunities to acquire investment capital from outside the film industry itself, have allowed independent film production to evolve.

Film industry serves not only as a medium for entertainment, but also serves for information and educational purposes which is termed Infotainment and Edutainment. Furthermore films can illustrate the cultural characteristics, socioeconomic status, trends of the evolving social norms, behaviors, faiths, beliefs, practices, arts, philosophies and concepts, traditions, etc. of the people and sceneries, landscapes, landmarks, religious buildings, architecture, ecological information, environmental preservation, etc. of a country. Thus, films industry plays a very crucial role in developing culture based entertainment and in creating and disseminating one’s culture to other communities to infuse their own ideologies for political as well economic purposes. Moreover, film industry can also be an extremely useful weapon for the governments in propagating their ideas and concepts domestically or exporting their ideas and concepts to other countries.

Myanmar film industry had started in 1910 by one young hobbyist, U Ohn Maung who moved up from photography to movie after studying the film making technologies and its related subjects. Like all industries, film industry was also negatively affected by the policies exercised by the ruling governments from 1962 till now. It is of importance to have proper and fair rules and regulations to be in place for the sake of the film industry to be able to thrive and sustain for the long term.

Therefore, it has been called by the film industry for the need to reform the current practices to be able to put the industry onto the right path of growth, prosperity and long-term sustainability. One of the main reasons why it is essential to promote film industry is that it can contribute towards the growth of the country's GDP in its own way.

With the above factors are in consideration, this paper is made on the analytical study of the film production firm in Myanmar in order to understand the effect of external and internal factors to competitive strategies of film production firms in Myanmar.

1.1 Rationale of the Study

Huge amount of income, vast opportunities for job creation, development of related industries, indirect employments can be generated from the growth of the film industry through improvement and upgrading of film production technologies. With the strong support of the government and charging of essential rules, regulations and law for the film industry, this industry can contribute to the growth of country's GDP significantly.

The film industry, however, may represent the ultimate in risky businesses. For the film industry, every film is new. Unlike other services whose revenue comes primarily from repeat sales of existing services, film production firms get nearly all their revenue from new films. For many film production firms, return from large investments often depends on one weekend of sales at the box office.

Therefore, Firms' related industry macro environmental forces (external environment) and organizational competencies (internal environment) should be diagnosed in order to build competitive strategies and strengthen their performances. In every industry, it is very important to know the execution of the competitive strategy that shapes their growth of performance. This makes a particular firm to be able to grasp the best opportunity and to gain competitive edge over others by setting the right strategy. Balance of process (pre-production, production, post-production and exhibition) is most importance factors for the production firms. But, currently most of the firm have difficult to implement the balance of process. To implement the balance of process is depend on the exhibition system and quantities of screens in movie theater, and quality of product. That are essential furthermore to develop the industry and expand to the international market.

The study of the macro environmental forces in the film production firm will give further insights into the prevailing patterns of the production firms to be able to develop the best strategy in order to expand the internationalization and maximize the firm's performance accordingly.

Although the demand for screens are largely lie across the country, it is impossible that all the movie lovers can be entered by existing demand mainly due to other factors such as substitute products and services. Moreover, the quality of local movie productions comparing with imported foreign movies restricted the sustainability and growth of the industry. That factors are negative effect the production firms' development.

Therefore, it is important to develop the industry sustainably in order to support the stakeholders of the industry and the whole economy as well. Thus, the situation of the industry needs to be analyzed and how to exploit the competitive strategy effectively.

1.2 Objectives of the Study

The objectives of the study are:

(1) To examine the effect of macro environment and organizational competencies on competitive strategy of Film Production Firms in Myanmar.

(2) To analyse the effect of competitive strategy on firm performance (Financial, Customer Related, Internal Business Process, Learning & Growth) of Film Production Firms in Myanmar.

1.3 Scope and Method of the Study

This study focuses on perception of film production firm-owners towards macro environment forces, organizational competencies and competitive strategies. This study also emphasis on effect of macro environment factors and organizational competencies on competitive strategies and effect of competitive strategies on firm performance of film production firms. This study covers the four macro environment forces such as political, economic, social and technological forces. The three competencies (financial management, human resource competencies and process) are considered to analyze their impact on competitive strategies. The two competitive strategies (cost leadership and differentiation) are analyzed in this study. Firm performance is measured with balance scorecard (Financial, Customer Related, Internal Business Process, Learning & Growth). There are 100 film production firms which are active in the industry. Among them, thirty firms are randomly selected. The personal interview method is applied to get primary data from owners of randomly selected 30 firms. Structured questionnaire is developed for collecting such data. For data analysis, descriptive method and linear regression method are applied.

1.4 Organization of the Study

This paper is organized with five chapters. Chapter (1) is introductory which involves rationale of the study, objetives of the study, methodology and sources of data, scope and limitaton of the study and organization of the study. The theorectical background on the effect of firm performance (Financial, Customer Related, Internal Business Process, Learning & Growth) of film production firm is presented in Chapter (2). Chapter (3) presents history and profile practices of film production firms in Myanmar. Chapter (4) discusses about the analysis on the effect of macro environment and competencies of firm performance (Financial, Customer Related, Internal Business Process, Learning & Growth). Finally, Chapter (5) involves the conclusion with the findings, discussions, suggestions and recommendations and needs for further research.

CHAPTER (2)

THEORETICAL BACKGROUND

This chapter consists of two main parts such as defination of key variables and conceptual framework. In the conceptual framework of this study, key variables are macro environment, organizational competencies and firm performance (financial, customer related, internal business process and learning & growth). The paper aim to analyse the effect of macro environment factors and organizational competencies on competitive strategy, and to analyse the effect of competitive strategy on performance. Thus, there are four main variables to be analysed. This chapter presents the concepts of major variables: macro environment, organizational competencies, competitive strategy and performance.

2.1 Macro Environment

Macro environment refers to all the factors outside an organization that are taken into consideration by the organization in its decision making. Macro environment describes conditions and forces in an economy where a firm is not able to control. It is found that numerous studies have been carried out over the years examining the effectiveness of strategy development processes between environments with the firm's performance (Mintzberg 1990; Hart & Banburry 1994; Venkatraman & Prescott 1990). Furthermore, Beal (2000) study indicated that the environment is the primary force in firm performance. A macro environment can be defined as the condition that exists in the economy as a whole. In general, the macro environment includes trends gross domestic product (GDP), inflation, employment, spending, and monetary and fiscal policy. As opposed to the performance of an individual business sector, the macro environment is closely linked to the general business cycle. Every business organization operates in a board "macro-environment" that comprises six principal components: political factors; economic conditions in the firm's general environment (local, country, regional, worldwide); socio-cultural forces; technological factor; environmental factor and legal / regulatory conditions.

2.1.1 Political and Legal Force

Wars and diplomatic relations, trade agreements, sanctions and embargoes, political trends and events, legislation protecting consumers and on safety, health and employment are examples of political forces in the business world (O'Connor, 2000). If the market's economy is a market economy or a centrally planned socialist economy has an impact on the entry mode (Root 1998). Political inputs is most likely to happen in branches that, affects certain political goals, such as native access to national resources, defense and employment (Porter 1998.III). Government actions are together with suppliers and customers part of the business process (Cheverton 2004). Some kind of legislation can also belong under either political or legal forces depending on its nature and local circumstances. According to Yadin (2002) the legislation is used to restrict for example marketing activities, particularly in industrialized countries.

The legal forces are policies and legislative regulations which are barriers for foreign business to entry the local market, this is made by restrictive import policies; high tariffs, tight quotas and other barriers are some examples (Leonidou, 2004; Root, 1998). Barriers like these protect a country's own production from foreign. The higher these barriers are the more attractive is local production (Porter, 1998.III; Leonidou, 2004). According to Porter (1998.III) other legal barriers are world laws concerning bribes and taxes if they are set to negatively influence the global trade. Customs documentation and shipping arrangements are other issues that make it often hard and costly for small firms to export (Leonidou, 2004). Technical norms, different legal restrictions and building regulations bring out different variants of products on the national market.

2.1.2 Economic Force

Interest rate fluctuations, national taxation, raw material prices and currency are forces that have strong effects on the global market (Yadin, 2002). Other economical forces are stock market values, business cycles, inflation and GDP (gross domestic product per capita) figures (Johnson et al., 2005; O'Connor, 2000). The size is significant talking about economical forces, size of products and markets as well as the size of the GDP plays an important role in the choice of entry mode. According to

Root (1998) a small market favors entry modes that have low breakeven sales volumes, an examples is indirect exporting. This is also applicable when the business is concentrating on a particular smaller part of a large market (Johnson et al., 2005). To be able to access each national market, an agreement with the local distribution channels is very important. Issues who should be taken in consideration are the need for local sales groups and services, complicated adjustments of price and performance, and transportation time. Cost can be very high when it comes to a product that needs to be delivered fast or is of great value (Porter, 1998.III). Due to customs documentation, shipping arrangements, and other issues it is often hard and costly for small firms to export (Leonidou,2004).

