

# Cultural and Urban Regeneration Policies for Creative Cluster Development: The Case of the Video Game Industry in China and Japan

## Topic and Research Question

With the increasingly important role the creative and cultural industries are playing in the global economy, policies for creative cluster development are gaining a spotlight among academia and policymakers. This master's thesis is, therefore, concerned with the different aspects of cultural and urban regeneration policies for guiding the development of game clusters at the national and local levels in Japan and China. The research question was formulated as follows:

*To what extent do different cultural and urban regeneration policy instruments constitute the creative cluster governance system at the national and local levels in Japan and China, and how are they utilised to encourage creative cluster development within the video game industry?*

The value of the findings mainly stems from their narrow focus and applicability to the real world. This paper holds the most relevance for the policymakers in Japan and China as it formulates policy recommendations customised for the specific context of these countries. This study will also be useful to creative agents, especially video game companies, as the findings illustrate the subsidies available to them and help companies formulate and communicate their demands and needs to the government.

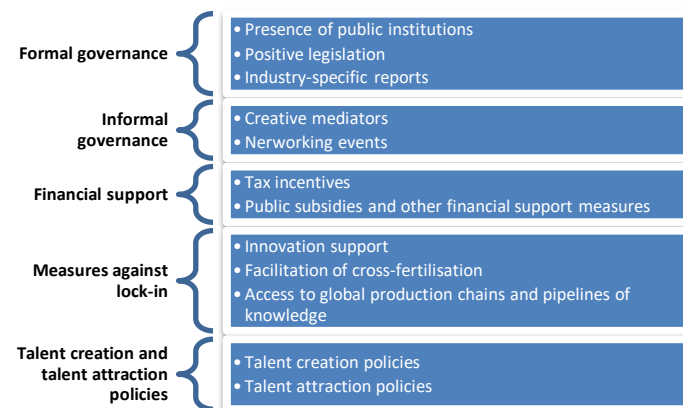
## State of the Art

The foci of the employed literature range from wider concepts, such as creative clusters and cultural and urban regeneration policies in general, to their narrower application to the video game industry in China and Japan. In particular, a recent work by Komorowski and Picone (2020) played an important role in laying down the foundation of *creative clusters* and their typology. In addition, such notions related to clusters as *location externalities* (Marshall 1920; De Vaan 2013), *untreated interdependencies* (Storper 1995), *tacit knowledge* (Gertler 1995, 2003; Maskell and Malmberg 1999), *cross-fertilisation* (Power 2010), *external economies of innovation* (Potts 2011) and the *lock-in effect* (Storper 1995; Maskell and Malmberg 2007) were examined and used to formulate the analytical framework. In relation to cultural and urban regeneration policies, some concepts popular among urban planners, such as *creative cities* (Landry 2000) and *creative class* (Florida 2002), were critically analysed.

One of the most debated issues is the balance between the organic (Zukin 1982; Evans 2005, 2009) and planned (Jacobs 1961; Hanzawa and Yamamoto 2017) approaches to creative clusters. In the context of East Asia, many authors also warn policymakers about “xeroxing” policies without consideration for the local context. Finally, the research conducted by Fung (2018), Kerr (2017), Pilon and Tremblay (2013) and Tschang (2009), among others, helped the author gain a better understanding of the specific needs of the video game industry, while the works by Aoyama and Izushi (2003), Hanzawa and Yamamoto (2017), Morgner (2019), Tschang (2009), etc. were used for adjusting the methodology to the context of China and Japan.

## Methodology and Approach

In particular, policy suggestions laid out by Enright (2003) and Yusuf and Nabeshima (2005), such as macroeconomic stability, high-quality tertiary education, IP protection and favourable regulatory environment, reporting, openness to international flows of finance, trade and talent, R&D incentives, etc. played an important role for constructing the analytical methodology. However, as hardly any similar study has been performed at the point of writing, an eclectic analytical framework was developed based on the conclusions derived from the state of the art. It was composed of five main dimensions, each of which was subdivided into narrower criteria:



The methodology was designed in a way that allowed the paper to narrow in on the individual dimensions of cluster development policies and measure each criterion either quantitatively or qualitatively. For instance, the positive legislation sub-criteria involved the examination of how effective the IP protection regulations are; whether there are specialised courts that hear copyright

breach cases; whether the game industry is subject to censorship and how streamlined the game rating process is.

## Main Facts

For each of the policy dimensions, relevant data were presented separately for Japan and China, with a focus on the different governance aspects and functions of the central authorities of the two countries. Furthermore, in order to examine the policies at the local level, four case study cities were chosen: Tokyo, Fukuoka, Shanghai, and Shenzhen.

Although cultural and urban regeneration policies are a recent phenomenon both countries and both countries have eclectic institutional systems, the investigation showed that China has developed a more robust formal governance framework, which is especially evident at the local level. The paper looked not just at the existing public institutions but also at the informal creative mediators and networking events, which play a more important role in Japan and are used by the government to guide the development of the game industry, while government itself only performs minor non-incremental interventions that are meant to correct market error. Most of the existing measures pertain to the Cool Japan initiative and focus on promoting cultural exports and nation branding. Meanwhile, the Chinese authorities have introduced numerous measures in all areas of game industry governance, including financial support, R&D incentives, facilitation of cross-sectoral collaborations, urban regeneration policies, etc. Such efforts are often invasive and are meant to closely control the development of the industry, with a prominent involvement of the propaganda authorities.

At the same time, it was observed that both countries have a weak talent creation policy component, fail to provide sufficient access to global value chains and pipelines of knowledge, and tend to focus on the “hard” infrastructure in their urban regeneration policies.

## Results

It was discovered that Japan takes a less active stance in its cultural policy, assuming a guiding role and performing “surgical” interventions. The upside of the non-interference approach is that the game industry and creative mediators enjoy a great degree of freedom and independence, but, at the same time, they do not receive any substantial support from the government as the

focus is on expanding cultural exports rather than developing the local creative industry bases.

The Chinese government, on the other hand, has introduced a number of strong policies that are meant to stimulate and guide the development of creative clusters with a range of regulatory tools, financial incentives, etc. The problem is that this strategy has resulted in a strictly regulated industry that suffers from the lock-in effect due to the stringent censorship, forceful clustering, and restrictive policies for foreign companies. Based on these observations, the paper formulates policy recommendations for both countries.

As for the future research implications, while the paper avoids generalisation, the analytical framework was designed in such a way that it can be adapted to other contexts and sectors. The methodology can be adjusted to suit the needs of a given research project: for instance, such measures as innovation can also be relevant to the animation and film industries but can be left out when looking at such CCIs as traditional arts. Alternatively, it can be expanded to include more policy dimensions or break down the existing criteria into more specific sub-criteria.

## References

All references can be found in the full version of the MA thesis at: <http://othes.univie.ac.at/>

## About the Author

Anastasiia Bubenko was born in Chelyabinsk, Russia. She received her BA (Hons.) from Moscow State Institute of International Relations and completed the ISEP exchange programme at Tokyo University of Foreign Studies. She was a master student at the University of Vienna from 2019 until 2022. Anastasiia is currently employed as Business Development Associate at Morpher Labs GmbH.

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