

## Synopsis of the dissertation

### **Industrial Location and Culture: A comparative study of the video games districts in Montreal, Lyon, and Los Angeles<sup>1</sup>**

**Sylvianne Pilon Ph.D.**  
**Department of Management and Technology**  
**School of Management Science, Université du Québec à Montréal**  
C.P. 8888, Station Centre-ville, Montréal (Québec) Canada H3C 3P8  
Email: [pilon.sylvianne@uqam.ca](mailto:pilon.sylvianne@uqam.ca)

#### Introduction:

The aim of this research was to examine the role of the culture of urban regions, and to a larger extent, of local society in industrial location. According to the so-called location paradox, despite the globalization of the economy, polarization of industrial development in certain geographic areas is persistent. Consensus (and debates) from a substantial literature on industrial location emphasized that economic and knowledge externalities (or spillovers), from the agglomeration of skilled and creative labor, related firms, users, technological and institutional infrastructures, explain the distribution of industrial development among urban regions. Empirical evidence of “learning regions”, led us to bring to the fore an original additional explanation of industrial location from an unexploited perspective, the anthropology. Indeed, the concept of culture is often treated as a residual that could potentially explain industrial development in some urban regions. However, as DiMaggio (1994, p. 7) mentioned “Since all economic processes have an irreducible cultural component, taking culture seriously not only can enrich our interpretive understanding of economic phenomena, but can help us explain them better.” Then, if some regions provide the underlying environment for industrial development, and, according to the field of anthropology<sup>2</sup>, culture manifests itself within social groups, a cultural analysis of the genesis and the evolution of industrial districts, may provide, a better understanding - by going beyond economic location factors - of *why* industrial districts emerge in certain, not all, urban regions. This is what I intended to accomplish in this research.

#### Methodology:

Culture manifests itself within social groups, such as organizations, industries, regions and nations, through their own history, symbols, social practices (or habitus), and particular orientations. The use of the concept of culture in anthropology emphasized the fact that these symbolic and materialist cultural elements are to be apprehended within their larger context, the

---

<sup>1</sup> The author is thankful to Ann Langley, Ph.D., and Jean-Pierre Dupuis, Ph.D., from HEC Montréal, Francisco Xavier Ollerros, Ph.D., and Jorge Niosi, Ph.D., from the Université du Québec à Montréal, and Margaret Dalziel, Ph.D. from the University of Ottawa for their comments and recommendations. The author is also thankful to Roger Miller, Ph.D., director of the research project *Managing Innovation in the New Economy* (MINE), École de Polytechnique de Montréal, for funding the research. The dissertation doesn't include the results from Lyon. The author is fully responsible for this synopsis.

<sup>2</sup> Anthropology is a science of social logics from cultural diversity among social groups. It is a comparative discipline by highlighting common and different cultural features among social groups in order to understand each of them. (e.i. Boas, 1940; Lévi-Strauss, 1958; Geertz, 1973, 1983, 2000; Bourdieu, 1980; D'Andrade, 1984 ; LeVine, 1984; Sainsaulieu, 1987; Keesing, 1987; Sahlins, 1989; D'Iribarne, 1989, 1998; Dupuis, 1990, 1996, 2000; 2007; Hannerz, 1992 ; Alvesson, 1993; Foster, 1994; Kilani, 1996; Sackmann, 1992, 1997. See Cuhe, 1996; Kuper, 1999; Deliège, 2006 for the different approaches in the field of anthropology.)

local society. These cultural units of analysis used in this research represent the cultural capital of urban regions that highlight their own cultural relativism.

Conformingly to some cultural analysis in anthropology, I conducted a macro-historical and a comparative analysis of the video games<sup>3</sup> districts in Montreal, Lyon, and Los Angeles. Data was primarily collected through in-depth interviews with company and institution officials in each agglomeration. For the sample selection, the credibility and the transferability of the results, I referred to Lincoln and Guba (1985), Patton (2002), and Miles and Huberman (2003). A total of 24 interviews were conducted in Montreal, 19 interviews in Lyon, and 21 interviews in Los Angeles. I used the *Atlas-ti* software, for the content analysis of the *verbatim* (Strauss et Corbin, 1998). Secondary data from many different sources was also used. Data has also been collected through my participation in several expositions of the video games industry in Montreal and in Los Angeles.