2.1.3 Social Force

Social forces can be defined as the ways in which changes in society affect the organization. Cultural distances between the home country and the export country such as culture, values, language and social structure may influence the company's way of entering the market (Cheverton, 2004). Some examples of social forces are baby booms, changes in life expectancy and morality, number of population and within population groups, substance of households, and local conflicts and national wars. Most of these can be classified as either social forces or economical forces (O'Connor, 2000; Yadin, 2002). As a result demographic changes affect marketing strategies and human resources for companies (Kermally, 2004). It is important to decentralize the activities from a company in order to come close to the customer segment.

2.1.4 Technological Force

The increased use of computer programs, technological trends and innovations, increasing speeds in producing units, smart systems, improvements in artificial intelligence and diversification are examples of technological forces (O'Connor, 2000). In the production field , the infrastructure is more important compared to new technological trends. The attractiveness in a potential new market to entry there are some important factors that should be taken in consideration, such as electricity, telecommunications, railroads, water supply and natural gas (Johnson et al., 2005). High transportation cost makes it hard for external parties to compete with local products, especially when there is a large distance between the two countries (Root, 1998). In developed countries like the United States, Germany and Sweden, the infrastructure is generally better compared to developing countries (Kessides, 2004).

2.2 Organizational Competencies

Organizational competencies are the competencies needed in the organization so that it can excel and remain competitive in the market. Organizational competencies in the context of strategy implementation has been used in the past as a framework for a better comprehension of fit or alignment between strategy and structure (Tushman & Nadler,1978). According to Simon (2000) organizational competencies are often thought to be employee's skills rather than the compelling cross-company competencies that drive integrated business execution and management alignment. Strategic change creates the need for superior competencies and for information gathering, interpreting and synthesis capabilities in order to take advantage of opportunities created or avert threats (Galbrailt,1974).

This approach is based on the assumption that organizations will be more effective when there is a match between the competencies and requirements for their successful strategy implementation. Vitales (1986) indentified two fundamental ways to look at the relationship between business strategy and firms competencies; the dependent approach and the impact approach.

The dependent approach purposes that firm's competencies/resources strategy support business strategy in the same way as any other organization functional strategy, which can be it operations, marketing, finance or production. The impact approach is considered as more powerful in the sense that organization competencies determines if the business strategy will be successfully implemented or not. As explained by Brown and Ramamurthy (1999), competencies enable business strategies implementation and allow the firm to adopt a stronger competitive posture.

2.3 Competitive Strategy

Competitive Strategy represents that firm's business strategy orientation towards external environmental conditions include competitors and customers (Abdullah et al. 2009; Dadzie, Winston & Dadzie, 2012; Hitt, Ireland & Hoskisson, 2015). Business-level strategies especially competitive strategy is significant in explaining variations in firm profitability and long-term performance . Porter's generic strategies should enable firms to compete competitively in any given industry(1980). To be able to achieve success, every firm must decide itself how to position itself in a competitive market environment. Based on two factors; competitive advantage and competitive scope, the three generic strategies can be determined.

Porter (1980) proposed the characteristics of strategic priorities so that firms can face the competition more effectively. Porter reasoned that there are two ways for a firm to maintain a competitive edge: producing the lowest-cost products or offering the lowest-priced services (the low cost strategy) or tailoring its products to meet the specific needs of its customers in terms of quality, characteristics, and the related product differentiation strategy.

2.3.1 Cost Leadership Strategy

A firm tries to become the low cost producer in its industry if it pursues cost leadership strategy. However, how the firms tries to achieve cost advantage are varied and depend on the structure of the industry. Some firms may try the pursuit of economies of scale, proprietary technology, preferential access to raw materials and other factors. To become a low cost producer , it is necessary to find and exploit all sources of cost advantage. The firm can be an above average performer in its industry if it can achieve and sustain overall cost leadership,, provided it can command prices at or near the industry average.

Cost leadership is one of the Porter's generic strategies that firms pursue indirectly and significantly by having the lowest cost in the industry and allow firms to remain competitive (Anon, 1988; Espino-Rodrigueza & Lai, 2014; Hilman & Abidin, 2012). Firms adopting a cost leadership strategy try to achieve the lowest costs in their production, offer good prices, and obtain profits (Dadzie et al., 2012; Hitt et al., 2011; Porter, 1985).

2.3.2 Differentiation Strategy

if a firm would like to adopt differentiation strategy, the firm must develop the prouct or service that offers unique attributes that are valued by customers and that customers perceived to be better than or different from the products of the competition. The value added by the uniqueness of the product may allow the firm to charge a premium price for it (Kiechel, 2010). Firms can adopt differentiation strategy often exploiting their internal strength that include; Access to leading scientific research, highly skilled and creative product development team, strong sales team and corporate reputation for quality and innovation (Kiechel, 2010). A firm tries to be unique in its industry using differentiation strategy along with some dimensions that are widely valued by buyers. The firm may differentiate by selecting one or more attributes that many buyers in an industry perceive as important, and uniquely position itself to meet those needs. Then, a premium price can be rewarded for the uniqueness of product or service.

2.4 Organizational Performance

Organizational Performance can be defined as outcome of the combination of strategies and capabilities and their development to achieve specific goals. According to Lee et al.(2015), firms gauge organizational performance using financial and non-financial outcomes related to certain aspects of the quality and operations they employ According to Goll and Rasheed (2004), organizational performance largely depends on strategy environment fit.

In this study, balance scorecard theory is used to measure firm performance . Balance scorecard was first introduced in 1992 by David Norton and Robert Kaplan with more wider view including both financial and nonfinancial information.

Financial data such as sales, expenditures, and income are used to understand financial performance. These financial metrics may include dollar amounts, financial ratios, budget variances, or income targets. Customer Related perspectives are analyzed to gauge customer satisfaction with quality, price, and availability of products or services. Customers provide feedback about their satisfaction with current products. Internal Business processes are evaluated by investigating how well products are manufactured. Operational management is analyzed to track any gaps, delays, bottleneck, shortages, or waste. Learning and growth are analyzed through the investigation of training and knowledge resources. Balancing these four perspectives, the company can convert valuable information from those four perspectives into competitive advantage over the industry.

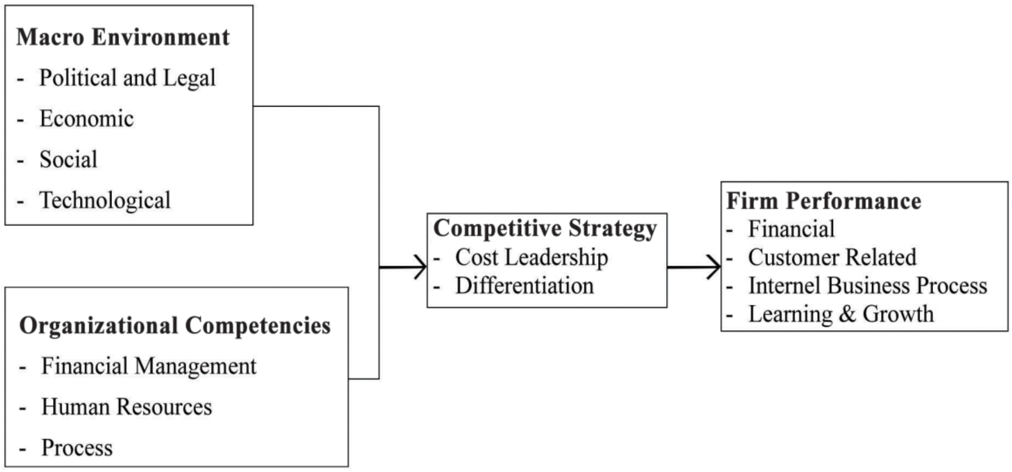
To be able to reinforce good behavior in an organization by isolating four separate areas that need to be analyzed, balance scorecard theory is developed. These four areas include learning and growth, business processes, customers, and finance. The balanced scorecard focus to attain objectives, measurements, initiatives, and goals that result from these four primary functions of a business. Using balance scorecard theory, firms can easily find out factors hindering business performance and identify strategic changes tracked by future scorecards. When viewing company objectives, the balanced scorecard can provide information about the company as a whole. Some organizations use the balanced scorecard to implement strategy mapping to pin point where value is added within an organization. Moreover, balanced scorecard can be used to develop strategic initiatives and strategic objectives.

