

# Measuring the Impact of Changes in Production Incentives on the Competitiveness of the Film and Television Industries: A Post-Strike Case Study in the United States and Canada

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## *Abstract*

*Particularly after significant strikes in Hollywood in 2023 and 2024, the film and television sectors are currently facing significant challenges. This paper aims to explore how variations in production incentives affect the competitiveness of the film and television sector in the US and Canada. Through a qualitative approach and literature analysis, the study revealed that more competitive incentive policies in Canada could attract more film investment than states in the United States with less appealing regulations. Additionally, the study illustrates how the strikes have impacted investment decisions across sectors and disrupted production, thereby creating uncertainty that hampers the growth of the film and television industries. This study advocates for policy changes to promote industry sustainability by emphasizing the importance of adaptive incentive strategies that respond to evolving global market dynamics. The findings should provide lawmakers and industry stakeholders with valuable insights and recommendations for enhancing competitiveness in the film and television sectors.*

*Keywords: Production incentives, film industry, strike, competitiveness, United States, Canada, film policy, independent production, adaptive strategy.*

## **A. INTRODUCTION**

In recent years, the global film and television industry has faced increasingly challenging issues. Several significant problems are expected to arise in early 2024. The Writers Guild of America (WGA), the Directors Guild of America (DGA), and the Screen Actors Guild-American Federation of Television and Radio Artists (SAG-AFTRA) were involved in two significant strikes in Hollywood. The WGA 2023 and SAG-AFTRA 2023 strikes co-occurred and are part of a larger labor conflict. Both events have resulted in considerable declines in production volumes in the United States and Canada<sup>1</sup>.

The new conditions, i.e., "production contraction and reset practices," require some changes for the stakeholders in this industry. A recent report showed a 20% decline in studio spending in Hollywood in the second quarter of 2024 compared to the same quarter in the previous year. This indicates a drop in profits that is shaking the industry

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<sup>1</sup> FRANSISCA ROMANA, "Aktor Hollywood Siap Bergabung Dengan Pemogokan Penulis," Kompas.id, 2023.

and raises concerns about the future of the film and television industry<sup>2</sup>. The research also draws on theories that emphasize the crucial role of production incentives in business strategy. Based on industrial economic theory, incentive policies can increase competitiveness and also become a strategic tool to attract investment<sup>3</sup>. O'Brien & Lane explained that while several states in the United States have provided billions of dollars in incentives to the film industry, the impact of these investments remains unclear. This theory also helps us understand how investment decisions and production locations can be affected by changes in production incentives<sup>4</sup>.

Previous research has often overlooked the contextual changes that have occurred alongside the film industry's recovery, even though such incentives have the potential to drive the industry's growth. For example, Johnson (2020) has found that tax incentives play a crucial role in driving growth; however, they do not provide sufficient information about how post-strike recovery occurs. Tax credit programs for film and television in Canada have had an inconsistent impact on the labor market, negatively impacting labor mobility and working conditions.<sup>5</sup>

According to the analysis conducted, there is a disparity between expectations for more flexible business models and competitive incentive policies in the United States and the actual situation. Many U.S. states continue to offer less attractive incentives compared to other countries like Canada, which has more effective and efficient policies. Although states such as New Jersey and California have attempted to update their incentive policies, the success of these programs remains uncertain and requires further research.

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<sup>2</sup> Oseph Chianese, "EP NowStoreAcademySupportProduction LotProducts by Country Log In Contact Us Payroll & Residuals Production Finance Production Management Enterprise Hub Incentives Insight Solutions Casting Blog Home The State of Film & Television Production: 2024 in Revi," ep.com, 2024.

