

CHAPTER 2

LITERATURE REVIEW

2.1 Theoretical review of international competitiveness.

Many theories are closely related to the study of international competitiveness. Such as absolute advantage theory, comparative advantage theory, competitive advantage theory, etc., this part will summarize the relevant theories in combination with the actual situation of the film industry.

2.1.1 Absolute advantage theory.

In his book *The Wealth of Nations*, Adam Smith first proposed the concept of international division of labor and free trade, which became the basis of later international trade theory. Absolute advantage theory is that each country on the production technology of absolute difference in labor productivity and production costs on the absolute difference, every country such as home, has for a product of absolute advantage, including productivity, production cost, price, etc. (Michael, 2002)

Based on the theory of absolute advantage, in film production, has its unique production conditions, including social environment, economic environment, natural resources, etc., these factors can cause differences in labor productivity in the process of film production, and the differences of labor cost. Therefore, a certain country has an absolute advantage in the production of film products. Combined with examples, compared to other countries, because early itself unique climate conditions and factors of production inputs, the United States Hollywood film has better absolute advantage in the production of. Absolute competition theory solves the problem of the rationality of division of labor and exchange between countries with different advantages. However, the theory also has strong limitations. Some scholars believe that the theory of absolute advantage is only a special case in international trade. It does not explain how the exchange between the two countries will be conducted if one country is in absolute advantage in all respects and the other is at a disadvantage in all respects.

2.1.2 Comparative advantage theory.

The theory of comparative advantage is the inheritance and development of the theory of absolute advantage. The founder of this theory is the British scholar David Ricardo. Comparative advantage theory, international trade does not depend on the basis of the production technology of the absolute difference, the difference in production technology only can form the relative production product quantity and product price difference, so countries on different products with corresponding comparative advantage,

can obtain comparative advantage in international trade.

Comparative advantage theory is the result of relative difference of production techniques, the theory is that even if one country on the film production compared with another country at an absolute disadvantage, but it is still possible for mutually beneficial trade. Assume that the two countries can produce two kinds of different type of movie for a product, and a country relative to another country in terms of labor productivity, prices, labor costs have absolute advantage. If a country with absolute advantage relative to another country have the advantage of film products, then and equal to two kinds of different type of movie products get higher profits. So, it is between the two countries on the film production of this kind of comparative advantage, can let each country will be limited production resource allocation to the labor productivity and higher margin film products, thus formed the different national film relative product international competitiveness. Competitive theory is in line with absolute competitiveness, but there is a big difference. Absolute best barbary. (Li&Wang,2011)

Theory is based on the state and the production capacity is the basis of national film products, and more optimal type theory is the comparison of national film products production capacity, choose the way to the optimization of resource allocation in international trade, to form their own movie product international competitiveness. However, in explaining the international competitiveness of film products, the theory of comparative advantage ignores the influence of dynamic factors such as technological development and talent innovation on the international competitiveness of film products.

2.1.3 Theory of competitive advantage.

The winner of the competitive advantage theory is Michael porter, a famous American scholar known as the "father of competitive strategy". His competing trilogy: competition strategy, competitive advantage and national competitive advantage constitute the main content of the theory of competitive advantage. Potter, from the perspective of industry economics and practical application, layer upon layer propulsion, industry economics and enterprise strategy combining the two fields, and will be introduced to the industrial organization theory, strategic management the last arrival to the enterprise and the competitive strategy of the country. Porter's main theoretical perspectives include: diamond model, five-force model, value chain theory, fourth order.

Segment model, three competitive strategies, etc. In recent years, the theory of competitive advantage has been widely used in government decision-making and enterprise strategic planning, which has become an indispensable basic theory in

competitive research.

2.2 Research hypothesis

The film industry is one of the most competitive industries in the world, and one of the few industries that can continue to trade surpluses with all trading nations. In recent years, America's film trade has been rising steadily, reflecting the excellent international competitiveness of the American film industry. (He,2006)

2.2.1 Global distribution channels.

From the perspective of market structure, the production and distribution of film industry in the United States are obvious. Look from the market behavior, the price of the differentiation strategy and release window transformation, diversified financing mode, economy of scale and scope economy both m&a and continuous technological innovation strategy of the behavior of widely consist in the film industry; From the perspective of market performance, the film industry is highly efficient, contributes significantly to the American economy, brings good social welfare to consumers and has a good international competitiveness. A moderately monopolized market structure, effective strategic behavior and government public policy are the guarantee of the American film industry's competitive advantage. (Zhi,2002)

Hypothesis 1: strengthening the distribution channels of global films can enhance the international competitiveness of Chinese films.