A balanced scorecard can also be applied as a performance metric in strategic management . In this way, the firm can identify and improve a business's important functions and their resulting outcomes.

2.5 Conceptual Framework

The Figure (2.1) below defines the conceptual framework for this study. The conceptual framework illustrates the relationship between the independent variables: macro environment, organizational competencies and how their effect on the dependent variable performance of film production firm. The linkage shows as how's competitive strategy support to organizational competencies and how it is prevent the environmental forces. In the conceptual framework shows the effect of competitive strategy on firm performance.

Figure (2.1) Conceptual Framework



Source: Own Compilation (2019)

According to Ward and Duray (2000), the macro environmental condition enables organizations to diversify because entry barriers to new markets are removed and as such an organization enjoys balanced or reduced risks that will increase its profitability through improved performance. Organization performance is the consequence of fit between two or more factors such as strategy, structure, resources, technology, culture and environment (Burns and Stalker, 1961). The goal of contingency theory is to explain firm's performance and the determinants of strategic choice (Winterton, 2002). The above conceptual model is developed by concerning the influence of macro-environmental factors (political, economic, socio-cultural and technological factors) and organizational competencies (finance, human resources and process) on strategy choice. As the strategies, the two common strategies - cost leadership and differentiation strategies are included in this framework. This model also pointed out the relationship between their competitive strategies and performance.

CHAPTER (3)
CURRENT SITUATION OF MYANMAR FILM INDUSTRY

This chapter presents the historical background of Myanmar Film Industry, current situation of Myanmar Film Industry, current situation of film-production firms and barriers Film-production firms are facing currently and perception of film production firms.

3.1 Background of Myanmar Film Industry

The very first documentary film put up on the cinema screen in September, 1920 in Myanmar was the funeral ceremony of Patriotic Representative U Tun Shein. And the very first "Silent Film" for Myanmar named "Myitta & Thura" was screened on the cinema on 13th October, 1920. In commemoration with honor of this event, "Myanmar Film Day" is celebrated annually on 13th October.

After the second world war, movies with political elements were only produced. In the cold war era, movies made up with propaganda were produced. The most successful and glorious years for Myanmar Film Industry was the period after the independence between 1950-1960. Owing to the strict rules and regulations laid down by the Myanma Socialist Party starting from 1962, the fact that around 400 movie theater across the country was nationalized, and the significant decline in support from the government, movie production had dropped enormously. Around 1985, as a consequence to unavailability of films and other obstacles compounded by a wide range of difficulties, movie production was substituted by video productions which were lower in production costs.

From 1985 to 2012, movie production had almost come to an extinction while video production had prospered like wild fire reaching even to the village tracts throughout the country. But because of mushrooming of video piracy, video production industry had come to a halt. Then movie industry has taken its turn to rise again by applying the digital technology to produce movies. However, relaxation and reliefs made with the rules and regulations for movie censors and the demise of video industry has caused proliferation of movie productions. But with a few number of movie theater available it is a big obstacle for the movie producers to secure the exhibition at the cinemas up till today. Quality of movies have gone downward spiral as a consequence to thrifty budgets made with a base reflecting the minimum returns expected from the movie shows.

In regards to movie production, number of movie produced has been increased gradually from (9) movies in 2014 to (32) in 2015, (98) in 2016, then with a leap to (158) in 2017, (133) in 2018, and to (80) in 2019 as of September. Most of these movies are produced with low budgets and with few shooting hours, and are of comedy in nature. Thus getting the name “Pal Kar”(Crackpot Movies) for these comedies since 2017. Although audience has objected and demanded to stop producing such “Pal Kar”(Crackpot Movies), only a few producers has taken the course of action changing to produce the high quality movies with sound and well-structured stories. Because how loud voices are made against such cheap movies, the massive population out there is still liking and supporting the cheap comedies.

Movie categories that are liked by the movie-goers are – comedies, horror movies, action, and drama. Although the audience is divided into two groups – those who like comedies and those who don’t, when the high quality movies are shown at the cinemas those who don’t like comedies do not turn up for watching. Therefore, producers who opted to produce high quality movies dare not continue producing the high quality movies. And accumulation of movies, those which have been waiting for their turns to be shown in cinemas have caused the movie industry a stagnant one with negative results for the livelihood of artistes, technicians, and skilled workers of the whole movie industry.

Increase in production of movies have caused difficulties in exhibition. It was not a problem in 2014 where there were (48) movie theater, only issues encountered were the small market for the movie industry and the small distribution coverage at that time. In order to keep pace with the tremendous growth in movie production, expansion in number of movie theater have been made with great effort put in by the whole movie industry. As a result, now there are (159) movie theater and having (182) movie screens across the nation as of September, 2019. These movie theater are owned by business groups namely- Mingalar Company, JCGV, Mega Ace, Paradiso, Red Radiance, Galaxy and a number of individuals.

In the past, one movie was shown at a cinema for one whole month. Because of increased movie production, negotiations have been made between the movie producers, film distributors and the movie theater owners. With the objective to reduce the number of movies on the waiting list, plans were made to show two movies a month, four movies a month, six movies a month and now at eight movies a month. Rules are set for the selection of movies to be shown at the cinemas as follow. Two from the movies produced in 2016, two from the movies produced in 2017 and four movies of cinema house owner's choice.

Currently over (250) movies are on the waiting list to exhibit as at September, 2019. Out of those (208) movies on the waiting list, eight movies are selected for the shows at the cinemas every month. At the same time new movies are produced every month at an average of (5) movies per month. Therefore, if the exhibition system has not been changed and if the number of movie theater has not been increased, number of movies on the waiting list will not be reduced and the waiting time for a movie to be shown at movie theater will be 5 years on average.

3.2 Current Situation of Film Production Firms

Total number of licensed movie film producers are (190), but only (100) are operating currently. Out of these (100) currently operating movie film producers, most of them have stopped producing movies as they cannot get the chance of exhibit. The movie film producers who are currently producing and getting the chance of exhibit with the movie theater are only around a dozen. Policy for selecting the movies to be put on the screens at the cinemas is not clearly defined and also not depending on the director, actor, actresses or the story. But depends on the relationship between the movie theater owner and the movie producer. This is causing frictions and tensions between the movie theater owners and the movie film producers.

Often said by the cinema owners that it is very critical for the movies to have famous and popular casts in exhibition. But it is very difficult to get the famous actors and actresses to be included in the movies as they are bound by the annual contracts and long term contracts with the powerful movie production companies or groups. Thus , most of the movie producers have to use the new faces, new talents, new artistes for their movies.

In the past, movie producers had to concentrate on getting the returns from their investment made for the movies. Now getting the chance of exhibit has become their top priority which is followed by getting the returns on their investment.

Therefore, they have to make proper decisions on the volume of investment to be made for their movies.

Ability to produce high quality movies depends a lot on the strong budgets and high spending power of the movie production company. Causes for high production costs for quality movies are – very high fees for the actors & actresses, fees and expenses incurred on using the high-tech movie shooting & production equipment, high charges in hiring the shooting areas, settings and studios. Even if high-tech equipment is used, because of lack of skill with the labors in using these modern high-tech equipment, the quality of the movies are badly impaired. In some cases, damages can be remedied but in some cases damages are beyond repair. Even if damages are remediable, expenses can go exorbitant. And on the technicians side, designations like sound engineer, editor, musician, lighting technician, cameramen - most of them neither take the responsibility nor the accountability. In addition to this, most of them are unskilled in their fields which makes the movie producers disappointed. All these issues are in existence because of scarce resources for systematically trained movie technicians. Although people well trained in movie industry either locally or abroad have become available now, the quantity of such people are still very limited. In selecting the places for movie shooting, most of the movie producers have no choice but to keep on choosing the old places. Because of low returns in setting up studios, no one has come to invest in the studio-setting business yet.

Now the producers are facing with the dilemma in a situation whether to continue producing comedies which is liked by majority of the audience or to produce movies without having the popular actors and actresses in the casts or to produce high quality movies or not.

Based on the estimated returns on investment made for the movies, the maximum amount of budget that can be utilized for movie production is calculated. In addition, the interest that can incur because of long delay in getting the chance of exhibit is also considered. Limited number of cinemas for the movies is also one of the causes. Therefore, quality movies, which meet the levels of standard required by the foreign markets cannot be produced. In order to be able to produce good quality movie films with good return on investment, need more movie theater. It is found that if movie production can be planned to meet the demands in domestic as well as to set a foot in foreign markets, it will become a profitable business for the industry. Cooperation with foreign movie film companies is a way to expand the market and to intimidate the worries over getting the profitable income. To achieve this objective, need risk taking. However, main challenges for movie producers are to produce quality movies, to get chance of exhibit, to get the returns from their investments and to get profits from movie production.