<sup>3</sup> Nicholas P Dempsey, "Building on Firm Foundations: Organizations and Growth in Urban Arts Communities," *Journal of Urban Affairs* 47, no. 3 (2025): 1081–1108, <https://doi.org/10.1080/07352166.2023.2203402>; Thorsten Hennig-Thurau, S. Abraham Ravid, and Olav Sorenson, "The Economics of Filmed Entertainment in the Digital Era," *Journal of Cultural Economics* 45, no. 2 (2021): 157–70, <https://doi.org/10.1007/s10824-021-09407-6>.

<sup>4</sup> Nina F O'Brien and Christianne J Lane, "Effects of Economic Incentives in the American Film Industry: An Ecological Approach," *Regional Studies* 52, no. 6 (2018): 865–75, <https://doi.org/10.1080/00343404.2017.1360475>.

<sup>5</sup> Ebenezer Kofi Enninful, "Technological Unemployment Galore in Ghana: The Spotlight on the Digital Photography Industry," *International Journal of Education, Learning and Development* 11, no. 4 (2023): 9–44, <https://doi.org/10.37745/ijeld.2013/vol11n4944>.

By offering a new and more comprehensive perspective on the impact of changes in production incentives on investment decisions and film and television production activities in the U.S. and Canada after strikes, this study aims to enhance the existing literature. The primary focus of this research is how incentives shape industry competitiveness, support the development of independent production, and discover sustainable growth opportunities in the global entertainment market. This research is anticipated to provide practical insights and recommendations for policymakers and industry stakeholders to address current challenges.

In this study, several significant and unanswered questions will be further discussed, such as: how are the decisions of local and international film producers affected by changes in production incentives in the United States? Does this new state have sufficient incentives to compete with other countries that offer better incentives? How are the economic and local industries as a whole impacted by the decline in film and television production rates in the United States? To what extent can independent film production adapt to the decline in production at major studios? This research is expected to make a substantial contribution to the current literature by highlighting the importance of adaptive incentive methods in addressing these changes in the creative industry.

## **B. RESEARCH METHODS**

This research will also utilize a qualitative approach, specifically employing a literature review analysis. In the wake of the significant strikes in Hollywood and the effects of the COVID-19 pandemic, this study examines how changes in production incentives influence investment decisions and film and television production activities in the U.S. and Canada. To better comprehend this phenomenon, the study design will incorporate the collection of data from various relevant secondary sources and thematic analysis. The source identification process will be implemented to gather the data. The sources to be used include news from the film and television industry, journal articles, research reports, books, and policy documents related to incentives for film and

television production in the United States and Canada. It is anticipated that these sources will provide ample contextualization of the issue under investigation.

Researchers will utilize academic databases such as JSTOR, Google Scholar, and ResearchGate to gather relevant literature. Previous research on production incentives and their effects on investment decisions will be a primary focus. Each collected source will be categorized with a summary that addresses the theme, methodological approach, and research findings. This enhances the understanding of various perspectives and aids in identifying differences in the existing literature.

Thematic analysis will be employed to analyze the data, which includes data coding and theme identification. To find key themes, such as "the role of production incentives", "the effect of strikes on production", and "comparison of state incentives", the collected data will be read thoroughly. The purpose of this coding is to group relevant data. Once coding is complete, the identified topics will be evaluated and explored to uncover significant patterns in the data. Next, the researcher will investigate how these themes relate to one another and how they contribute to the current state of the industry. Additionally, the research will analyze the comparison of incentive policies in the United States and Canada, along with the impact of these policies in practice. This will provide a clear understanding of the effectiveness and competitiveness of each policy. Subsequently, the researcher will formulate conclusions that address the current research questions. To enhance the competitiveness and sustainability of the film and television industry, policymakers and industry practitioners will receive recommendations on customizable incentive strategies.

### **C. RESULTS OF DISCUSSION**

From the analysis of existing literature, it is clear that the film and television industry has encountered significant challenges in recent years, particularly during the major strikes in Hollywood and the prolonged effects of the COVID-19 pandemic. Changes in production incentives have a considerable impact on investment decisions and industry competitiveness in the United States and Canada.

