Cities are often seen as centres of innovative activity and high productivity. But are firms and people in urban areas really more productive and more innovative? And if they are, which characteristics make cities into centres of innovation? How important is an urban environment as a driver of innovations vis-à-vis internal characteristics of a firm? This study employs microdata to look into these issues in the Dutch context. In addition, it studies the spatial, temporal and sectoral distance decay of knowledge spillovers, and conducts a meta-analysis of previous literature on agglomeration effects.

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