Stringent rules and regulations of Censorship, non-existence of legal procedures and legislation to protect the rights of all the people involved with movie industry, limited number of movie theater, unavailability and insufficient supply of modern movie making equipment and film making gear, scarce parks and gardens or public areas where movies can be made, few modern movie studios, complicated rules and procedures for exhibition systems, few skilled workers in movie industry, uncertainty in getting back the investment, inability to expand and develop the movie market, reluctance to take risk in making good quality movies, unable to control and take action for widespread piracy of movies, taxation in advance even before movie films are on cinemas.

Creation of art in an environment free from all restraints and constraints is the most important factor for the development of movie industry. Then only this creation of art can attract the audience or the movie goers. In other words, as much as the extent of freedom in creation is in place, there will be more and more interested audience or movie goers. Then, income from the movie industry becomes significantly increased, These increased income can be re-allocated for the development of infrastructure and human resources much needed for the industry. Later on, good quality movies can be produced with the developed resources and the market can be expanded generating more income for the movie industry. Only when such a positive vicious cycle can be created, the hardships, difficulties and obstacles presently experienced can be solved with gradual diminution.

3.3 Demographic Profile of Selected Film Production Firms

To analyse the effect of macro-environmental factors and organizational competencies on firms strategies, and to examine the influence of strategy choice on firm performance. In this study, thirty film production firms are randomly selected to collect data. Their demographic factors are firstly reviewed. Table (3.1) shows the demographic factors of surveyed film-production firms.

Table (3.1) Profile of Selected Film Production Firms

Sr.No.	Factors	Number	%
1	Current Position of Respondent		
	-Executive Producer	16	53
	-Producer	14	47
	-CEO	-	-
	-Founder	-	-
	Total	30	100
2	Firm's Age		
	< 1year	-	-
	- 1 to 5 Years	8	27
	-5 to 10 Years	16	53
	> 10 Years	6	20
	Total	30	100
3	Type of Firm		
	-Local	26	87
	-Foreign	-	-
	-Partnership	4	-
	-Others	-	13
	Total	30	100
4	Capital Investment		
	< MMK 1,000 Lakh	11	37
	< MMK 2,000 Lakh	10	33
	< MMK 3,000 Lakh	6	20
	> MMK 3,000 Lakh	3	10
	Total	30	100

Source: Survey Data 2019

According to Table (3.1), most of the respondents are Executive Producers. Their firms are aged between 5 and 10 years. Most of the film production firms in this survey are local firms. Most of the firms are investing less than 1,000 lakh.

CHAPTER (4)

ANALYSIS ON EFFECT OF MACRO-ENVIRONMENT AND ORGANIZATIONAL COMPETENCIES ON COMPETITIVE STRATEGIES AND PERFORMANCE OF FILM PRODUCTION FIRMS

This chapter consists of three parts. The first part is finding firm's reliability analysis on data consistency. The second part is analysis on effect of macro-environment factors and organizational competencies on competitive strategies of film production firms. The third part is analysis on relationship between competitive strategies and firm performance of film production firms.

4.1 Reliability Test

The results for reliability test are shown in Table (4.1).

Table (4.1) Results of Reliability Test

Sr. No.	Variable	Number of Items	Cronbach's Alpha
1	Political Force	4	0.730
2	Economic Force	4	0.690
3	Socio-culture Force	4	0.694
4	Technological Force	5	0.653
5	Financial Management	6	0.937
6	Human Resources	5	0.809
7	Process	8	0.956
8	Cost Leadership	4	0.972
9	Differentiation	4	0.910
10	Performance	8	0.813

Source: SPSS Output

The question items consistency test (Cronbach Alpha) is used to obtain alpha (Alpha ≥ 0.7) which is generally acceptable to human sciences (Sekaran, 2010). After the test, all the values of the study variables are greater than or equal to the minimum acceptable value.

4.2 Firm Owners' Perception on Environmental Forces

In this study, the perception of thirty film production firm owners on environmental forces on their firms is analyzed. Descriptive approach is followed. Results from survey are shown in Table (4.2).

Table (4.2) Perception on Environmental Forces

Sr. No.	Forces	Mean Value
1	Political Force	2.49
2	Economic Force	2.43
3	Socio-culture Force	3.29
4	Technological Force	3.61

Source: Survey Data, 2019

As shown in Table (4.2), firm owners are suffering from negative effect of political forces and economic forces on their firm's performance. They perceived that current political climate, current state of national infrastructure, film law, current labour laws and regulations are negatively affecting and current exchange rate, interest rate, recent purchasing power of audience and recent changes in input costs are also negatively affecting on their firms' operations and revenue. However, they perceived that the socio-cultural and technological forces are positively affecting on firms' performance.

Myanmar people's cultural background, thoughts, shared behavior, experience with arts and movies and lifestyle changes are positively affecting on their firms' operations and revenue. Moreover, ICT advancement, social media usage, film production technology advancement, and sound design technology advancement are also positively affecting on their success.

4.3 Organizational Competencies of Film Production Firms

In this study, the effect of organizational competencies on strategy choice is also analyzed. Before this analysis, the film production firm owners' perception on their strengths and weaknesses with the organizational competencies is examined. The results from descriptive analysis are shown in Table (4.3).

Table (4.3) Organizational Competencies of Film Production Firms

Sr. No.	Forces	Mean Value
1	Financial Management	3.09
2	Human Resources	2.99
3	Process	3.24

Source: Survey Data, 2019

As shown in Table (4.3), film production firms are strong in managing the production process by emphasizing on selection of tools and methods, innovation, scheduling, research and development, and preparation for pre-production. They also invested significant amount in film production, and their financial capacity is also fine. However, they do not have complete control over human resources. It is very difficult to recruit the members of teams for film production. In some cases, firm owners do not have the chance to recruit the appropriate members (actors, lighting crew, camera crew, and other crews) for respective teams.

4.4 Competitive Strategies of Film Production Firms

In this study, the assumption is that the environmental forces and organizational competencies are influencing on strategy choice of the film production firms. Thus, their strategy choice is evaluated before the detail analysis. The descriptive analysis results are shown in Table (4.4).

Table (4.4) Competitive Strategies of Film Production Firms

Sr. No.	Strategies	Mean Value
1	Cost Leadership	3.44
2	Differentiation	3.16

Source: Survey Data, 2019

As shown in Table (4.4), firm owners are practicing both cost leadership and differentiation strategies. Some owners are practicing cost leadership strategy while others are practicing the differentiation strategy. However, most of the owners pay more priority on cost leadership. Even the owners who favored the differentiation concerned the budget limitation. They do not emphasize too much on innovation and distinctiveness.

4.5 Performance of Film Production Firms

In this study, the effect of competitive strategies on Firm Performance is also analyzed. Thus, their performance is measured by cost reduction, revenue growth, market share, customer satisfaction, innovation, distribution process, employee commitment and employee innovation. The results from descriptive analysis are shown in Table (4.5).

Table (4.5) Performance of Film Production Firms

Sr. No.	Strategies	Mean Value
1	Financial Performance	3.30
2	Customer Related Performance	3.42
3	Internal Business Process Performance	3.15
4	Learning & Growth Performance	3.45

Source: Survey Data, 2019

As shown in Table (4.5), learning and growth performance has the highest mean score because firm owners perceive that employee commitment and innovation are the most important factors for the firms. After that, firm owners believe that customer satisfaction and market shares are also important because the mean scores of customer related performance has the second highest.

4.6 Effect of Environmental Factors on Competitive Strategies

In this study, multiple linear regression analysis is conducted to present the effect of environmental forces on competitive strategies: cost leadership strategy and differentiation strategy.

4.6.1 Effect of Environmental Factors on Cost Leadership Strategy

The results from multiple linear regression analysis on effect of environmental forces on cost leadership strategy of film production firms are shown in Table (4.6).

As shown in Table (4.6), R^2 is 0.573. Thus, the linear regression model in this case can explain 57.3% about the relationship between independent variables (political forces, economic forces, socio-cultural forces and technological forces) and dependent variable (cost leadership strategy).