## 1. The Influence of Production Incentives on Investment Decisions in the Film World

The film industry in Canada and the United States heavily relies on state or provincial production incentive policies. Film producers' decisions to invest their money can be influenced by these incentives, which attract films to produce in specific locations. A study conducted by Owens and Rennhoff employed a discrete choice model to examine how tax incentives impact business location decisions in the film industry.<sup>6</sup>

The study analyzed films produced between 1999 and 2013 and found that production incentives can attract films to the state, but the impact depends on the types of incentives offered, the nature of the studio, and geographical factors location. The results showed that large studios only responded to refundable and transferable tax credits, whereas mid-sized studios responded to a range of incentives. In contrast, incentives do not affect independent studios. The demographic bonus in our country, predicted to occur in 2045, presents both opportunities and threats. The increasing number of unemployed individuals resulting from the demographic bonus should be a significant concern for the government. To create decent jobs and sustainable economic growth, accelerating the creative economy could be a viable solution. This research employed desk research and qualitative analysis methods to discuss the importance of tax incentives for the creative economy industry as a supply-side tax policy. Tax policies in the form of incentives can serve as a driver of sustainable economic growth for an industry. The provision of super tax deductions for the creative economy industry can provide space for business actors to make cash savings. However, the absence of implementing regulations regarding the provision of fiscal incentives for creative economy industry players is the main problem. When a company has cash capabilities, business expansion can be carried out. The implication is the opening up of the ability of the creative economy industry to absorb labor and create independence in the sector itself. Furthermore, this can open up new sources of state revenue in the form of taxes<sup>7</sup>.

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<sup>6</sup> Mark F Owens and Adam D Rennhoff, "Motion Picture Production Incentives and Filming Location Decisions: A Discrete Choice Approach," *Journal of Economic Geography* 20, no. 3 (2018): 679–709, <https://doi.org/10.1093/jeg/lby054>.

<sup>7</sup> Hennig-Thurau, Ravid, and Sorenson, "The Economics of Filmed Entertainment in the Digital Era."

Johnson emphasized that tax incentives are essential to drive the growth of the film industry but are often not enough to address the dynamics of the recovery after strikes. This indicates uncertainty in investment decision-making that could hamper the growth of the film industry in certain regions.<sup>8</sup>

Kong believes that economic policy uncertainty (EPU) can hinder companies' investment decision<sup>9</sup>. The study also examined companies listed on China's A-share market from 2007 to 2019 and found that the scale and efficiency of a company's investment were hindered by macroeconomic policy uncertainty (EPUs). This can lead to overinvestment or underinvestment, which can influence film studios' decisions to invest in film production. In contrast, local EPUs typically increase the scale of a company's investment but also increase risk. Film producers can mitigate the negative impact of economic policy uncertainty by understanding these influences and optimizing their investment structures and risk prevention procedures.

Dempsey stated that countries like Canada that provide competitive incentives can attract more investment than U.S. states that may not be as aggressive in providing incentives<sup>10</sup>. This shows that in order to attract film producers, especially in the context of global competition, effective incentives are essential. States with better policies for tax incentives and production support tend to attract more projects, which generate new jobs and boost the growth of the local film sector.

Based on the discussion of previous studies, it can be concluded that production incentives play a significant role in influencing investment decisions in the film industry. Although incentives can attract film production to an area, their effectiveness is influenced by various factors, including the characteristics of the studio and economic uncertainty. Efforts to create competitive incentive policies, as seen in Canada, can increase the attractiveness of filming locations and positively impact the dynamics of the film industry. Through the above literature study, it is hoped that we can gain a deeper

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<sup>8</sup> Sascha Kraus et al., "Digital Transformation: An Overview of the Current State of the Art of Research," *SAGE Open* 11, no. 3 (2021), <https://doi.org/10.1177/21582440211047576>.

