

# **Agglomeration & Innovation**

Deniz Olcay, Bryan Ottho, Derek Pante, Andrew Thong

IAT 338

October 4, 2007

When companies successfully attract and retain people with talent, and the industry within a region is cultivated, an agglomeration – a concentration of skill – forms. From this, innovation is spurred on and feeds back into the agglomeration. This contributes to the diversity of lifestyle, amenities, environmental well-being of the city region, making it a desirable location for members of the creative class to inhabit.

Cities that are renowned for innovative agglomerations and industries are the ones that attract the talent necessary for them to keep at the cutting edge of innovation. However, the talent which makes up what is known as the creative class also requires certain elements of lifestyle which foster their activities. Aside from the “coolness measure” a city is attributed, it also must provide the “Three T’s” – existing active Talent, Technological advancement, and Tolerance of diversity (Florida, p.37). The city region must also promote diversity and provide amenities – leisure spaces such as parks, art spaces, cafes and nightlife, and so on. Government policy must also support environmentalism and healthy living. All of these factors are designed to create an open, inclusive environment for talent to work in, while providing places to socialize with other young, talented people.

The region must also offer acclaimed educational institutions and Universities, which attract talent from other regions around the world, and promote that particular region’s attraction. The University has a need for funding to develop its intellectual and technological advancement, which spurs innovation necessary for companies and industry to expand. The University, then, applies to industries for funding for research. However, it may negatively affect the progression of a city region when research is

limited by industrial and corporate control over what is discovered and made available to the public mind. This limits innovation and does not appeal to the creative class.

Companies that are looking to advance through hiring those from the creative class must cater to their needs for quality of life, and also must provide a good salary, benefits, stock options, and job stability (Florida, p.82).

All these elements support and develop a city region into becoming a hub for innovation, and promote a thriving creative industry. Innovation leads to profit for the industry, allowing it to expand. Innovation also supplies invaluable knowledge and experience to the current talent pool. The combination of industry and talent creates networks. Within these networks, knowledge and resources can be shared among the members – this creates an intensive environment of mutual learning, which all members benefit from. The networks of companies and individuals then have the ability to agglomerate. An agglomeration does not automatically lead to innovations, but it can boost innovation activities and help create strong bonds among the members of the network (Kolehmainen, p.7). If the agglomeration is within the creative center, the center's naturally open environment can lead to innovation.

The most innovative industries, once established and agglomerated, are vital to the city region that is most forward in areas such as design innovation and technological advancement. However, in order to attract talent, the region must first include all the smaller basic elements of lifestyle, amenities, and social support listed above. By doing so, the region will foster the progressive creative spirit of the creative class, providing them with an environment that is conducive to innovation.

## **References**

Florida, R. (2004). "Cities and the Creative Class," p.27-177. Routledge.

Kolehmainen, J. (2007). "Territorial Agglomeration as a Local Innovation Environment," p.6-24. MIT.