#### A cultural perspective of the emergence of the video games districts:

To summarize the results, I demonstrated that the video game district in Montreal emerged in early 1990s, in the context of an affirmation culture of the Quebec society in the local economy. This context of affirmation of the Quebec Society started from the Révolution Tranquille, in the 1960s, which represents a critical period, as a “break with the past” (Bouchard, 2000, Bourque, 2000, Dupuis, 2007) towards French, British and American influences on political, economical and cultural scales. The most emblematic artisans of this affirmation culture are the local and creative role of the National Film Board, the local entrepreneurship<sup>4</sup> in digital animation (e.i. Daniel Langlois at Softimage, as an anchor firm), the entrepreneurship in video games development, and the public funds policy implemented by the Quebec government in 1998. Also, Montreal, as a geocultural bridge between Europe and North America, played a significant role in attracting British, French and American video game developers and suppliers in Montreal. For example, the arrival of the anchor firms, Ubisoft, in 1997, and Electronic Arts, in 2004, played a significant role in the development of the video game industry in Montreal and in Quebec. The arrival of Eidos in 2007, confirmed the playing role of Montreal in the global video games industry.

In Lyon, the video game district also emerged, in early 1990s, in the context of a differentiation culture of the Lyon society within a centralized France. According to D'Iribarne (1989) and Bouchard (2000), France was built on a state-controlled (or “moderated monarchy”) economy, since the French Revolution in 1789. In contrary to the Quebec Society, though, Lyon society has never been in fold periods, across centuries<sup>5</sup>. According to primary and secondary

---

<sup>3</sup> The term ‘video games’ is used to describe electronic games played on consoles, hand-held devices, online and PCs.

<sup>4</sup> Many respondents described themselves and the Quebec society as a culture «*de patentoux et d'inventeurs*» which may be translate by the capacity of passionated entrepreneurs to develop new ways of doing without substantial financial ressources. This cultural specificity of the Quebec society partially explained why some entrepreneurs, like Daniel Langlois, aimed to explore creativity and technology in digital animation, and founded the first digital animation firm, Softimage, in 1986, a sector in its embryonal phase in 1980s, in Quebec and in Canada. This cultural specificity of the Quebec society partially explain also why some local entrepreneurs started up their video games development firms.

<sup>5</sup> Lyon city has always distinguished itself as the Gallic city within the Transalpin Gallic, the European city of the XVIe century, the Revolutionary city during the French Revolution, the Resistance Capital during World War II, and more recently, a world patrimonial capital of the UNESCO, the capital of the Rhône-Alpes Province, and a major Euro-City, at the confluent of Europe (Bonneville, 1997; Bouchard, 2000; Neyret, 2001; Benoit et Saussac, 2001). The differenciation culture of the Lyon society is expressed in the following quotation from Benoit et Saussac (2001, p. 224): « En ce début du nouveau millénaire, Lyon a profondément changé, mais les Lyonnais partagent en commun, de façon volontaire ou subie, la *lyonnitude*».

data, the Lyon society refers to themselves as Gallic ancestors, a referential meaning, within a centralized and state-controlled society. It is in this cultural context that the video games district emerged. The most emblematic artisans are the Emile Cohl school in digital animation, the co-founder Bruno Bonnell of the anchor firm, Infogrames, in 1983, and several entrepreneurs, as video games developers and editors who have spreaded from Infogrames. The creation of Lyon Game in 1999, is a product of the collective willingness to differentiate themselves (within a centralized France), in the video games industry. However, the state-controlled culture in France, which manifests in considerable tax and patronage charges, have limited entrepreneurship and creativity in the video game industry. According to many respondents from Montreal and Lyon, the context in Quebec is more favorable to entrepreneurship and innovation than in France.

The video game industry in the United States emerged in California, a milieu of counter-cultures, and in a civilization characterized by cultural diversity and democratic, equability, progressive, and meritocratic ideologies<sup>6</sup>. The video game industry emerged first in the San Francisco Bay area, in early 1980s, in the context of an incubator and a spin-off culture which characterized that region. For example: Activision (the first video games editor in the USA) was founded by a spin-off from Atari, Santa Clara, in 1980; Electronic Arts (EA) was founded by a spin-off at Redwood City from Apple, in 1982; and LucasArts was founded by George Lucas in 1982. The video game industry spread out to the Los Angeles region, because of the Hollywood entertainment industry and its dominant culture. The major motion picture studios entered the video game industry, early in the 1990s, when video games started being perceived as an “entertainment product”. They reproduced the Hollywood entertainment culture into the universe of the video game industry. They did so by creating their own divisions or through acquisitions of local and foreign independent developers, and by the practices of video games production based on Hollywood licenses. Activision, as an independent video games developer and editor, is an emblematic artisan of this culture, when the firm moved to Los Angeles in 1992 to get closer to the Hollywood community, and started developing video games based on Hollywood licenses. Today, California is the location of the world largest number of video games editors, and at least five of them are located in Los Angeles (Activision, Electronic Arts, THQ, Buena Vista Games and Vivendi Universal Games).

