

## **Entrepreneurship in the Mexican film industry**

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### **ABSTRACT**

In the last decade, the Mexican Film Industry (MFI) has experienced strong international competition and undergone rapidly occurring technological changes. Yet film producers endure constraints in resources when they expand to international markets. Therefore, to be successful, they have to modify their strategy, innovate, and become more entrepreneurial.

These enterprises can achieve a higher international performance when they possess greater entrepreneurial orientation and when they participate in strategic alliances. Thus, the objective of the present investigation dealt with the analysis of the aspects that have contributed to making this industry entrepreneurially oriented and to the identification of how cooperation agreements and government support aids this industry in becoming successful internationally.

Applying a quantitative method, this study tests the effects of MFI international cooperation agreements and the support provided by the government on the number of Mexicans productions, releases, and international awards obtained. Our findings indicate that the MFI displays a better international performance when it is more entrepreneurially oriented and when it participates in different international cooperation agreements. Also, we found that governmental support in Mexican film productions benefits the international performance of this industry.

**Keywords:** Entrepreneurship, cultural entrepreneurship, Mexican film industry, cooperation agreements, government support, international performance.

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## INTRODUCTION

Entrepreneurship has been studied in depth from different aspects, including economic, psychological, and sociological, among others, but there is a real need for better understanding entrepreneurship in the culture industry (Chaston & Sadler-Smith, 2012). The definition of entrepreneur has expanded and has been incorporated into new sectors including the creative and culture industries, which incorporate arts, film, music, dance, theater, advertising, broadcast media, software development, and computer and related services (Marinova & Borza, 2013).

In the last decade, cultural and creative industries have become more and more important and have grown continually at an above-average rate. These new businesses provide new jobs, add value to the entire economy, and are growing worldwide, evolving into one of the most important and innovative economic sectors, where cultural entrepreneurs perceive opportunities, create organizations, and find the resources to pursue them (Konrad, 2013).

The culture industry comprises the economic activity of producing, post-producing, distributing, and exhibiting films. The industry can be quantified and recorded through various indicators, such as its Gross Domestic Product (GDP), full-time equivalent employment positions, and taxes, among others. In 2013, the Mexican culture industry contributed 2.8% to the GDP, and the MFI represented 0.03% of the national economy's GDP. This value is similar to the contribution of the basic aluminum industry or of sheep and goat husbandry (Instituto Mexicano de Cinematografía, 2015).

In Mexico, the culture industry has experienced a strong opening. Robust competition (especially film production from Hollywood) and rapid technological changes have forced this industry to modify its strategy, to innovate, to become more entrepreneurial, and to identify the factors that can increase their probability to become successful. It is dominated by the United States (US) media, but in Latin America it functions as an exporter of a prime source of television and other media to Latin America countries (McClennen, 2013).

In 2013, employment in the Mexican culture sector was 1,018,456 units, representing 2.4% of the total for the country. And the MFI created 2,630 full-time equivalent employment positions, which represented 6% of those generated by the GDP (Instituto Nacional de Estadística y Geografía, 2015).

From 2012–2013, the film industry's GDP grew 9.1%, and during the 2008–2013 period, this industry presented an average increase of 6.7%, above that of the culture sector and five points above the national GDP, which was 1.4%, exhibiting the dynamism of this industry (Instituto Nacional de Estadística y Geografía, 2015).

Therefore, the objective of this study was to explore the Mexican film industry, due to its continued growth along the last 10 years (higher growth than the GDP), to analyze the manner in which it has become entrepreneurial, and to identify whether cooperation agreements and government support has aided this industry in becoming more successful.

This paper is structured as follows: first, a review of the literature of the major studies that have explored the entrepreneurship phenomenon in this area. Next, we reviewed the key features of the film industry, considering that film producers in Mexico are Small and Medium Enterprises (SME) and presented a brief history of the Mexican film industry to understand its current situation. From this review, the proposed hypotheses,

methodology, and database are presented, and finally, the results and conclusions are set forth.

