More innovation through university-business collaboration

University collaborations are valuable for innovation, and significant benefits come from businesses building relationships with universities beyond their local area.

### Policy implications

- Small firms’ accessibility to the national university network should be improved through policy initiatives – helping them to source relevant university partners and maximise their innovation outputs. For example, the Interface scheme in Scotland provides a single point of entry to Scotland’s university network for small firms across a range of sectors.

- The value of university collaboration for innovation should be better promoted to raise awareness in the business sector (particularly amongst smaller firms), for instance through national and regional information campaigns.

- A targeted business support scheme could aid small and medium-sized firms looking to collaborate with non-local universities, by covering additional costs such as travel and time expenses.

- University technology transfer offices could be more proactive in stimulating collaboration with the business sector – seeking out potential business partnerships and actively linking businesses with academic expertise.

### About the research

The role of universities as drivers for innovation has increasingly been recognised, with UK government reports highlighting the role of university-business collaborations in driving local economic development. However, research has identified two ‘market failures’ for firms formulating an innovation strategy: their lack of awareness of the potential benefits from university collaboration, and their lack of knowledge of potential university partners.

When choosing university partners for a collaborative innovation project, firms face a trade-off between accessibility and relevance of university knowledge. In any particular location the range of knowledge available from universities or other knowledge sources can be limited. This may mean that a firm’s search for knowledge which is appropriate for their specific needs becomes interregional or international, and requires collaboration with less accessible partners.

Small firms have weaker internal knowledge resources than larger firms, and they may have more to gain from external university knowledge – but with limited resources they may find it difficult to go beyond local universities. Larger firms do have the resources to manage more extensive collaborative relationships, but with stronger internal knowledge they may have less need of university expertise.

A research paper from the Enterprise Research Centre has explored whether the location of firms’ university partners actually matters. The analysis was based on data from
The findings confirm previous evidence that university collaboration is valuable for new-to-the-market innovation, particularly to smaller companies.