Table (4.6) Effect of Environmental Forces on Cost Leadership Strategy

Model	Unstandardized Coefficients		t	Sig	VIF
	B	Std. Error			
Constant	10.075	3.639	2.769	0.010	
Political Forces	-1.530*	0.856	-1.788	0.086	1.545
Economic Forces	-1.515**	0.568	-2.666	0.013	1.512
Socio-cultural Forces	1.880***	0.438	4.292	0.000	1.400
Technological Forces	-1.477***	0.483	-3.056	0.005	1.369
R	0.757				
R Square	0.573				
Adjusted R Square	0.504				
F Value	8.371***				
Durbin Watson	3.112				

Source: Survey Data, 2019

Notes: *** Significant at 1% Level, ** Significant at 5% Level, * Significant at 10% Level

According to significance values, it is found that there is positive relationship between socio-cultural forces and cost leadership strategy. However, there are negative relationships between political forces, economic forces, technological forces and cost leadership strategy. All VIFs are less than 10. Thus, there is no problem of multicollinearity among independent variables.

The film production firm owners practice cost leadership strategy when they are suffering from negative effect from political, economic and technological forces. They practice cost leadership strategy due to the positive effect from socio-cultural forces. The reasons are that stringent rules and regulations of censorship, non-existence of proper legal procedures and legislation, long waiting period for exhibition that can lead to obsolesce of film products life and low finical performance drive the firms to practice cost leadership strategy although the audiences still accept crackpot movies.

4.6.2 Effect of Environmental Factors on Differentiation Strategy

The results from multiple linear regression analysis on effect of environmental forces on differentiation strategy of film production firms are shown in Table (4.7).

Table (4.7) Effect of Environmental Forces on Differentiation Strategy

Model	Unstandardized Coefficients		t	Sig	VIF
	B	Std. Error			
Constant	-7.857	3.128	-2.512	0.019	
Political Forces	1.687**	0.736	2.292	0.031	1.545
Economic Forces	0.750	0.489	1.534	0.138	1.512
Sociocultural Forces	-0.669*	0.377	-1.778	0.088	1.400
Technological Forces	1.992***	0.415	4.797	0.000	1.369
R	0.731				
R Square	0.534				
Adjusted R Square	0.460				
F Value	7.172***				
Durbin Watson	3.001				

Source: Survey Data, 2019

Notes: *** Significant at 1% Level, ** Significant at 5% Level, * Significant at 10% Level

As shown in Table (4.7), R^2 is 0.534. Thus, the linear regression model in this case can explain 53.4% about the relationship between independent variables (political forces, economic forces, socio-cultural forces and technological forces) and dependent variable (differentiation strategy). According to significance values, it is found that the two factors: political and technological forces are positively effecting on differentiation strategy choice. All VIFs are less than 10. Thus, there is no problem of multicollinearity among independent variables.

The results show that film production firm owners practice the differentiation strategy when the political situation is sound and technological advancements are emerging. However, sociocultural forces are inversely related with differentiation strategy. The reasons are that the audiences still accept crackpot movies and some crackpot movies can still give good financial returns for the firms. Moreover, because of changes in social-cultural trends, more people prefer watching more quality movies than before. However, there are not enough movie theaters and other substitutes hinder firms to practice the differentiation strategy.

4.7 Effect of Organizational Competencies on Competitive Strategies

In this study, the effect of organizational competencies on strategy choice is also analysed by using the multiple linear regression method.

4.7.1 Effect of Organizational Competencies on Cost Leadership Strategy

The results from multiple linear regression analysis on effect of organizational competencies on cost leadership strategy of film production firms are shown in Table (4.8).

As shown in Table (4.8), R^2 is 0.901. Thus, the linear regression model in this case can explain 90.1% about the relationship between independent variables (financial management, human resources and process) and dependent variable (cost leadership strategy). According to the table, it is found that the two factors: human resource and process are negatively effecting on cost leadership strategy choice.

The film production firm owners practice the cost leadership strategy when they are weak in their production process and human resources. If they have strong human resource and strength in production process, they will not practice the cost leadership strategy.

Table (4.8) Effect of Organizational Competencies on Cost Leadership Strategy

Model	Unstandardized Coefficients		t	Sig	VIF
	B	Std. Error			
Constant	8.040	0.317	25.339	0.000	
Financial Management	0.214	0.185	1.159	0.257	5.205
Human Resources	-0.949***	0.213	-4.458	0.000	4.307
Process	-0.748***	0.218	-3.435	0.002	6.855
R	0.949				
R Square	0.901				
Adjusted R Square	0.889				
F Value	78.462***				
Durbin Watson	2.024				

Source: Survey Data, 2019

Notes: *** Significant at 1% Level, ** Significant at 5% Level, * Significant at 10% Level

In the workplace, it is very difficult to get efficient team's crews such as actors, camera crews and other crews and to practice the whole production process. Therefore, film production firm owners practice the cost leadership strategy because of they are trying to reduce the cost spent in human resource and production process.

4.7.2 Effect of Organizational Competencies on Differentiation Strategy

The results from multiple linear regression analysis on effect of organizational competencies on cost leadership strategy of film production firms are shown in Table (4.9).

As shown in Table (4.9), R^2 is 0.964. Thus, the linear regression model in this case can explain 96.4% about the relationship between independent variables (financial management, human resources and process) and dependent variable (differentiation strategy). According to the table, it is found that the two factors: financial management and human resources are positively effecting on differentiation strategy choice.

Table (4.9) Effect of Organizational Competencies on Differentiation Strategy

Model	Unstandardized Coefficients		t	Sig	VIF
	B	Std. Error			
Constant	-0.606	0.156	-3.879	0.001	
Financial Management	0.575***	0.091	6.306	0.000	5.205
Human Resources	0.562***	0.105	5.357	0.000	4.307
Process	0.095	0.107	0.888	0.383	6.855
R	0.982				
R Square	0.964				
Adjusted R Square	0.960				
F Value	234.847***				
Durbin Watson	1.915				

Source: Survey Data, 2019

Notes: *** Significant at 1% Level, ** Significant at 5% Level, * Significant at 10% Level

The film production firm owners practice the differentiation strategy when they are strong in their financial management and human resources because they can innovate and try to gain competitive advantage over rivals. If the firms owners have strong financial management, they create more quality movies and more expand into the domestic market.

4.8 Effect of Competitive Strategies on Firm Performance

In this study, the effect of competitive strategies choice on firm performance is also analysed by using the multiple linear regression method.

4.8.1 Effect of Competitive Strategies on Firm's Financial Performance

The results from multiple linear regression analysis on effect of competitive strategies on financial performance of film production firms are shown in Table (4.10).

As shown in Table (4.10), R^2 is 0.314. Thus the linear regression model in this case can explain 31.4% about the relationship between independent variables (cost leadership and differentiation strategies) and dependent variable (firm's financial performance). According to significance values, it is found that there is negatively relationship between cost leadership strategy on financial performance at marginal correlated. All VIFs are less than 10. Thus, there is no problem of multicollinearity among independent variables.

Table (4.10) Effect of Competitive Strategies on Firm's Financial Performance

Model	Unstandardized Coefficients		t	Sig	VIF
	B	Std. Error			
Constant	6.043	1.728	3.496	0.002	
Cost Leadership	-0.558**	0.243	-2.295	0.030	5.121
Differentiation	-0.261	0.295	0.883	0.385	5.121
R	0.560				
R Square	0.314				
Adjusted R Square	0.263				
F Value	6.177***				
Durbin Watson	1.185				

Source: Survey Data, 2019

Notes: *** Significant at 1% Level, ** Significant at 5% Level, * Significant at 10% Level

Film production firm owners who practice cost leadership strategy (who are trying to control cost of production) will not gain strong financial return. The reason is that, from observation and open discussion with some owners and industry experts, it does not mean that cost leadership strategy will lead to poor financial return. Most of the film production firm owners are not gaining satisfied financial return, and they are practicing the cost leadership strategy. On the other side, there are very few owners who practice differentiation strategy, but are not gaining high returns.

4.8.2 Effect of Competitive Strategies on Firm's Customer Related Performance

The results from multiple linear regression analysis on effect of competitive strategies on customer related performance of film production firms are shown in Table (4.11).

Table (4.11) Effect of Competitive Strategies on Firm's Customer Related Performance

Model	Unstandardized Coefficients		t	Sig	VIF
	B	Std. Error			
Constant	3.314	1.277	2.595	0.015	
Cost Leadership	-0.139	0.180	-0.772	0.447	5.121
Differentiation	0.184	0.218	0.842	0.407	5.121
R	0.565				
R Square	0.319				
Adjusted R Square	0.269				
F Value	6.324***				
Durbin Watson	0.937				

Source: Survey Data, 2019

Notes: *** Significant at 1% Level, ** Significant at 5% Level, * Significant at 10% Level

As shown in Table (4.11), R^2 is 0.319. Thus the linear regression model in this case can explain 31.9% about the relationship between independent variables (cost leadership and differentiation strategies) and dependent variable (firm's customer related performance). According to significance values, it is found that there is no relationship between competitive strategies and customer related performance at marginal correlated. All VIFs are less than 10. Thus, there is no problem of multicollinearity among independent variables.