## **REVIEW OF THE LITERATURE**

### **Cultural Entrepreneurship**

Cultural entrepreneurship is a relatively new concept in the field of entrepreneurship. In modern society, the culture plays a role in activating new jobs and significant economic growth (Marinova & Borza, 2013).

Theories and definitions of entrepreneurship have proceeded through different perspectives over time: from an economic perspective (Schumpeter, 1934), to a psychological perspective (McClelland, 1989), to different definitions of who is in reality an entrepreneur and what entrepreneurship exactly is (Aldrich & Martinez, 2001; de Bruin, Brush, & Welter, 2007; Gartner, 1988). However, the Reynolds, Hay, & Camp (1999) definition can still be considered the most broad and exact in this complex process:

“Any attempt at new business or new venture creation, such as self-employment, a new business organization, or the expansion of an existing business, by an individual, a team of individuals, or an established business.” (p:3)

From the economic perspective, entrepreneurship aims at creating something new and profitable, while cultural entrepreneurship trains its sights on creating something new in the area of culture. Making a profit is often a crucial component of cultural entrepreneurship, but it does not constitute its primary focus (Swedberg, 2006). Entrepreneurs in this industry present artistic qualities with business knowledge, which affords them the ability to attract new customers. Also, this industry creates cultural value, economic wealth, self-determination, and cultural diversity in communities around the world.

“Entrepreneurship in arts and culture is an economic as well as sociocultural activity, based on innovation, exploitation of opportunities and risk-taking” (Varbanova, 2013).

### **Film Industry**

This industry has undergone a great transformation. From being dominated by medium and large-sized firms, it has become a group of entrepreneurial organizations. Lack of innovation in these firms helped transform this industry into smaller companies (Edwards, Delbridge, & Munday, 2005).

In this industry, it is unlikely for a single entrepreneur to plan everything from the start to the end, thus the importance of building partnerships and alliances (Mezias & Boyle, 2016). Forming alliances provides competitive advantages for entrepreneurial activities, encouraging the combination of various other elements necessary to fulfill the project, obtaining resources and having success in exhibitions. The Nakos, Brouthers, & Dimitratos (2014) study indicates that SME have a higher international performance when they possess greater entrepreneurial orientation and when they form alliances aligned with the capabilities of the firm. In addition, when these SME participate in alliances, the effects are the strengthening of the relationship between entrepreneurial orientation and international performance.

The literature suggests that creative and collaborative interaction occur to a greater extent in organizations and groups where there is a strong creative and often entrepreneurial leader who encourages such exchanges (Bennis & Nanus, 2004). Additionally, according to findings in investigation on entrepreneurship (Lechner & Dowling, 2003), startups must establish their networks and maintain business relationships in order to improve their reputation and to have access to information and financial means, as well as to other resources (Konrad, 2013).

### **Brief History of Mexican Film Industry**

The history of the MFI has been classified into three periods: first, the pre-industrial stage, covering the years 1897 through 1937, is divided into its silent and sound phases; second, the industrial period includes the boom and industry consolidation, the “golden age” of 1938–1952, and a stage of prolonged crisis from 1953–1990 (De la Vega, 1991), and third, the international opening of this industry with the entry of the NAFTA (North America Free Trade Agreement).

With sound cinema, entrepreneurs were motivated to create a national cinema, and the first blockbuster films were produced. From 1932–1937, genres and themes were explored, with great commercial success in the Spanish-speaking market, which began to prefer movies in Spanish over Hollywood productions. The Mexican film industry became an industry thanks to the previous developments in theater and radio (De la Vega, 1991).

In 1943, seventy films were produced, proving that the Mexican cinema had become an industry (García Riera, 1986). This era relied on certain features of success, such as the following: themes of films developed in a stable, rural environment and one without hardships; urban scenarios framed, to a more extensive degree, in romanticism than in realism; great performances by the films’ personages; the structure of the cinematographic film; the ingenuity of the producers and the vision of the directors; the price of the ticket to see the film was accessible to all types of public; support on the part of the State with favorable measures for financing, production, and distribution, and the relationship of cooperation and mutual support established with the U.S. (United States) during World War II (García & Aviña, 1997).

