

CHAPTER 9

SUMMARY AND CONCLUSION

The purpose of this chapter is to reflect on the findings and discuss the contribution of the study as well as to make some suggestions for future research. It answers the main research question of the present thesis: *How does the changing process of globalisation affect the Malaysian film production industry?* Drawing on previous chapters, the effects of globalisation and factors shaping the Malaysian film industry have been investigated. The final chapter is organised as follows. Section 9.1 provides overview of each chapter of the thesis. Section 9.2 summarises the overall findings of this study. Section 9.3 addresses the implications of the study, followed by a discussion on research limitations in section 9.4. Section 9.5 offers several possible avenues for future research and lastly Section 9.6 concludes the chapter.

9.1 OVERVIEW

A brief overview of all the chapters is provided followed by a discussion on the findings and implications of the study. In Chapter 1, the idea of this thesis in its entirety is presented, thereby justifying the importance of studying the film industry as an empirical domain. It is recognised that the film industry is now a global industry, and although academic interest is increasing, little attention has been given by scholars other than from a media and cultural studies perspective. It is then argued that further research is needed from the standpoint of developing countries to harness the benefits of the development of the indigenous film industry brought about by the process of globalisation.

Chapter 2 reviews literature on globalisation and highlights the salient issues pertaining to the effects of globalisation. The review and synthesis of globalisation literature constitutes how globalisation research is derived as a plausible theoretical framework to explain phenomena currently affecting many parts of the world. It is noted that most studies on the effects of globalisation have focused on other sectors as an empirical domain. This answers the question of why the theoretical foundation for studying the film industry is lacking (Taube and Lorenzen, 2007). Globalisation identifies a greater level of integration among countries of the world, which is made possible by the advancement of the 'enabling' technologies and asserts that this integration has an important impact on economic growth. The theoretical foundation is based on globalisation debate and is utilised to collect and interpret the data.

Chapter 3 further reviews the literature by paying specific attention to the literature on the film industry. It identifies the evolution and development of the global film production industry and how the current trend towards the globalisation of films and television programmes has affected many countries, particularly developing and non-Western countries, and how these countries respond to the changing trend of global production, distribution and consumption of this industry. Particular attention is given to how this new trend in the film business originated from the influence of Western developed countries in the shape of the global film industry. This chapter reveals the participation of other non-Western and developing countries in the global film industry. However, it is noted that the presence of Western developed countries is still dominant in the global film market.

Chapter 4 discusses the research methodology employed for the thesis. It justifies the use of qualitative research, informed by theory. The theory is used as a theoretical

framework in data collection and interpretations of the data gathered. It also discusses how the data is collected and the triangulation method is a technique used to analyse the data that increase the quality of the research. This chapter also argues the subjective nature of the social world and how it can be assessed through the interpretive approach provided by the people involved in the context of the study.

Chapter 5 aims at providing a brief review and historical profile of the case study. It highlights the presence of the indigenous film industry in response to the global phenomenon. This chapter provides an overview of the case study and traces the changes and development of the film production industry in Malaysia and its interaction in a globalised economy that is influenced by external global factors. This chapter is a background chapter and serves as a preliminary investigation that leads to the selection of the study area. This chapter is also a basis for the following analysis of the effects of the changing process of globalisation on the Malaysian film production industry.

The data collected from the study participants is analysed and presented in chapters six, seven and eight. Chapter 6 is the key chapter that focuses on the analysis made by the perception of participants on how globalisation affects the indigenous film production industry. The three specific focuses are, but not limited to, its effects on competition, the role of technology and the government's role in the development of the industry. This study emphasises that globalisation is a credible threat to the indigenous film industry but acknowledges that the shaping of the industry is the interplay between these external factors as much as the internal factors.

In Chapter 7, the analysis is presented in further detail to emphasise the internal factors shaping the Malaysian film industry. The social, historical and political economic

factors influencing the development of the industry are addressed. The study found that many factors internal to the case study, to a certain extent, impede the development of the industry.