<sup>9</sup> Qunxi Kong et al., "Economic Policy Uncertainty and Firm Investment Decisions: Dilemma or Opportunity?," *International Review of Financial Analysis* 83 (2022): 102301, <https://doi.org/https://doi.org/10.1016/j.irfa.2022.102301>.

<sup>10</sup> Dempsey, "Building on Firm Foundations: Organizations and Growth in Urban Arts Communities."

understanding of how production incentives are related to investment decisions in the film industry, as well as the influence of the uncertainty surrounding policies and strategies implemented by states or provinces to attract investment in this sector.

## 2. The Impact of the Strike on Film Production

Strikes in the film industry frequently disrupt production schedules, leading to financial losses and reshaping the landscape of film policy and community engagement. These strikes can affect various aspects, including economic dynamics, community involvement, and industry sustainability. A strike can halt film production, resulting in substantial losses for the studio and its associated companies. For instance, many productions faced delays during the COVID-19 pandemic, which affected income streams and employment in the industry <sup>11</sup>.

In Jamaica's history, the film industry has played a vital role in the country's development goals; however, strikes can interrupt planned projects and undermine investor confidence <sup>12</sup>. The strike that takes place has the potential to significantly impact the local economy and the film industry as a whole.

Rural film festivals provide a vital platform for local filmmakers and communities. Strikes can halt events associated with this, decreasing visibility and engagement opportunities for emerging industry talent. <sup>13</sup>. Strikes can also cause the industry to change its priorities due to these disruptions. (Hemert & Ellison, 2022). This demonstrates the importance of protecting working conditions and workers' rights to foster positive community involvement.

Strikes can also foster discussions about environmental policies and workers' rights in the film industry. As workers strive to enhance working conditions during

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<sup>11</sup> Tess Van Hemert and Elizabeth Ellison, “‘Punching above Our Weight’: Industry Visibility and Community Engagement in Rural and Regional Film Festivals,” *New Review of Film and Television Studies* 20, no. 4 (2022): 522–45, <https://doi.org/10.1080/17400309.2022.2122652>.

<sup>12</sup> Emiel Martens, “The Failing Promise of the Audio-Visual Industries for National Development: The History of Seventy Years of Film Policy in Jamaica, 1948–2018,” *Creative Industries Journal*, 2023, 1–28, <https://doi.org/10.1080/17510694.2023.2223379>.

<sup>13</sup> Hemert and Ellison, “‘Punching above Our Weight’: Industry Visibility and Community Engagement in Rural and Regional Film Festivals.”

strikes, sustainable practices can become more urgent.<sup>14</sup> The response to strikes may indicate broader social issues, such as economic inequality and job security, that influence future film production policies and practices.<sup>15</sup>

However, some argue that a strike could lead to positive changes in industry standards and working conditions, ultimately benefiting the workforce and enhancing the sustainability of film production. This perspective suggests that strikes could serve as a catalyst for necessary industrial reforms.

#### *Case Examples: Strikes in Hollywood in 2023 and 2024*

Furthermore, the situation in Hollywood clearly demonstrates the impact of the strike. During the strikes involving the Writers Guild of America (WGA), the Directors Guild of America (DGA), and the Screen Actors Guild-American Federation of Television and Radio Artists (SAG-AFTRA) in 2024, film and television production was delayed. Consequently, production output significantly decreased. According to the data, spending by Hollywood movie studios is expected to decline by twenty percent in the second quarter of 2024 compared to the previous year. This indicates substantial losses for the industry.<sup>16</sup> This decline raises concerns about the sustainability of industries that require rapid adaptation and innovation to get back on the path to growth.

In addition, strikes have emerged in response to the adoption of new technologies. In 2023, Hollywood film industry employees are holding or supporting demonstrations against the use of AI in the production process. Based on observations and interviews with fifteen film workers, including union members, on the strike track, it was found that the studio's use of AI can increase wage pressures, distance workers from actual work, and generate inauthentic creativity<sup>17</sup>. Interestingly, film employees'

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<sup>14</sup> Inge Ejbye Sørensen and Caitriona Noonan, "Production, Policy and Power: The Screen Industry's Response to the Environmental Crisis," *Media, Culture & Society* 44, no. 1 (2022): 172–84, <https://doi.org/10.1177/01634437211065697>.