Between 1946 and 1948 the production fell and the cinema consisted mostly of an illiterate public that required lower quality, forcing the falling in ticket prices. Therefore, they began to lower the cost of films and born the famous “Churros”, which is defined as a group of films made in series and with low quality. These productions were supported and financed by the National Bank Cinematography, starting with that the monopoly state of the Mexican film (Riera, 1998).

In the sixties, there began a series of renovations in terms of the structure of the film industry in Mexico, and the production started to decline; in addition, exhibition passed to the State (Riera, 1998). Another factor that contributed to the crisis of the Mexican film industry was the substitutes that had come on the market, such as other film products, television, and Hollywood movies, among others. With all of this, a spiral of corruption comes about that, regardless of the quality of the films, caused the loss of competitive advantage, first in global markets, then in the Latin American market, subsequently in the Chicano, and finally, in the national market (Matute, 2002).

In the decade of the nineties, Mexican films started to witness a transition due to the international opening afforded by Mexico toward an international film industry. During

these years, the censorship that Mexican cinema had been submitted to for many years ended, and the price of the ticket to the film is released and becomes a few pesos less than the minimum daily wage; thus, the medium and high classes in the major cities became the principal attendance that raised the statistics. Co-production with other countries was also achieved, primarily with Spain and Argentina, reaching new markets, and well-developed Mexican productions managed to recover the investment if they achieved international distribution (Apanco, 2007).

All of these changes were not sufficient, because film production fell 71.6% from 1994 to 2003, and there was unemployment and the consequent closure of companies, reduced tax payments, underutilization of our installed industrial capacity, the drop in our exports, and the increased importing of foreign films (Apanco, 2007).

Another problem comprised the beginning of the NAFTA, when the MFI was not prepared to face foreign competitors and did not include clear rules or guidelines for this sector; therefore, this industry had to find ways to survive and, especially, to acquire and maintain a competitive position nationally and internationally. The latter gave rise to private enterprises being those that most resented the effects of the agreement. Ninety percent of producers in active service were unable to recover their investments due to, above all, the distributors and exhibitors, of strong transnational presence, who garnered the greater part of the box-office profits. The latter caused an increase of investors drawing away from film making, and the sole producers were large enterprises with capital in proximity to the telecommunications oligopolies (Apanco, 2007; Ugalde, 2012).

At present, things are changing but efforts are insufficient. Mexican cinema is improving and there are several factors that have contributed to this situation. The MFI requires many types of employees, its growth in terms of production has been slow, and it has strong international openness and competition. It is important to develop activities, such as more cooperation agreements and the creation of support agencies, among others.

With all of the changes in strategy, the MFI has seen growth and improvement in its competitive position, but continues to have some problems. It is known that, in 2013, there were 126 Mexican films, the highest number since 1959. Of these, 101 were brand new titles, surpassing 67 in 2012, and 75% were supported by the government and obtained 127 international awards. The number of cooperation agreements continues low: in 2013, there were 13 Mexican films produced with different countries and these were released in 41 countries. In addition, 12% of 2013 total attendance was for Mexican cinema, the highest figure in the previous six years, and annual revenues have been growing.

### **Entrepreneurial orientation in the Mexican film industry**

Therefore, considering that the MFI has been growing above the average rate, has provided new jobs, has demonstrated better international performance, and has become a creative and innovative industry where entrepreneurs are continually finding new opportunities, creating organizations, and adapting their strategies, the present investigation deals with the aspects that have contributed to making this industry international entrepreneurially oriented. Also, considering the review of the literature, we identify how cooperation agreements and government support aids this industry in improving its performance.