It is found that market share and customer satisfaction are not relating to strategy choice. The reasons are that customer satisfaction and demand are influenced by other hidden external factors (e.g., timing, season, fashion, information, peer pressure, obsolescence, and so on).

4.7.3 Effect of Competitive Strategies on Firm's Internal Business Performance

Table (4.12) Effect of Competitive Strategies on Firm's Internal Business Performance

Model	Unstandardized Coefficients		t	Sig	VIF
	B	Std. Error			
Constant	-1.255	0.772	-1.626	0.116	
Cost Leadership	0.360***	0.109	3.316	0.003	5.121
Differentiation	1.002***	0.132	7.607	0.000	5.121
R	0.904				
R Square	0.817				
Adjusted R Square	0.804				
F Value	60.430***				
Durbin Watson	1.628				

Source: Survey Data, 2019

Notes: *** Significant at 1% Level, ** Significant at 5% Level, * Significant at 10% Level

The results from multiple linear regression analysis on effect of competitive strategies on internal business performance of film production firms are shown in Table (4.12).

As shown in Table (4.12), R^2 is 0.817. Thus the linear regression model in this case can explain 81.7% about the relationship between independent variables (cost leadership and differentiation strategies) and dependent variable (firm's internal business performance).

According to significance values, it is found that there is positive relationship between competitive strategies and internal business performance at marginal correlated. All VIFs are less than 10. Thus, there is no problem of multicollinearity among independent variables. Durbin Watson value is 1.628. Thus the sample is enough for this study.

There are some reasons for the above findings. In Myanmar, the distribution process is not simple and clear, but complex. Thus, they will choose to distribute due to the preference of audience. If their preference is on high quality film, they will choose such kind of film. For this case, the film production firms will be innovative. However, the preference of audience is on low quality film, they will also choose such kind of film. For this case, the cost leadership strategy is supporting to internal business performance. Thus both cost leadership and differentiation strategies can lead to firm’s internal business process performance.

4.7.4 Effect of Competitive Strategies on Firm's Learning & Growth Performance

The results from multiple linear regression analysis on effect of competitive strategies on learning & growth performance of film production firms are shown in Table (4.13).

As shown in Table (4.13), R^2 is 0.695. Thus the linear regression model in this case can explain 69.5% about the relationship between independent variables (cost leadership and differentiation strategies) and dependent variable (firm's Learning & Growth). According to the significance values, it is found that there is negative relationship between cost leadership strategy and learning & growth performance at marginal correlated.

Table (4.13) Effect of Competitive Strategies on Firm's Learning & Growth Performance

Model	Unstandardized Coefficients		t	Sig	VIF
	B	Std. Error			
Constant	3.949	0.600	6.580	0.000	
Cost Leadership	-0.226**	0.084	-2.673	0.013	5.121
Differentiation	0.088	0.102	0.858	0.399	5.121
R	0.833				
R Square	0.695				
Adjusted R Square	0.672				
F Value	30.711***				
Durbin Watson	1.683				

Source: Survey Data, 2019

Notes: *** Significant at 1% Level, ** Significant at 5% Level, * Significant at 10% Level

All VIFs are less than 10. Thus, there is no problem of multicollinearity among independent variables. Durbin Watson value is 1.683. Thus the sample is enough for this study.

Film production firm owners who are adopting cost leadership strategy do not invest money in learning. The reason is that they would like to reduce cost by controlling ever operating cost to fit with the strategy they pursue and to achieve expected financial performance without putting more investment in learning and growth.

CHAPTER (5)
CONCLUSION

This chapter is the conclusion chapter that consists of findings and discussion, suggestion and limitation, and need for further research.

5.1 Findings and Discussion

In this study, 30 film production firm owners are surveyed to analyze the effect of macro-environment and organizational competencies on competitive strategies, and the effect of these strategies on their performance.

From descriptive analysis, it is found that most of the firm owners are suffering from negative effect of political forces and economic forces on their firm's performance. They perceived that current political climate, current state of national infrastructure, film law, current labor laws and regulations are negatively affecting on firm's performance. Moreover, current exchange rate, interest rate, recent purchasing power of audience and recent changes in input costs are also negatively affecting on their firms' operations and revenue. However, they perceived that the socio-cultural and technological forces are positively affecting on firms' performance.

Myanmar people's cultural background, thoughts, shared behavior, experience with arts and movies and lifestyle changes are positively affecting on their firms' operations and revenue. Moreover, ICT advancement, social media usage, film production technology advancement, and sound design technology advancement are also positively affecting on their success.

It is also found that film production firms are strong in managing the production process by emphasizing on selection of tools and methods, innovation, scheduling, research and development, and preparation for pre-production. They also invested significant amount in film production, and their financial capacity is also fine. However, they do not have complete control over human resources. It is very difficult to recruit the members of teams for film production. In some cases, firm owners do not have the chance to recruit the appropriate members (actors, lighting crew, camera crew, and other crews) for respective teams.

In this study, the assumption is that the environmental forces and organizational competencies are influencing on strategy choice of the film production firms. From analysis, it is found that firm owners are practicing both cost leadership and differentiation strategies. Some owners are practicing cost leadership strategy while others are practicing the differentiation strategy. However, most of the owners pay more priority on cost leadership. Even the owners who favored the differentiation concerned the budget limitation. Therefore, they do not emphasize too much on innovation and distinctiveness.

In this study, multiple linear regression analysis is conducted to present the effect of environmental forces on competitive strategies: cost leadership strategy and differentiation strategy. It is found that the film production firm owners practise cost leadership strategy when they are suffering from negative effect from political, economic and technological forces. They practice cost leadership strategy due to the positive effect from socio-cultural forces. It is found that the two factors: political and technological forces are positively affecting on differentiation strategy choice. The film production firm owners practice the differentiation strategy when the political situation is sound and technological advancements are emerging. However, due to the changes of socio-cultural values of people, they cannot practice the differentiation. They cannot spend large amount of money for innovation in film production.

It is found that the two factors: human resource and process are negatively affecting on cost leadership strategy choice. The film production firm owners practice the cost leadership strategy when they are weak in their production process and human resource. If they have strong human resource and strength in production process, they will not practice the cost leadership strategy. They will not try to reduce cost. Film production firm owners who practice the cost leadership strategy are trying to reduce the cost spent in human resource and production process.

It is also found that the two factors: financial management and human resources are positively affecting on differentiation strategy choice. The film production firm owners practice the differentiation strategy when they are strong in their financial management and human resources. The film production firm owners who have enough finance and employed skillful and capable human resources, they can practice differentiation strategy. They can innovate and try to gain competitive advantage over rivals. It is also found that there is negatively relationship between competitive strategy and financial performance.

Film production firm owners who practice cost leadership strategy (who are trying to control cost of production) will not gain strong financial return. However, from observation and open discussion with some owners and industry experts, it does not mean that cost leadership strategy will lead to poor financial return. Most of the film production firm owners are not gaining satisfied financial return, and they are practicing the cost leadership strategy. At the other side, there are very few owners who practise differentiation strategy, and they are also not gaining high returns.

It is found that market share and customer satisfaction are not relating to strategy choice. It can be concluded that the customer satisfaction and demand are influenced by other hidden external factors (e.g., timing, season, fashion, information, peer pressure, obsolescence, and so on).

In Myanmar, the distribution process is under the control of cinema theaters' owners. Thus, they will choose to distribute due to the preference of audience. If their preference is on high quality film, they will choose such kind of film. For this case, the film production firms will be innovative. However, the preference of audience is on low quality film, they will also choose such kind of film. For this case, the cost leadership strategy is supporting to internal business performance. Thus, both cost leadership and differentiation strategies can lead to firm's internal performance. Film production firm owners who are trying to control the cost will not invest money in learning. Thus, the firm will not be growing with new changes in technology.

5.2 Suggestions and Recommendations

From analysis results, most of the film production firm owners are suffering from negative effect of political and legal forces, economic forces, and technological changes. Thus, the fair practices for all film production firms should be adopted. Among the economic forces, the interest rate has high negative effect. Some owners normally got loans to produce the film. Since the time difference between production and distribution would be unreasonably large, they suffered from heavy load of aggregate interest to be paid to lenders. Even owners who invest their own money, the opportunity cost will be high if the time difference is large between production and distribution. Thus, the authorities should consider to give permission to distribute within the reasonable time difference.