<sup>15</sup> Danat Valizade et al., "Are Bargaining Concessions Inevitable in Recessions? An Empirical Investigation into Union Bargaining Priorities and Trade-Offs of Pay Rises for Job Security," *Employee Relations* 44, no. 6 (2022): 1485–1503, <https://doi.org/10.1108/er-12-2021-0550>.

<sup>16</sup> Hennig-Thurau, Ravid, and Sorenson, "The Economics of Filmed Entertainment in the Digital Era."

<sup>17</sup> Brett A. Halperin and Daniela K. Rosner, "'AI Is Soulless': Hollywood Film Workers' Strike and Emerging Perceptions of Generative Cinema," *ACM Transactions on Computer-Human Interaction* 32, no. 2 (2025), <https://doi.org/10.1145/3716135>.

rejection of AI is similar to the anxiety that arises when new technologies, such as sound and CGI, are introduced. Despite initial concerns, this innovation opens up new career and aesthetic opportunities.

The film industry is not only experiencing economic losses, but it is also changing people's interactions and sparking policy and sustainability. With the development of new technologies, it is crucial to understand the difficulties film workers face in maintaining the quality of the arts and fair well-being in the workplace. We can aid the broader discussion about building inclusive and sustainable film industries in the U.S. and Canada by comprehensively understanding the impact of this strike.

### **3. Comparison of Incentive Policies in the US and Canada on Film Production**

A comparison of film incentive policies in the United States and Canada reveals significant differences in approaches, shaped by the distinct economic and cultural circumstances of each country. Although these two countries utilize tax incentives to encourage film production, there are notable differences in their frameworks and success rates. According to a literature review analysis, there are significant differences between the incentive policies of the US and Canadian states. Dempsey stated that many states in the United States continue to provide less attractive incentives compared to other countries, which has an impact on film producers' choices for filming locations<sup>18</sup>. Although some states, such as New Jersey and California, are trying to improve their policies, the success of the program is still questionable<sup>19</sup>. The transition from analog to digital formats has also been attributed to the crisis of the film industry. Hennig-Thurau explained that the dynamics of the industry have changed due to a major shift from the use of traditional tools to digital technology in film production. Incentive policies must understand the impact of these changes, as technological advancements can affect how resources are allocated and investment in film production<sup>20</sup>. Various tax incentives in the United States, including the New Market Tax Credit (NMTC), encourage investment

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<sup>18</sup> Dempsey, "Building on Firm Foundations: Organizations and Growth in Urban Arts Communities."

<sup>19</sup> Hennig-Thurau, Ravid, and Sorenson, "The Economics of Filmed Entertainment in the Digital Era."

<sup>20</sup> Hennig-Thurau, Ravid, and Sorenson.

in disadvantaged areas and help film production in the region <sup>21</sup>. However, large corporations take advantage of these incentives more often, showing attention to large production companies rather than independent filmmakers. The effectiveness of these incentives varies according to the economic circumstances that affect the possibility of investment in a particular area<sup>22</sup>.

On the other hand, Canada uses a more organized approach by providing special federal and provincial tax incentives for film and television production, which often results in higher production volumes compared to the US. These incentives are also more accessible to independent filmmakers, supporting the diversity of the film landscape. In addition, in line with the global trend towards more environmentally friendly production practices, Canadian organizations prioritize sustainability<sup>23</sup>. The various tax incentives offered by the two countries reflect differing priorities and approaches to film production policies. The U.S. leverages tax benefits to promote overall economic revitalization, while Canada offers more targeted incentives to foster an inclusive and sustainable film industry. This enables film producers to select filming locations based on the available incentives, indicating that they are more likely to choose locations with favorable incentive policies.