The relevant aspects that have contributed to the entrepreneurial orientation of the MFI are the following: number of Mexicans productions during the 2005-2015 period, and

the international awards obtained by Mexican film productions, taking the cooperation agreements and government support into account. We consider the importance of building partnerships and alliances, as Mezas & Boyle (2016) established, in that forming alliances provides competitive advantages for entrepreneurial activities, encouraging the combination of the various other elements necessary to accomplish the project, obtaining the resources, and experiencing success on exhibiting the films. Alliances or collaboration agreements are a way that SME, as well as Mexican film producers, can compete internationally.

Considering the MFI's entrepreneurial orientation, we can develop the hypothesis on the impact on the performance of this industry.

"Hypothesis 1". During the 2005-2015 period, the MFI has become more entrepreneurial, measured by number of Mexican films produced, average cost per film, and number of Mexican films abroad.

"Hypothesis 2". Within Mexican film productions, participation in cooperation agreements is positively related with the number of international awards obtained.

"Hypothesis 3". Mexican film productions that have government support are positively related with the number of international awards obtained.

## **METHODOLOGY**

To carry out this research, we adopted a quantitative analysis. In addition, this investigation is direct, documentary, and exploratory, in order to analyze this issue from new perspectives and entails a correlational scope that aims to find the relationship among the variables within the current context in which the MFI is developed (Hernández, Fernández y Baptista, 2010).

To test the hypothesis, we gathered information that the industry possesses and primary data using surveys and interviews aimed at managers and/or employees of companies making up the MFI. With the information compiled, descriptive statistics was utilized to ascertain the results of our investigation. For the questionnaires, directories of cinematographic institutions and organizations were obtained from IMCINE (Mexican Institute of Cinematography), which include the following: producer enterprises; distributors, and exhibitors of cinematographic services; film festivals, and support offices for audiovisual production in Mexico.

Among the latter, 341 enterprises, organisms, and festivals, were obtained. The second step was to choose those that were associated with the cinematographic production of Mexican films, selecting 105 of these to receive our questionnaire. With the initial mailing and interviews, 36 questionnaires were obtained. The dimensions utilized for formulating the measurement questionnaire have been tested in studies applied to different industries and/or sectors. The questionnaires were adapted to the prevailing conditions in the MFI and to the objectives of the present study.

## **Measures**

With the information collected, we proceeded to code and tabulate the data from the completed questionnaires. The items were measured on a Likert scale, employing a set of attitudinal elements and considering approximately equal value in each; the subjects responded with different degrees of agreement or disagreement (Panayides, 2003).

Different MFI information sources were consulted to obtain the number of Mexican films produced over the years, releases, average cost per film, attendance, employment in the industry, number of Mexican films shown abroad, cooperation agreements, and international awards obtained. First, MFI databases were consulted at different organisms, such as FIDECINE (Fund for Investment and Stimuli for Cinema), FOPROCINE (Fund for Quality Cinematographic Production), IMCINE (Mexican Institute of Cinematography), CANACINE (National Chamber of the Film Industry), CONACULTA (National Board for Culture and The Arts), and INEGI (National Institute of Statistics and Geography).

### **Dependent variables**

Our dependent variables, including *number of Mexican film releases (hypothesis 1) and international awards obtained (hypotheses 2 and 3)*, were utilized to describe the entrepreneurial orientation of the MFI and the relationship between participation in cooperation agreements and government support and number of international awards obtained.

Cultural entrepreneurs add value to the cultural domain by bringing something new to it. They are seeking to produce their creative aspects, to learn new things, to become innovative and different, and also, to contribute to their competitive advantage with differentiation (Sardana, 2015). Entrepreneurs of Mexican film productions, belonging as they do to the culture industry, have created, added value in this industry and have improved their competitive advantage by introducing novel products to existing and new markets. Therefore, we consider the number of releases as the market positioning of Mexican film productions.