#### A cultural perspective of the evolution of the video games districts:

Some cultural specificities of the Quebec society (such as tolerance, openness<sup>7</sup>, etc.) within the increasing of Americanism (Bouchard, 2000, Dupuis, 2007) combined with the influence of the Hollywood entertainment culture, a dominant culture of the video game industry, have influenced the evolution of both the Montreal and the Lyon districts. These cultural features have manifested themselves in the acquisitions<sup>8</sup>, the growing popularity of the video game business model based on movie licenses, the offshored video games development of Infogrames/Atari to the United-States and California, since 2003, the arrival of the major developers Ubisoft, Electronic Arts and

---

<sup>6</sup> (e.i. Gabler, 1989; Hannerz, 1992; Delbecq and Weiss, 2000; Bouchard, 2000; Hozic, 2001; Giovacchini, 2001) Also, The San Francisco Bay region, and Silicon Valley at its core, is distinguished by its creative class workforce (Florida, 2002, Florida and al., 2005).

<sup>7</sup> These cultural specificities corroborate what Florida (2002, Florida, and al., 2005) call the «Creative Class» found in societies characterized by these cultural features, like the Quebec society. These qualitative features partially explain why the Montreal region can be distinguished from Los Angeles, and Lyon, by its «creative class» workforce.

<sup>8</sup> (e.i. Atari and Shiny Entertainment by Infogrames from Lyon, the three major digital animation developers in Montreal, Softimage, Discreet Logic and Kaydara by American companies, Beenox by Activision, Hexacto Games by Jamdat Mobile from Los Angeles, and Jamdat Mobile by Electronic Arts)

Eidos in Montreal, and Electronic Arts in Lyon, as well as the growing global networks externalities between these two districts and the video games industry in California, since 2000 approximately. Two independent developers, Doki Denki, founded in Lyon, in 1995, and A2M founded in Montreal in 2000 (previously based in Quebec City), are emblematic artisans of the growing popularity of the video game business model based on Hollywood licenses.

Also, I suggested that the future of the Lyon district, supported by institutional externalities and by local creative talent, may face, however, a slow pace of growth, due to a state-controlled culture. Actually, the district has grown slowly, between approximately 1300 employees in 2003 to 2000 employees in 2007. Concerning the future of the Montreal district, I suggested that it will continue to grow, more rapidly than the Lyon district, because of the creative talent pool, its strong digital animation culture, local institutional externalities, and because of the representation of Montreal, as a geocultural bridge between Europe and North America. Hence, the video games district of Montreal faced the highest growth, outside of the United States, from 1000 employees in 2003 to 4000, in 2006, even if its industry is not as big as it is in San Francisco, Los Angeles, London and Tokyo. This also takes into account that there were approximately 400 employees operating in the video games industry in 1996, in Montreal, before Ubisoft settled in 1997, and before the public funds policy implemented by the government in 1998. Finally, I proposed that the Los Angeles district will continue to grow, because of the regional agglomeration of the entertainment industries (film, television, musique, digital visual effects), the regional agglomeration of the value-chain of the video game industry (approximately 75 developers, and 18 editors, in 2007), and because of the Hollywood entertainment culture which has been spreaded out into the video game industry. However, the future of this industry in Los Angeles may face a risk of rigidity and a lack of creativity due to this dominant culture. The business model based on Hollywood licenses reduces commercial risks but, on the other hand, compel creativity in the production of video games.

### Conclusions:

The main conclusion of this research is that cultural relativism of urban regions may act as centripetal forces toward anchor firms, create a favorable context to the emergence of industrial districts, and act in their evolution. I also proposed that the relative importance of economic location factors, such as agglomeration economies and knowledge externalities from the agglomeration of related industries (e.i. information technology, digital animation, film, musique, television), from the pool of skilled and creative workforce in art and technology (the most significant location factor conducing to value creation in video games), and from institutional infrastructures may be seen as products of urban regions cultural relativism. First, because the economic location factors emerged from urban regions historicity: a significant cultural feature. Second, the artisans of the urban region cultures act into the evolution of the relative importance of economic factors, and, therefore, in the evolutionary patterns of industrial districts.

Overall, these results show that a cultural perspective of the genesis and the evolution of industrial districts provides a better understanding - by going beyond economic location factors - of *why* industrial districts emerge in certain, not all, urban regions. I also believe that the cultural relativism of urban regions offers an additional and meaningful perspective to understanding why some urban regions are «cauldrons of creativity» (Florida, 2005, p. 159), and, therefore, *why* industrial development occurs, albeit in a selective pattern, despite the globalization of the economy.