A comparison of U.S. and Canadian film incentive policies reveals that, while both countries utilize tax incentives to promote film production, their approaches differ significantly. Canada provides a more user-friendly system, benefiting independent filmmakers and promoting sustainability. In contrast, U.S. policy often focuses on large corporations and broader economic factors.

#### **4. Independent Film Production contributions related to incentive policies in the U.S. and Canada**

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<sup>21</sup> Anne White, "Evolution of the New Market Tax Credit," *Jahrbucher Fur Nationalokonomie Und Statistik* 242, no. 5–6 (2022): 609–28, <https://doi.org/10.1515/jbnst-2022-0003>.

<sup>22</sup> White.

<sup>23</sup> Sørensen and Noonan, "Production, Policy and Power: The Screen Industry's Response to the Environmental Crisis."

According to Dempsey, increased opportunities for independent films can foster creativity and innovation, particularly in an industry facing challenges. Independent film production is vital amidst the declining production rates of major studios in the film industry<sup>24</sup>.

Independent film production in the United States and Canada is heavily influenced by incentive policies aimed at boosting the local economy and promoting local cultural content. Independent films are often more flexible and able to adapt to market changes than large studios that are constrained by stricter policies. For years, the Canadian government has supported Canadian Content (CanCon) by enacting legislation that ensures a medium rich in cultural value. However, the slow adaptation to new media led to challenges in balancing artistic and economic goals<sup>25</sup>. Although often criticized for being ineffective, this policy aims to encourage diversity and independence in film production.

Instead, some states in the United States implement film production incentives (MPIs), including tax credits, to attract filmmakers. These MPIs often generate small economic gains, benefiting the film industry rather than local businesses as a whole<sup>26</sup>. Critics argue that these incentives often benefit the film industry rather than the local economy, creating temporary jobs with short-term benefits<sup>27</sup>.

For the Canadian government, it is crucial to emphasize that CanCon is part of Canada's cultural identity. New media policies are being developed, but they often face criticism for being disorganized and slow<sup>28</sup>. Independent filmmakers seeking to attract a larger audience face challenges due to this policy. Consequently, the policy structure needs to be revised. Film tax credits have been shown to boost production and create jobs in the New England region. However, this comes at a significant cost to state

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<sup>24</sup> Dempsey, "Building on Firm Foundations: Organizations and Growth in Urban Arts Communities."

<sup>25</sup> Lilja Rún Bjarnadóttir, "Promoting CanCon in the Age of New Media," 2023, <https://doi.org/10.32920/ryerson.14656305.v1>.

<sup>26</sup> William J Luther and William J Luther, "Movie Production Incentives: Blockbuster Support for Lackluster Policy," *Social Science Research Network*, 2010, [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1538687](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1538687).

<sup>27</sup> Luther and Luther.

<sup>28</sup> Bjarnadóttir, "Promoting CanCon in the Age of New Media."

revenue<sup>29</sup>. Since these incentives usually lead to only moderate overall economic income, their effectiveness in fostering sustainable economic growth is uncertain.<sup>30</sup> Incentive policies aim to boost independent film production, yet their effectiveness and benefits are frequently debated. This implies that existing policies must be thoroughly assessed and potentially revised.

In terms of incentive policies in the US and Canada, it is evident that independent film production can make a significant contribution. Despite the constraints, the right incentives can provide independent filmmakers with opportunities to thrive and adapt in a dynamic market. However, to create a greater impact, comprehensive evaluation and policy reform are needed in alignment with industry needs and requirements.