In Chapter 6, the study argues that the role of the government is instrumental in uplifting the standard of the Malaysian film industry. However, the study also found negative effects of the government's involvement in the economy. Hence, chapter 8 is a separate chapter meriting special attention and dedicated to discussing the consequences of the government's involvement in the industry. This chapter cautions regarding the unfavourable effects of the government's active participation in economic activities. Specifically, the study finds that governments are inefficient when they are involved directly in economic activities.

Chapter 9 is the concluding chapter, drawing together these observations and reinforcing the contribution of this research, the limitations and potential areas for further study.

9.2 SUMMARY OF THE FINDINGS

The deepening of the globalisation phenomena has changed the pattern and trend of the global film business. Globalisation, which connotes more than internationalisation of business activities, has affected countries and industries all over the world. Today, the study of film as an industry has become the interest of scholars from media studies, culture, mass communication and anthropologists. There are quite extensive studies on the film industry of major clusters like Hollywood and Bollywood but not much is known of the film industry from other parts of the world, specifically, economically small countries. Furthermore, most studies have focused on micro level and cultural aspects of the film industry. The current study fills the gap by using an empirical strategy to build knowledge of the chosen case study – the Malaysian film production industry.

The main objective of this study is twofold:

- To examine the effects of globalisation on the Malaysian film production industry. The key chapter that addresses this objective is Chapter Six.
- To reflect on what needs to be known about this industry that will allow a deeper understanding for the sake of the development of the indigenous film production industry in the wake of increased globalisation. This objective is addressed in chapters five, six, seven and eight.

To achieve the objectives of the study, a qualitative research approach is employed as it provides a more dynamic and effective platform to undertake a more comprehensive and in-depth study. It also permits a deeper understanding of behaviours, inner thoughts

and feelings and meanings of the phenomenon under research. According to Shin (2005) there is no 'one-size-fits-all' solution in responding to the challenges of globalisation as countries differ in terms of their previous path of development, stages of development, structure of the economy and so on. This study aims at achieving a deeper understanding of how a particular industry in a country is affected by the changing process of globalisation. Therefore, a case study is an appropriate method to better understand a specific individual response to globalisation.

According to Morgan and Smircich (1980) the choice of a philosophical or paradigm stance for any research method embodies a variety of assumptions regarding the nature of knowledge and the method through which knowledge can be obtained, not merely on the basis of which method is more powerful. Based on the earlier argument, a qualitative case study approach is employed to achieve the objectives of the study.

In this research, the key areas of the globalisation debate have been identified, which is crucial to the study of the effects of globalisation. They are:

- Competition,
- Technology and,
- The role of the government.

9.2.1 Competition

The Malaysian film industry has practised an open market policy. Indeed, globalisation has increased the level of competition faced by local production companies with the influx of foreign films and television programmes into the country.

Malaysian film producers are not able to provide large production budgets for their films, mainly due to financial constraints as well as limitations in the potential return or

revenue collection because of the small domestic market. As a result, it affects the standard and quality of production of local films and television programmes as compared to foreign films and television programmes. Local film producers are facing strong competition with foreign films, especially in getting slots at cinemas as well as the broadcasting slots at the local television stations. Moreover, foreign films are more preferred at the cinemas as they attract more viewers whilst foreign programmes are preferred by television stations, as their acquisition costs are lower compared to the local programmes.

Hence, local film producers are facing competition from foreign producers as well as other local production companies. Nevertheless, competition helps to strengthen local production companies and motivates them to invest in continuous effort to improve their products to face the competition. In responding to foreign competition, the study found that there are more domestically produced films and programmes. In order to mitigate the influence of foreign culture, local films are cloning the foreign films' format and genre to fit local viewing appeal and at the same suit the local culture. Furthermore, competition has also encouraged local production companies to enhance their capability and venture into both regional and international markets.