SME belonging to the MFI with greater entrepreneurial orientation will perform better in foreign markets because they possess the capabilities required to develop innovative strategies that provide an advantage in the foreign market, and because they are willing to assume the business risks associated with adopting new strategies and technologies in foreign markets. The theory suggests that SME with higher entrepreneurial orientation will possess the capabilities to overcome some of the liabilities of foreignness, in order to discover and exploit opportunities that appear in a foreign market. These actions will lead to better international performance compared with SME possessing fewer entrepreneurial capabilities (Brouthers, Nakos, & Dimitratos, 2015). In the MFI, SME have the capabilities needed to compete abroad and to adapt their strategies to the improvement of their entrepreneurial performance.

### **Independent variables**

For Hypothesis 1, we considered three independent variables: number of Mexican films produced; average cost per film, and number of Mexican films abroad, since that these affect the number of releases.

The independent variable for Hypothesis 2 is the number of international cooperation agreements formed among members of the MFI productive chain with other countries to share resources, capacities, or activities with the purpose of increase the number of Mexican releases and to have a better international performance.

As we have established, producers of Mexican films are SME and, as the theory suggests, an SME that expands abroad can overcome some of its liabilities by participating

in foreign market-based alliances or cooperation agreements. This will create foreign operations that provide superior international performance because firms can take advantage of the opportunities that alliance participation provides (Brouthers et al., 2015). Skilled creators establish their own production system through partnership activities. Specifically, this is a system that converts directors' intentions to shoot films into commercially viable film projects. Thus, the formation of a partnership lays the foundation for creating a unique production system capable of continuously producing good content, which is part of the essence of entrepreneurial activities (Yamada & Yamashita, 2006).

Also, government participation was included as an independent variable for Hypothesis 3, the latter defined as the support granted by the government to Mexican cinema productions through tax incentives (EFICINE) and two funds: FIDECINE and FOPROCINE.

To achieve the objectives and test the hypotheses, SPSS version 22 statistical software was used, and we proceeded to purge the database for errors. On applying the alpha model, certain cases were eliminated to achieve a significant Cronbach alpha. Afterward, a factorial analysis was carried out for data reduction and to find homogeneous groups of variables. In the following phase, tests such as the coefficient of unilateral and bilateral correlations and the Spearman rho were employed (Hernández *et al.*, 2010). Upon completion of the process of coding and verification, we proceeded to data analysis.

## RESULTS AND DISCUSSION

This section focused on analysis of the data related with the three stated hypotheses, and presents the results. As indicated in table 1 (Appendix), descriptive statistics and the correlation among variables employing the Spearman test are presented. The following relevant results were found: on the one hand, we are able to observe that, over the years, there have been more international cooperation agreements in the MFI, resulting in an increase in the number of Mexican film productions, releases, and international awards obtained. Also, government support of the MFI, through tax incentives and funds, is positively and high correlated with the number of Mexican film productions and the international awards granted to these films.

Next, to test the hypothesis, we utilized lineal regression analysis. In addition, multicollinearity did not pose a problem, in that Variance Inflation Factors (VIF) fell below the value of 3.3 (Curto & Pinto, 2011). We develop three models to test our hypothesis and to analyze the influence of each variable on our dependent variables.

### Entrepreneurial Orientation and the Mexican Film Industry

Hypothesis 1 stated that the MFI has become more entrepreneurial over the years, considering that there is a relationship between the number of Mexican film releases and the number of Mexican film productions, average cost per film, and the number of Mexican films abroad. In Table 2 (Appendix), we can observe the results. First, the model ( $R^2 = 0.878$ ; adj.  $R^2 = 0.857$ ;  $p = 0.000$ ) indicates a significant positive relationship between the number of Mexican films produced and the number of releases ( $\beta = 0.484$ ;  $t = 4.434$ ;  $p < 0.001$ ); second, the model also presents a positive relationship between the number of releases and the number of Mexican films shown abroad ( $\beta = 0.270$ ;  $t = 2.972$ ;  $p < 0.01$ ). And third, the model depicts a negative relationship



between the number of releases and the average cost per film ( $\beta = -1.634$ ;  $t = -2.896$ ;  $p < 0.05$ ).