Most of the film production firm owners are facing the difficulties to recruit strong human resources, and also to retain them. Thus, in future, the firm who has the control over all types of human resources (actor, crew, director, script writer and so on), will gain success in market.

According to the findings from the analysis of the current situation of film industry in Myanmar, films are being produced with one and main intention which is to make a quick return on investment, has caused piling up of film that are on the waiting list for exhibition. It is required to make proper plans and clear-cut policies to reduce the number of films picked up on the waiting list and to avoid bias and corruption. From the relevant regarding bodies, It is imperative to make sure that there is no economic monopoly and deliberate action must be taken to abolish the censor board in order to have the freedom in creation. Film production need to be balanced in selecting the different categories of films. As a current film production firm is found to be not having certainty in getting the viable economic returns. Currently, video disc (DVD) are illegally copied in DVDs and distributed widely across the country which is undermining the film industry and causing a threat. Lack of law enforcement against the piracy of video disc (DVD) is also a pivotal factor in obstructing the growth of film industry. Also, it is found that market for movie production is very small and limited while having to use the old outdated movie production equipment and scarcity of skilled professionals in different fields of movie production have caused obstacles in upgrading and improving the quality of the movies.

Therefore, it is important to create and develop a positive vicious cycle for film industry. Moreover, cooperation and collaboration among film producers is the lifeblood in producing high quality movies and in reducing costs of production with the intention to expand and to create the growth of the film industry. At present, government is giving support towards the growth of Myanmar film industry more than ever before. However, for the modernization, growth and updating the quality of Myanmar film, all stakeholders involved are required for active participation and contribution. Because there is not only a need to build movie studios with modern facilities but also a need for sufficient supply of modern movie production equipment.

Two main immediate things to solve the current difficulties and obstacles in Myanmar film industry are promulgation of law and regulations for the whole of film industry and rapid expansion and erection of movie theaters all over the country.

For suggestion, Government should give support for infrastructure and financial matters and should promulgate the laws regarding the movie industry as soon as possible. Censorship system should be changed to Qualification Assurance and Standardization of movies and should start the trainings and development programs both domestic and abroad for the movie industry workers to become skillful and knowledgeable persons and to bring up the next generation. In addition, All the stakeholders of industry should try to add more cinema theaters inside the country to expand the domestic market and also make attempts to develop the markets abroad by producing quality movies and by cooperating with foreign movie producers. For the Movie equipment renters, should stock up with modern movie producing equipment to enable the film producers to get high quality movies by renting the equipment from them. All the stakeholders of industry should try to establish independent movie associations and to study and learn the experience, technological skill and working methods from the countries those have similar situation in their movie industries with Myanmar. The piracy of movie films and video disc should execute plans to eradicate. Since the nature of business is different from other businesses, discussion and co-ordination with respective departments to amend the advance taxation. In addition to diminishing the steps in some procedures and processes which are currently practiced.

In summary, with the right legislation, laws, rules & regulations, procedures and processes in place, challenges encountered in Myanmar movie industry can be overcome within a decade, if all the efforts are exerted in unity for this great change. And the Myanmar movie industry will become one of the sustainable business entities which the government can rely on for the growth of Myanmar. Furthermore, the golden era of Myanmar movie industry which existed in the past can be reclaimed.

5.3 Need for Further Research

This study focuses only on film production firms and the scope excluded the video production firms. Thus, the future research should focus on the context of video production firms. As the business sustainability is also not included in this study, future research should touch this point. Moreover, it should focus on business diversification (film production and other related businesses such as TV series production, music production and so on) because this paper excluded such area.

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APPENDIXES

APPENDIX (I)

Industry Analysis on Film Production Firms

Survey Questionnaire

The following survey questionnaires aim to explore the relationship of macro environment and organizational competencies to competitive strategy of film production firms and to analyse the effect of competitive strategy on firm performance (Financial, Customer Related, Internal Business Process and Learning & Growth) of Film Production Firms in Myanmar. Please answer the following questions that will take not more than ten minutes of your time. Completion of this information is voluntary and its confidentiality is assured. Your kind help is very much appreciated.

SECTION (A)

Respondent's Profile

Instruction: Please read the following questions carefully and answer.

1. Name of Organization:

…………………………………………………………………………………………
……

2. Your current position or employment status:

- ☐ Executive Producer
- ☐ Producer
- ☐ CEO
- ☐ Founder

3. How long have you worked with this firm?

- ☐ Less than 1 year
- ☐ 1 to 5 years
- ☐ 5 to 10 years
- ☐ 10years and above

4. What is type of the firm?

- ☐ Local
- ☐ Foreign
- ☐ Partnership
- ☐ Others (please specify)

5. Your investment capital for production is:

- ☐ Less than MMK 1,000 Lakh
- ☐ Less than MMK 2,000 Lakh
- ☐ Less than MMK 3,000 Lakh
- ☐ More than MMK 3,000 Lakh

SECTION (B)

Macro Environment

The impact of regulatory and administrative issues, global and local economic trends, together with chance factors such as the exchange rate, political environment, changing trends of preference shared by group of people and changing technologies.

Note: Please ensure to provide an answer for each row in the question.

Instruction:

1: Severe Negative Effect, 2: Negative Effect, 3:Neutral, 4:Positive Effect,

5: Extremely Positive Effect.

Political & Legal Force

No	Particular	1	2	3	4	5
1	Current state of the political climate					
2	Current state of national infrastructure (e.g. roads, communication, electricity, water)					
3	Legal requirement by government, like film law effect on firm					
4	Current labour laws and regulations (e.g. minimum wages, working hours, unions)					

Economic Force

No	Particular	1	2	3	4	5
1	The current exchange rate (US$)					
2	The current interest rate					
3	The recent developments in purchasing power of audience					
4	The recent changes in input costs (e.g. fuel, labour, electricity)					

Socio-Cultural

Changing Trends of Preference shared by group of people:

No	Particular	1	2	3	4	5
1	Cultural background of people					
2	System of thoughts and behaviour shared by a group of people					
3	Experience with Arts and Movies					
4	Life style relating to leisure					

Technological Force

No	Particular	1	2	3	4	5
1	ICT Advancement					
2	Social Media Advancement					
3	Advance Technology in film production					
4	Advance Technology in film editing					
5	Advance Technology in sound design					

SECTION (C)

Organizational Competencies

The impact of organizational competencies issues, financial management, human resources competencies and balance of production process.

Note: Please ensure to provide an answer for each row in the question.

Instruction:

1: Very Poor , 2: Poor , 3: Neutral , 4: Strong , 5: Extremely Strong

Financial Management

Your firm do management on:

No	Particular	1	2	3	4	5
1	Budget including financial targets					
2	Budgets prepared for all significant activities in sufficient detail					
3	Actual expenditures compared to the budget with reasonable frequency					
4	Approvals for variations from the budget required					
5	Assign person responsible for preparation, approval and monitoring budgets					
6	Describe the budget process, plan project activities, collect information and prepare the budgets					

HR Competencies

No	Particular	1	2	3	4	5
1	Selective resourcing					
2	Training extensively					
3	Use of teams activities					
4	Sharing information					
5	Incentives on Performance					

Process

Your firm perform following tasks:

No	Particular	1	2	3	4	5
1	Organized and supervise the execution of activities					
2	Select tools of methods of optimize production					
3	Promote innovation in working methods and/or optimize production					
4	Analyse and assess production schedules and methods					
5	Check compliance with current legislation					
6	Research and development					
7	Prepare preproduction, production and post production components of finished products					
8	Carry out management audits for film production processes (analytic accounting, cost control, budget, plan, reporting, etc.)					

SECTION (D)

Instruction: Please read each statement carefully and decide and please choose one of the following numbers by ticking (✓) on each line according to the score for each statement.

1 = Not at all, 2 = To some extent, 3 = An average, 4 = Lightly, 5 = Extremely.

Competitive Strategies

Cost Leadership

Your firm emphasis on:

Sr. No.	Items	1	2	3	4	5
1	Reduction of total expenses at higher rate than competitors					
2	Reduction of operation expenses at a higher rate than competitors					
3	Reduction of total expenses divided by revenue to a higher extent than competitors					
4	Reduction of operation expenses divided by revenue to a higher extent than competitors					

Differentiation

Your firm emphasis on:

Sr. No.	Items	1	2	3	4	5
1	Product Features:					
2	Benefits for Audience					
3	Adoption of Technology					
4	Operation Procedure					

SECTION (E)

Instruction: Please read each statement carefully and decide and please choose one of the following numbers by ticking (✓) on each line according to the score for each statement.