In brief, globalisation poses a credible threat to the indigenous film production industry. However, in response to the globalisation forces, local film players supported by the state government have responded by producing more local films, which has resulted in the expansion of the industry relative to previous decades. This finding is consistent with Hoskins and McFadyen's (1991) prognosis that over time the imported countries will develop their own capabilities (in film producing) that resemble the capabilities of the exported countries.

9.2.2 Technology

Through globalisation, local film producers are more exposed to technological advancements in the film industry, enabled by ICT technology, which is the platform for providing knowledge and information about filmmaking technologies. The application of new technologies has contributed toward improving the standard and quality of films, the efficiency and cost effectiveness of film production activities, the conduct of the film business and the internationalisation of the local film industry.

The application of various new technologies in film production, such as special effects and CGI techniques, has injected more realistic elements into the film production industry which helps to improve the quality of local films compared to foreign films. This is further supported by the use of modern and state-of-the-art equipment in production and post-production activities. Technological advancement in the film industry has most significantly contributed to the improvement of the local animation film industry. As a result, there has been rapid growth in the production of local animated films with high quality standards that are comparable to that of foreign animated films. As a matter of fact, several local animated films and television programmes have been able to secure an international market. Significantly, the use of advanced technology has created a new dimension in the local film industry when some of the local films have been able to record landmark achievements.

Furthermore, the application of modern and advanced technologies has also helped to improve the level of efficiency in film production activities and will eventually enable it to minimise the overall production cost. This is when the use of modern technology such as computer graphics and virtual techniques are able to minimise the requirements

for production sets and props, reduce manpower requirements and shorten the overall production time.

From a business perspective, the application of new technology has been able to create a new market and expand the horizon for the local film producers. With the help of modern technology, especially in areas of communication and broadcast technology, local films and television programmes can easily be marketed overseas. Furthermore, it also helps in the distribution of film and television programmes that facilitate market expansion.

9.2.3 The Role of Government

The major role of the government in the Malaysian film industry is in providing the regulatory framework for industry practice through the Information Ministry as well as the Ministry of Energy, Water and Communication. The government strictly controls the issuance of operating licences for broadcast stations. Foreign ownership in terrestrial television stations is strictly prohibited whilst for satellite and cable networks, foreign ownership is limited to 20 percent.

Apart from the issuance of operating licences and foreign ownership, the government also imposes controls in terms of broadcast quotas between local and foreign content. Certainly, local programmes are given more broadcast hours at all terrestrial television stations in this country. Furthermore, the government also imposes controls and restrictions on foreign footage in television commercials. However, there is not much restriction concerning the import of foreign programmes into the country.

Through the National Film Development Corporation (FINAS), the government plays a proactive role in the development of the Malaysian film industry. FINAS is responsible for organising various activities such as conferences, seminars, courses and training involving industry players that aims to enhance and further develop the industry. FINAS also provides a state-of-the-art technical platform for production and post-production facilities, as well as providing financial assistance for film productions. On the international front, FINAS helps to market Malaysian films abroad.

Other ministries such as the Ministry of Tourism and the Ministry of Science, Technology and Innovation (MOSTI) also contribute to the development of the Malaysian film industry by providing financial and non-financial assistance in film production.

Similar to other small countries, the role of the government in the Malaysian film industry is quite significant, with the view of imposing necessary controls as well as helping in developing the local film industry. However, there are a lot of other areas that still need serious government involvement and assistance.

The general picture that emerges from the study is that like other sectors of the economy, the indigenous film production industry faces challenges arising from globalisation, internationalisation and the digital revolution. Hence, the Malaysian film industry must find a way to address these challenges. Targeting the mass market for its film products is one of the strategies. However, in emulating the success of other countries in generating revenue from film exports, local players need to develop a strategy of how to penetrate the foreign market. Furthermore, industry players should recognise the areas within the industry in which it can compete and areas where it is

impossible to compete as different countries stand on a different platform. For example, it is not viable for Malaysian films to compete directly with big-budgeted films from Hollywood or other specialised film producing countries. However, the emergence of niche markets and new exhibition channels for films (satellite TV, the Internet) are potential revenue sources. In expanding the industry, the industry cannot afford to depend on the domestic market alone.