Our results confirm the hypothesis showing that the MFI has been entrepreneurial during the 2005-2015 period, due to the following: it has contributed to the GDP at a percentage above the rest of the economy; it has generated employment, and it has increased the number of Mexican film productions, releases, and movies abroad, making more movies of a quality akin to the taste of cinema viewers.

Based on the empirically significant results, the number of Mexican films released has been increasing over the years, due in part to the increase in the number of productions, and additionally because these productions have managed to position themselves in local and international markets.

On the other hand, the average cost of the production of Mexican films has been increasing over the years, due to the incorporation of new and better ways of production, to the benefit of the quality of the films, but not the number of releases.

Our findings contribute to the understanding of the Mexican film industry. It is a growing industry that generates employment and is entrepreneurial, with a creative element of the society manifesting itself in different cultural forms. Mexican film producers are cultural entrepreneurs who are motivated about and passionate in their cultural pursuits. They have proactively been innovating, which also contributes to their competitive advantage by means of a differentiation strategy (Sardana, 2015).

### **Cooperation agreements and international performance.**

Continuing with Hypothesis 2, the latter established that Mexican film releases with participation in cooperation agreements will result in better international performance, measured by the number of awards obtained. Table 3 (Appendix) illustrates the results of the model ( $R^2 = 0.441$ ;  $\text{adj } R^2 = 0.413$ ;  $p = 0.000$ ), demonstrating that participation in cooperation agreements in terms of Mexican film releases is positive and significantly related with the number of international awards obtained ( $\beta = 5.379$ ;  $t = 3.974$ ;  $p = 0.001$ ).

These results provide support for the hypothesis as follows: the formation of cooperation agreements of MFI producers with members of the productive chain and with other countries correlates positively with this industry's competitive advantage. The latter was achieved through the formation of cooperation agreements seeking to benefit this industry and render it internationally competitive.

We make important contributions to entrepreneurial activity in the MFI and its international performance: first, considering the literature on cooperation agreements, forming and managing alliances is an important strategy for small business development (Street & Cameron, 2007), and second, the evolving pro-business environment in Mexico encourages an entrepreneurial orientation, particularly among SME, which have the most to gain from alliances with other firms, especially with large, foreign businesses, and these tend to be very successful (Hadjimarcou, Barnes, Bhattacharya, Traichal, & Hoy, 2015). The MFI had to change their strategy. In order to compete globally, film producers have formed more international cooperation agreements over the 2005-2015 period with other members of the productive chain to achieve better international performance. Our results show that the formation of cooperation agreements of MFI producers with other members of the productive chain and with other countries has benefited its international performance, with a greater number of international awards obtained.

### **Government Support and international performance**

The third model that we tested was Hypothesis 3, which suggests that Mexican film productions with government support supply a better international performance (measured by the number of international awards obtained); these results are presented in Table 4 (Appendix) ( $R^2 = 0.611$ ;  $\text{adj. } R^2 = 0.587$ ;  $p = 0.000$ ). The results indicate a significant positive relationship between the number of international awards obtained by Mexican film productions and government support for these productions ( $\beta = 1.308$ ;  $t = 5.015$ ;  $p < 0.001$ ).

Thus, the results provide support for the following hypothesis: Mexican film productions with government financial support from different funds, such as FIDECINE, FOPROCINE, and tax incentives (EFICINE), obtain more international awards, giving rise to better international performance.

The government has increased participation in the MFI with the purpose of making this industry more competitive. Producers of Mexican films do not have sufficient resources to finance films (the cost of production is very high); thus, the government has created various funds and economic incentives as a way of financing these productions in order for them to compete in foreign markets. This support has benefited the industry by attaining the release of more Mexican productions abroad and obtaining more international awards.

So, this study made an important contribution to previous investigations by analyzing the impact of government financial support on the international competitiveness of the MFI. The research of Pergelova & Angulo-Ruiz (2014), established that government support aids in the development of unique resources and capabilities to achieve their competitive advantage. It is the development of competitive advantage that bridges government support programs to superior financial performance, such as the development of innovation and human capital-based competitive advantages. Therefore, our study showed the manner in which the competitive advantage of the MFI industry has benefited from government support.