## **5. Adaptive Incentive Strategies in Film Production Related to Incentive Policies in the U.S. and Canada**

In the film production industry, adaptive incentive strategies can significantly enhance project productivity and innovation. This is particularly true for incentive policies in the United States (US) and Canada. Film production can tackle issues like project delays and inefficient resource utilization by integrating various incentive structures. Incentives for speed and accuracy can mitigate moral hazard, leading to more efficient resource use. This dual approach enables planners to complete projects swiftly without extending the estimated time required<sup>31</sup>. Regional challenge-oriented gift providers (CORPs) can foster innovation in filmmaking by engaging local communities and addressing specific issues within the area. This approach helps the industry become more inclusive.<sup>32</sup>

NMTC's policy in the United States encourages investment in disadvantaged areas, which film projects can use to promote local economic development. NMTC

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<sup>29</sup> Darcy Rollins Saas, "Hollywood East? Film Tax Credits in New England," *Social Science Research Network*, 2006, <https://doi.org/10.2139/SSRN.1932452>.

<sup>30</sup> Saas.

<sup>31</sup> Oleksandr Svitych, "Hidden Inefficiency: Strategic Inflation of Project Schedules," *Journal of Economic Behavior and Organization* 206 (2023): 313–26, <https://doi.org/10.1016/j.jebo.2022.12.014>.

<sup>32</sup> Halperin and Rosner, "'AI Is Soulless': Hollywood Film Workers' Strike and Emerging Perceptions of Generative Cinema."

identified a link between poverty levels and investment opportunities, implying that film production could benefit from these financial incentives<sup>33</sup>. While this adaptive approach has the potential to increase productivity and innovation, While this adaptive approach has the potential to increase productivity and innovation, concerns exist regarding its implementation. One issue is that the film industry lacks a standard auditing and reporting system, which can hinder the implementation of this policy. This indicates that a more robust framework is necessary to ensure sustainability and accountability. Auditing and reporting system which can hinder this policy. This suggests that a more robust framework is needed to ensure sustainability and accountability<sup>34</sup>.

The results of this study emphasize that in an ever-changing industry, a flexible incentive strategy is essential. According to the literature, policymakers should evaluate and update incentives according to global dynamics and changing investment preferences. According to the study, governments and industry stakeholders should work together to create more competitive and sustainable incentive policies. By adopting an approach tailored to the industry's needs, incentives can be effectively utilized to support film production, as well as local economic growth and innovation within the industry.

#### **D. CONCLUSION**

The study revealed findings on how changes in production incentives affect the competitiveness of the film and television industries in the U.S. and Canada, particularly following the major strikes in 2023 and 2024. The analysis results indicate that investment decisions and production activities in both countries are significantly shaped by modifications in incentive policies. The strikes not only led to a decline in production volumes but also highlighted the industry's need for flexibility when facing challenges.

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<sup>33</sup> White, "Evolution of the New Market Tax Credit."

<sup>34</sup> Sørensen and Noonan, "Production, Policy and Power: The Screen Industry's Response to the Environmental Crisis."

First, investment decisions are influenced by production incentives. This study shows that states in the United States with less attractive policies risk losing investment, while states with more competitive incentives tend to attract more film projects. Despite challenges such as policy uncertainty and negative effects on working conditions in the independent film industry, Canada has experienced better results from tax incentives for film and television. Second, from major studios to independent filmmakers, everyone was affected by strikes in Hollywood, which disrupted production chains and increased uncertainty in investment decision-making. However, these strikes also present an opportunity for policy updates and changes that can enhance working conditions and boost community engagement. Third, the study emphasizes that incentive strategies can be adjusted to adapt to changes in the global market. To address the differences between necessity (das Sollen) and reality (das Sein) for film producers in the United States and Canada, a more organized, effective, and inclusive incentive policy is required. The study indicates that policymakers need to create and enhance incentive policies that can reconcile economic growth with social sustainability. Finally, this research is anticipated to make a significant contribution to the existing literature on the film and television industry. It also facilitates further analysis of incentive strategies that can adapt to changing conditions and provides suggestions for enhancing the competitiveness and sustainability of the industry in the future.

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