In understanding the factors affecting the local film production industry, both external and internal factors emerged in the discussion. Hence, the interplay between both external and internal factors that is shaping the industry today is evident. Indeed, during the interview, much of the issues pertaining to the local film industry revolve around factors internal to it. The case of the Malaysian film production industry suggests one particularly pertinent aspect concerning the development of the film industry, i.e. government involvement in the industry.

The study recognises that the size of domestic market is a challenge to the Malaysian film production industry. Supporting the literature on the global film industry, it is difficult to have a sustainable film industry when the size of the home consumer base is small, as most successful film industries take advantage of vast home audiences such as India, USA, Japan and China (European Audiovisual Observatory, 2007). With the limited size of the domestic market, the production of films is constrained by the lack of budget. Financial constraints reflect the standard and quality of the film produced.

Notwithstanding this fact, the developments in the global film industry provides opportunities for small-sized industries to benefit from new business activities, as there are many avenues that smaller national film industries can explore to become one of the

global film players. One of these is the emergence of the new international division of cultural labour.

To summarise the analysis, the film industry is a viable industry to be developed. In the case of Malaysia, the film industry is still a marginalised industry that is struggling to gain a foothold. The globalisation of the film business provides opportunities for small-sized industries including those in Malaysia. Challenges are apparent but opportunities beckon for the local film industry. It depends on the concerted effort of various parties to reap the benefits of globalisation and to take the local film production industry to the next level.

9.3 IMPLICATIONS OF THE STUDY

9.3.1 Implications to Theory

Theoretically, the study seeks to contribute to a growing knowledge of the nature of the indigenous film production industry. It is also a breakthrough in providing major new insights into our understanding of how the indigenous film production industry is affected and shaped by the globalisation of the film business. The main contribution of qualitative research is in terms of its power and ability to contribute to a deeper understanding and illuminate new insights concerning particular phenomena (Miles and Huberman, 1998, Stenbacka, 2001; Yin, 2003). The findings of this study show that globalisation has, to some extent, affected and influenced the development of the indigenous film production industry. However, it supports previous studies on the effects of globalisation, that globalisation alone cannot explain particular phenomena that are mediated by factors internal to the industry (Lall, 2004; Yeung, 2002). The

interplay between external and internal factors has, indeed, shaped the local film industry.

The study points to the limitation of the dependency theory that undermines the role of the state in mitigating the forces of globalisation. The study has found that based on the available data on the number of films produced and the trend in overseas market penetration by local production houses, relative to previous decades, the indigenous film production industry is progressing well. It is observed that the indigenous production industry is partly developed through the economic dynamic of globalisation and partly as a consequence of government policies, institutional arrangements and funding mechanisms established in Malaysia in response to the forces of globalisation and liberalisation. In the context of the cultural imperialism theory, there is limited applicability of the theory as the experience of Malaysia shows that, at times, Malaysia pursued policies directed at preventing the influence of Western media through censorship and foreign ownership restriction in satellite television stations. It is also observed that local production houses have adopted foreign programme formats and changed them to fit indigenous viewing preferences.