### **CONCLUSIONS**

The Mexican Film Industry (MFI) has become very important for the nation's economic growth in that it generates jobs and contributes to the development of the culture industry. However, these businesses exhibit a lag in their technological skills and in financing high production costs, affecting their competitiveness. Thus, this study was conducted on how this industry has become more entrepreneurial and how participation in cooperation agreements and government support has contributed in its development.

Over the years, this industry has become more innovative, with a significant increase in the number of Mexican productions, resulting in more releases in local and international markets. Although the cost of production has been rising, producers have developed an entrepreneurial orientation through more creative and innovative productions, making Mexico, through the MFI, one of the major film-producing countries.

The MFI possessed the capabilities to expand in different markets. This industry has employed the strategy of local and international cooperation agreements, and the results demonstrate that the industry has become more entrepreneurial and more successful in foreign markets, increasing the number of Mexican productions with national and

international presence, participating in more international festivals, and obtaining a greater number of awards. It is very important that these cooperation agreements take all members of the production chain into consideration, so that they all can benefit from the alliance. On analyzing changes in Mexican productions over the 2015-2025 period, we note that the benefits have been greater thanks to the formation of cooperation agreements among members of the production chain: Mexican productions become more innovative and improve their international competitiveness, employing foreign technology and industry-specific machinery.

Additionally, the results show that Mexican productions have benefited from government support. Government involvement through financing and tax incentives has improved MFI competitiveness, although this has increased during the 2007-2016 period. At present, the majority of productions that have government support have achieved a national and international presence. Thus, government participation through tax incentives and subsidies for Mexican production has benefited the industry, observed as reflected by the increase in the number of productions that enjoy these benefits and in the number of international awards obtained.

In the case of the Mexican film producers, their competitive advantage is based on the approach of resources and capacities. Factors for success are based on their capabilities to produce their films, such as the production themes, the ability to adapt to changing conditions in demand, establishing cooperation among members, incorporating novel ways of distribution and exhibition, the willingness to accept new technologies, and the ability to establish relationships with the government, among others.

This investigation has important implications that can be very useful for companies affiliated with the MFI in terms of seeking international cooperation agreements among the members of the production chain and for the benefit of the industry in the medium and long term. It helps to improve relations among producers, distributors, exhibitors, and government in order to modify strategies for the industry's competitiveness. This investigation also contributes to evaluating how the strategy of cooperation agreements represents a viable and effective way to penetrate different markets and segments.

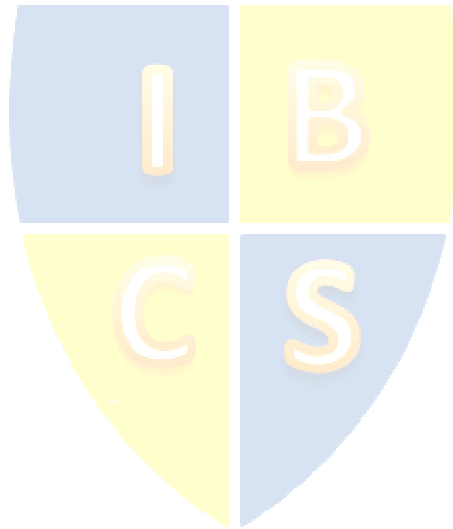
Another contribution is the importance of government support in this industry, with tax stimuli and financing to encourage the production of Mexican cinema. We observe that government support has succeeded in increasing the number of films produced in Mexico. Additionally, we found that the MFI plays an important international role with regard to its participation in festivals and in the awards obtained in recent years compared with its main competitors in Latin America. Mexican cinema is achieving a competitive position abroad, but it is important to fortify this position through strategies that seek improvement in the quality of Mexican productions.

Although we provided valuable insights with respect to the MFI being entrepreneurial, international cooperation agreements, and government support, our study has various limitations. First, in some of the variables, the databases utilized reflect only a short period of time, and the sample is small. Some of the results may vary over the years and it is likely that more data would improve the results of our models. Therefore, future investigation could improve regarding data collection techniques, such obtaining more data from different secondary sources.