1 = Very Poor, 2 = Poor, 3 = Neutral, 4 = Good, 5 = Excellent

Firm Performance

Your firm’s performance:

Sr. No.	Items	1	2	3	4	5
	Financial					
1	Cost reduction					
2	Revenue growth					
	Customer Related					
1	Market Share					
2	Customer satisfaction					
	Internal Business Process					
1	Innovation					
2	Distribution Process					
	Learning and Growth					
1	Employee commitment					
2	Employee Innovation					

Source : Own Compilation (2019)

APPENDIX (II)

Regression Results for Effect of Environmental Forces on Cost Leadership Strategy

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error Of the Estimate	Change Statistics			Durbin-Watson
					R Square Change	F Change	Sig. F Change	
1	.757[a]	.573	.504	.92658	.573	8.371	.000	3.112

a. Predictors: (Constant), Technological Factor Mean, Social Factor Mean, Economic Factor Mean, Political Factor Mean

b. Dependent Variable: Cost Leadership Mean

ANOVA[a]

Model	Sum of Squares	df	Mean Square	F	Sig
1 Regression	28.747	4	7.187	8.371	.000[b]
Residual	21.464	25	.859		
Total	50.210	29			

a. Dependent Variable: Cost Leadership Mean

b. Predictors: (Constant), Technological Factor Mean, Social Factor Mean, Economic Factor Mean, Political Factor Mean

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	10.075	3.639		2.769	0.010		
Political Factor Mean	-1.530	0.856	-0.291	-1.788	0.086	0.647	1.545
Economic Factor Mean	-1.515	0.568	-0.429	-2.666	0.013	0.661	1.512
Social Factor Mean	1.880	0.438	0.664	4.292	0.000	0.714	1.400
Technological Factor Mean	-1.477	0.483	-0.468	-3.056	0.005	0.730	1.369

a. Dependent Variable: Cost Leadership Mean

Regression Results for Effect of Environmental Forces on Differentiation Strategy

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error Of the Estimate	Change Statistics			Durbin-Watson
					R Square Change	F Change	Sig. F Change	
1	.731[a]	.534	.460	.79649	.534	7.172	.001	3.001

a. Predictors: (Constant), Technological Factor Mean, Social Factor Mean, Economic Factor Mean, Political Factor Mean

b. Dependent Variable: Differentiation Mean

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig
1	Regression	18.201	4	4.550	7.172	.001[b]
	Residual	15.860	25	.634		
	Total	34.060	29			

a. Dependent Variable: Differentiation Mean

b. Predictors: (Constant), Technological Factor Mean, Social Factor Mean, Economic Factor Mean, Political Factor Mean

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-7.857	3.128		-2.512	.019		
	Political Factor Mean	1.687	.736	.389	2.292	.031	.647	1.545
	Economic Factor Mean	.750	.489	.257	1.534	.138	.661	1.512
	Social Factor Mean	-.669	.377	-.287	-1.778	.088	.714	1.400
	Technological Factor Mean	1.992	.415	.766	4.797	.000	.730	1.369

a. Dependent Variable: Differentiation Mean

Regression Results for Effect of Organizational Competencies on Cost Leadership Strategy

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error Of the Estimate	Change Statistics			Durbin-Watson
					R Square Change	F Change	Sig. F Change	
1	.949[a]	.901	.889	.43828	.901	78.462	.000	2.024

a. Predictors: (Constant), Process Mean, Human Resource Mean, Financial Management Mean

b. Dependent Variable: Cost Leadership Mean

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig
1	Regression	45.216	3	15.072	78.462	.000[b]
	Residual	4.994	26	.192		
	Total	50.210	29			

a. Dependent Variable: Cost Leadership Mean

b. Predictors: (Constant), Process Mean, Human Resource Mean, Financial Management Mean

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	8.040	.317		25.339	.000		
Financial Management Mean	.214	.185	.164	1.159	.257	.192	5.205
Human Resource Mean	-.949	.213	-.572	-4.458	.000	.232	4.307
Process Mean	-.748	.218	-.556	-3.435	.002	.146	6.855

a. Dependent Variable: Cost Leadership Mean

Regression Results for Effect of Organizational Competencies on Differentiation Strategy

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error Of the Estimate	Change Statistics			Durbin-Watson
					R Square Change	F Change	Sig. F Change	
1	.982[a]	.964	.960	.21593	.964	234.847	.000	1.915

a. Predictors: (Constant), Process Mean, Human Resource Mean, Financial Management Mean

b. Dependent Variable: Differentiation Mean

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig
1	Regression	32.848	3	10.949	234.847	.000[b]
	Residual	1.212	26	.047		
	Total	34.060	29			

a. Dependent Variable: Differentiation Mean

b. Predictors: (Constant), Process Mean, Human Resource Mean, Financial Management Mean

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.606	.156		-3.879	.001		
	Financial Management Mean	.575	.091	.532	6.306	.000	.192	5.205
	Human Resource Mean	.562	.105	.411	5.357	.000	.232	4.307
	Process Mean	.095	.107	.086	.888	.383	.146	6.855

a. Dependent Variable: Differentiation Mean

Regression Results for Effect of Competitive Strategies on Firm's Financial Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error Of the Estimate	Change Statistics			Durbin-Watson
					R Square Change	F Change	Sig. F Change	
1	.560[a]	.314	.263	.76115	.314	6.177	.006	1.185

a. Predictors: (Constant), Differentiation Mean, Cost Leadership Mean

b. Dependent Variable: Financial Mean

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig
1	Regression	7.158	2	3.579	6.177	.006[b]
	Residual	15.642	27	.579		
	Total	22.800	29			

a. Dependent Variable: Financial Mean

b. Predictors: (Constant), Differentiation Mean, Cost Leadership Mean

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	6.043	1.728		3.496	.002		
	Cost Leadership Mean	-.558	.243	-.828	-2.295	.030	.195	5.121
	Differentiation Mean	-.261	.295	-.318	-.883	.385	.195	5.121

a. Dependent Variable: Financial Mean

Regression Results for Effect of Competitive Strategies on Firm's Customer Related Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error Of the Estimate	Change Statistics			Durbin-Watson
					R Square Change	F Change	Sig. F Change	
1	.565[a]	.319	.269	.56242	.319	6.324	.006	.937

a. Predictors: (Constant), Cost Leadership Mean, Differentiation Mean

b. Dependent Variable: Customer Related Mean

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig
1	Regression	4.001	2	2.001	6.324	.006[b]
	Residual	8.541	27	.316		
	Total	12.542	29			

a. Dependent Variable: Customer Related Mean

b. Predictors: (Constant), Cost Leadership Mean, Differentiation Mean

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	3.314	1.277		2.595	.015		
	Cost Leadership Mean	-.139	.180	-.277	-.772	.447	.195	5.121
	Differentiation Mean	.184	.218	.303	.842	.407	.195	5.151

a. Dependent Variable: Customer Related Mean

Regression Results for Effect of Competitive Strategies on Firm's Internal Business Process Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error Of the Estimate	Change Statistics			Durbin-Watson
					R Square Change	F Change	Sig. F Change	
1	.904[a]	.817	.804	.33982	.817	60.430	.000	1.628

a. Predictors: (Constant), Cost Leadership Mean, Differentiation Mean

b. Dependent Variable: Internal Business Process Mean

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig
1	Regression	13.957	2	6.979	60.430	.000[b]
	Residual	3.118	27	.115		
	Total	17.075	29			

a. Dependent Variable: Internal Business Process Mean

b. Predictors: (Constant), Cost Leadership Mean, Differentiation Mean

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-1.255	.772		-1.626	.116		
	Cost Leadership Mean	.360	.109	.617	3.316	.003	.195	5.121
	Differentiation Mean	1.002	.132	1.416	7.607	.000	.195	5.121

a. Dependent Variable: Internal Business Process Mean

Regression Results for Effect of Competitive Strategies on Firm's Learning & Growth Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error Of the Estimate	Change Statistics			Durbin-Watson
					R Square Change	F Change	Sig. F Change	
1	.833[a]	.695	.672	.26426	.695	30.711	.000	1.683

a. Predictors: (Constant), Cost Leadership Mean, Differentiation Mean

b. Dependent Variable: Learning & Growth Mean

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig
1	Regression	4.289	2	2.145	30.711	.000[b]
	Residual	1.886	27	.070		
	Total	6.175	29			

a. Dependent Variable: Learning & Growth Mean

b. Predictors: (Constant), Cost Leadership Mean, Differentiation Mean

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	3.949	.600		6.580	.000		
Cost Leadership Mean	-.226	.084	-.643	-2.673	.013	.195	5.121
Differentiation Mean	.088	.102	.206	.858	.399	.195	5.121

a. Dependent Variable: Learning & Growth Mean