In addition, in contrast to the study done by Haque (2006), Davies et al., (2005), Higgot (1998) and Strange (1996), globalisation does not mitigate the autonomy of the state to shape the direction of its economy. The study supports the argument by Lall (1994), Wade (1990), Amsden (1989), that national governments can play a proactive role in the development of local firms through the provision of subsidies (which include low-interest loans, tariff exemptions on inputs and protection on outputs) without adversely affecting its long-term efficiency. In the Malaysian case, the national government has always taken a pragmatic approach, for example, in limiting and encouraging the

behaviour of foreign enterprises through its policy framework. This pragmatic approach is evident in the case of FDI. Conversely, previous studies also reveal that state intervention could lead to the abuse of power and inefficient use of government resources. They further argue that government intervention is commonly used as a standard pretext to control and benefit from the abundance of government resources (Wai-Ma, 2000; Zaharom, 2000). The study supports the argument drawn by Gomez (1994) that government involvement in economic activities results in inefficiency. A study by Gomez (1994) highlights the issue of rent-seeking and patronage as a result of direct government involvement in economic activities. The empirical finding shows that there is evidence of rent-seeking activities concerning film production activities in Malaysia. Thus, the study confirms the political economy literature on the role of the state. On the one hand, the role of the state is instrumental in providing the necessary countervailing power that promotes and spurs the indigenous industry's development. On the other hand, this nationalistic approach opens the way for corruption and other inappropriate behaviour by the ruling government.

The study found no clear evidence that direct competition from foreign films is affecting the industry adversely although the influx of foreign films limits the opportunities for local films in the local markets. Indeed, the industry is responding well in producing film genres that could capture a global audience. Nevertheless, the empirical evidence shows that foreign films are dominating local markets. It should be emphasised that in the case of direct competition with foreign films, particularly feature films, it is acknowledged that the Malaysian film industry does not have the capability to compete with big-budgeted global films. One important factor that limits the development of the film industry is that the indigenous film industry does not have the competitive advantage in terms of a huge and sustainable home base market. The

significant factor for the film industry to be competitive in the global market is a huge and sustainable home market (Evuleocha, 2006; Hoskins and McFadyen, 1991; Hoskin and Mirus, 1988; Simonton, 2009; Vogel, 1998). However, there are other areas that the industry could benefit from such as in the animation sector.

The study extended our understanding of the opportunities brought about by the process of globalisation, particularly in potential areas that create employment opportunities. Consistent with the works of UNCTAD (2008) and Wright (1998) on the benefits of developing the film industry and opportunities brought about by the process of globalisation, this study has found that the indigenous film production industry can enhance its participation in the global market by targeting areas in which it has a competitive advantage and not to compete directly in the areas where it is likely to fight a losing battle. The key component of globalisation is the advancement in 'enabling' technologies that help to speed up the transfer of technologies from one country to another (Stiglitz, 2004, Intrilligator, 2004; Tanzi, 2004) and enables poor countries to apply new technology and make it possible for them to participate in the global economy. The adoption of new technologies in filmmaking like the latest 3-D animation and CGI technologies is evidenced in the case of the Malaysian film industry.

As mentioned in Chapter Two, the globalisation theory acknowledges the desire of developing countries to participate in the global economy and acknowledges the difficulties associated with embracing it. The experience regarding the challenges faced by local production houses concerning their business operation are consistent with the existing literature on the film industry. For example, according to a study by Lorenzen and Taeube (2007), difficulty in securing financial aid is a universal issue and not unique to a small film industry but also challenges bigger clusters like Bollywood. It is

common for film companies to finance their projects from personal loans and other means as formal banking institutions are not supportive of the film industry. Further, in the Malaysian context, other than film industry players, many other parties do not see the film industry as a potential industry that could contribute to economic growth.

The study confirms that the effects of globalisation cannot be generalised as the effects are context-specific, dynamic and changeable reflecting particular interactions in each economy between the external facets of globalisation and the internal factors that affect its response (e.g. Dicken, 2007; Lall, 2004; Yeung, 2003). The findings of the study broaden the globalisation literature on how a relatively small film production industry in a relatively small country is affected by the process of globalisation. As discussed in Chapter Seven, Malaysia's own unique characteristics, specifically its historical, political and social economic factors influence the development of the film industry, as well as external global factors.

9.3.2 Implications for Practitioners

The practical implications from this study are important for policymakers, industry players as well as non-industry players:

- Practically, the study is expected to provide a guiding principle for the government in formulating the relevant policies necessary for the safeguarding of the indigenous film production industry.