2.2.2 Film classification system.

The court honor on the basis of porter diamond model, pointed out that China's media products in the international market is relatively weak competitive advantage, China's media industry in the domestic market have a certain absolute competitive advantage, showing a strong attack weak defense.(Yin&Zhang,2010) For the definition and characteristics of the film industry and the extension were analyzed, put forward a demand conditions, operating conditions, the condition of financial investment, after the film products market and industrial policies and legal environment and so on five big elements of the film industry competitiveness theory model. Argues that in the film industry to the cultural diversity under the background of globalization, the global movie text pattern formed complex pluralistic competition, dialogue and structural inequality, China film should be internationalization, by seeking beyond the local cultural capital. International competitiveness of cultural industry, cultural industry core competitive ability, cultural competitiveness evaluation index system of literature production carding

and comments, combing the research situation in recent years, China's cultural industry competitiveness. Believes that the natural resource advantage of the international competitiveness of China's film and television industry lies in the size of the domestic market of large countries. Is that existing main focus on international trade link "going out" engineering support and breakthrough, and ignore the domestic market and international city, the importance of balanced development for international competitiveness to foster, in the domestic market management orientation of value orientation and the international market.(Zhu,2012) Under the framework of SCP, paradigm, systematically discusses the industry structure, industry behavior of present Chinese film industry and the performance characteristic and the correlation between them, the empirical study, the role of the relationship between them is found that the concentration and performance into a reverse direction, and economic barriers to entry is basic failure. From the above about the film can be seen in the present situation of international competitiveness, most experts agree that China's media is relatively weak international competitiveness, in the development stage, but there are still some advantages.

Hypothesis 2: the government can improve the international competitiveness of Chinese films by establishing and improving laws and regulations, relaxing censorship and establishing a film classification system.

2.2.3 Development of film derivatives.

Tang Rong on the basis of theoretical system of industrial competitiveness, through the comparative study of some countries in the world film industry competitiveness, this paper analyzes the competitive situation and China's film industry under the analysis framework of industry international competitiveness research, including: build China's own business type film system; Strengthen cooperation and interaction with related industries; To build a film enterprise group with comprehensive strength and international competitiveness, etc. Blue party and have made annual evaluation on the international competitiveness of China's cultural industry by targeting the top 20 countries in the world economy in 2011. The results show that there are some problems in the development of cultural industry in China, such as unreasonable allocation of factors and the immature value network of cultural enterprises. This paper proposes a series of strategies to promote industrial integration, improve industrial network, improve science and technology content, optimize policy and legal environment. Proposed that we should give full play to the radiation effect of the city, raise the labor productivity, and give full play to the "spillover effect" of foreign capital, so as to realize the leap-forward development of film and television culture trade. From the above about the Chinese film industry

international competitiveness countermeasure of review, you can see that in the past Chinese film international competitiveness of countermeasures are: to innovate, improve technology, build environment, reform the mechanism and system, preferential policies, strengthen the market mechanism, creating brand media company, training personnel. (Zhang&Zhi,2006)

Hypothesis 3: the full development of film derivatives can enhance the international competitiveness of Chinese films.

2.3 Summary of literature review.

From the research on the competitiveness of the real industry, there is no discussion on the cultural theory. The film industry, as a kind of cultural industry, has its own unique social and cultural attributes. Therefore, social and cultural factors should be taken into account when constructing the theoretical evaluation model of international competitiveness.

(1) according to the properties, characteristics and latest statistics of the film industry, the global competition status of the film industry is sorted out, which provides the research foundation for the research on the international competitiveness of the film industry.

(2) explore the formation mechanism of international competitiveness of film industry. The past research of literature lack of consideration to the film industry for the future development trend, starting from the connotation of the film industry international competitiveness, this paper explores the film formation mechanism of industry international competitiveness.

(3) using qualitative and quantitative methods to evaluate the international competitiveness of film industry.

(4) propose targeted strategies and Suggestions from the evaluation results. The past research promotion strategy section that exist in the literature is relatively vague this problem, this paper will on film industry competitiveness cluster and correlation analysis to the evaluation results, combined with the actual situation of China, clear in the current problems existing in the development of movie industry. Based on the analysis results, the strategic path, countermeasures and corresponding policy system are proposed.

With the publication of his book *Remaking Our Cultural Historical Views* in 2011, Zhang Mushing is considered a pioneer in the recent wave of intellectual, political and policy discussions of China's political reform.¹ His stand is three-fold: first, he claims to transcend the division between the left and the right; second, he cautions that the current Chinese model has met with huge crises and is not sustainable. Zhang is harshly critical of the current Chinese leadership's inaction in handling China's "crises", using the metaphor of "beating the drum and passing the flower" to portray Hu Jintao's irresponsibility of not solving China's problems.² Thirdly, Zhang suggests the return to the CCP's old programmed of so-called "new democracy", which had been advocated by the CCP in the 1945–1949 period to differentiate its envisaged political system of governing China from the Nationalist Party's "(old) democracy".(Wu,2012)

Another major voice of political reform comes from Hu Deping, a son of another former CCP leader, reform-minded Party Chief Hu Yaobang, who retired as a deputy minister years ago. He chaired a series of forums in the late half of 2011, which sent out a strong message calling for democracy, rule of law and constitutionalism in China. Forum speakers condemned Mao's Cultural Revolution and recommended "further emancipation of thought" just like what the CCP did in the late 1970s when post-Mao reforms started. Qin Xiao, also a recently retired deputy ministerial level state enterprise leader, organizes a different liberal circle through his Boylan Foundation, a non-governmental organization (NGO) registered in Hong Kong.⁵ The current focus of this Foundation is on economic and financial reforms, but it also actively and critically participates in the debate on the so-called "China model" through organizing forums and sponsoring the publishing of research outcomes. Qin suggests that "modernity" is a transcendence of the regime's official programmed of "modernization" as he also praises "universal values" which in the current Chinese context are seen as the values represented by and practiced in Western industrial democracies. (Wu,2015)