Second, we analyzed the strategy of cooperation agreements of Mexican film productions with other countries; it could be that there are other strategies utilized by their competitors that are more effective. At this point, it is interesting to pursue deeper analysis

of the MFI, to investigate the different types of strategies employed by its competitors, and to compare competitiveness results among different countries.

Last, through this investigation, we have established that the MFI's cooperation agreements and government support comprised strategies that rendered this industry more entrepreneurial with increasing productions, releases, Mexican films abroad, and international awards obtained; however, we did not analyze the benefits of these agreements in each of the members of the production chain. Thus, another investigative line would be to identify the characteristics of the cooperation agreements and evaluate whether they benefit all members of the production chain equally, because Mexican films producers could find themselves at a disadvantage in some cases.



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## APPENDIX

**Table 1**  
**Descriptive & Correlation Matrix**

Variable	Media	Standard Deviation	1	2	3	4	5	6	7	
1) n = 43. * p < .05; ** p < .01										
1. Year	2004.5	6.494	1.000							
2. # Mexican films produced	54.55	41.359	.921**	1.000						
3. # Releases	40.05	25.286	.751**	.869**	1.000					
4. Productions with government support	43.44	30.030	.958**	.959**	.933**	1.000				
5. # films benefited EFICINE	22.27	25.817	.855**	.859**	.788**	.825**	1.000			
6. # companies benefited EFICINE	55.82	65.874	.842**	.838**	.795**	.788**	.902**	1.000		
7. # films benefited FIDEICINE	10.36	8.813	.762**	.762**	.619**	.567*	.649**	.701**	1.000	
Variable	Media	Standard Deviation	8	9	10	11	12	13	14	15
1) n = 43. * p < .05; ** p < .01										
8. # films benefited FOPROCINE	13.91	9.656	1.000							
9. Average cost per film. (Millions of pesos)	\$15.1682	\$6.14781	.880**	1.000						
10. Co-productions # of countries	7.36	6.253	.794**	.812**	1.000					
11. Co-productions releases	6.41	6.100	.710**	.786**	.952**	1.000				
12. # Mexican films with international awards	14.77	13.863	.776**	.860**	.820**	.836**	1.000			
13. # International awards	61.36	49.391	.775**	.754**	.843**	.818**	.826**	1.000		
14. # of Mexicans films abroad	36.86	44.509	.826**	.887**	.872**	.844**	.927**	.885**	1.000	
15. Attendance. Millions	13.6750	5.92514	.416	.528*	.674**	.552*	.506*	.657**	.714**	1.000

**Table 2**  
**Entrepreneurial Orientation and the Mexican Film Industry**

Model 1	B	SE	t	p	R <sup>2</sup>	Adj. R <sup>2</sup>	Model F	p
Constant	28.470	6.293	4.524	.000	.878	.857	43.088	0.000
Average cost per film. (Millions of pesos)	-1.634	.564	-2.896	.010				
# of Mexicans films abroad	.270	.091	2.972	.008				
# Mexican films produced	.484	.109	4.434	.000				
Dependent Variable: Number Releases								

**Table 3**  
**Cooperation Agreements and the Mexican Film Industry**

Model 2	B	SE	t	p	R <sup>2</sup>	Adj. R <sup>2</sup>	Model F	p
Constant	26.889	11.844	2.270	.034	.441	.413	15.796	0.000
Co-productions releases	5.379	1.353	3.974	.001				
Dependent Variable: Number of International Awards								

**Table 4**  
**Government Support and the Mexican Film Industry**

Model 3	B	SE	t	p	R <sup>2</sup>	Adj. R <sup>2</sup>	Model F	p
Constant	13.491	13.653	.988	.338	.611	.587	25.154	0.000
Productions with government support	1.308	.261	5.015	.000				
Dependent Variable: Number of International Awards								