- The results presented in this study could be useful for enhancing our understanding, specifically for industry players and production houses, of the challenges as well as opportunities faced by the local film industry in the wake of the changing process of globalisation.

- The findings of this study are also useful for non-industry players who want to venture into the film business. It is hoped that by understanding the structure and the organisation of the industry, more investment, especially from private entities will be made that will lead to further development of the industry.

9.3.3 Implications for Academics

The findings of this study are also useful in establishing a starting point for empirically exploring the importance of the film production industry to the economy. The result of this study could be useful and serve as a starting point for academic researchers from a business background (due to lack of attention from business scholars) to look further at the issue of globalisation and its association with the film industry. Instead of focusing on common sectors of the economy like manufacturing, this study provides evidence that a study of the film industry is worthwhile, as despite the increasing importance of the film industry to the global economy not much is known, especially in small-sized industries in emerging economies (UNCTAD, 2008).

9.4 LIMITATIONS OF THE STUDY

In the course of completing the study, various limitations were faced by the researcher.

The main limitations of the study are listed below.

- i) By virtue of conducting a case study of an industry, the findings obtained are, thus, unique to that particular industry. Any attempt to reach external validity is futile, as the findings cannot be generalised to other industries or a similar industry in various nationalities.

- ii) One way to measure the performance of the local film industry is to make a comparison with the performance from other countries. One of the difficulties in making a comparison is due to the lack of established and comparable statistical and non-statistical data.

- iii) Literature on globalisation and the film industry is scarce. Most studies on the film industry are from cultural perspectives and concern the cultural effects. In addition, case studies on the film industry mostly focus on the success of established film clusters like Hollywood and the film industry in advanced countries.

9.5 SUGGESTIONS FOR FUTURE RESEARCH

Extension to the current study can be made in the following areas:

- (i) The present study is a single case study, which provides an understanding of the effects of globalisation on the Malaysian film production industry. Future research may want to look at the same phenomena in other countries. Thus, the findings of this research could be a basis for studying the differences in performance between national film industries, such as between state-subsidised film industries.

- (ii) The present study focuses on specific aspects of the globalisation effects that influence the local film industry. Concerning the effects of globalisation, there are many other aspects of globalisation like the spread of the new international division of cultural labour. Currently, established statistical

data is a challenge for scholars to measure other aspects of globalisation on the film industry. However, in the future, if the data permits, scholars may look at other aspects of globalisation such as global spillover and linkages.

- (iii) The Malaysian film production industry is still in its infant stage. Concerning government subsidies to the film industry, in the future, there is an obvious need for scholars to study the feasibility of profitability in the film business. Future studies might look at the business level, which will encompass an in-depth study on the business strategy of local production houses.

9.6 CONCLUSION

The present study was pursued to examine the effects of globalisation on the Malaysian film production industry. The study suggests that the effects and influence of the globalisation of the film business are manifest. However, the Malaysian film production industry has yet to harness its vast potential in developing the industry. Nevertheless, the study found that in responding to the globalisation of the film business, the film production industry is moving progressively to become one of the growing number of international film industry players. This development is clearly impossible without the government's active involvement in policy-making and in the provision of funds and other indirect support.

As the study suggests, despite the efforts of industry players and the government to upgrade the standard of the local film industry, there are factors concerning the

organisation of the industry that could be a hindrance to its development. In fact, some of the issues are not new but have yet to be properly addressed.

This study is an attempt to study the industry from a different perspective by employing a theoretical foundation that is commonly used to address issues in a different industry, particularly the effects of globalisation on FDI and the manufacturing industry. Thus, this study serves as a wake-up call for industry players to look at the film business from a different perspective to that of a mere cultural study. The commercial value of the film industry needs to be emphasised as the potential of the film production industry in generating revenue and other economic impact is vast.