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Accessibility, utility and learning effects in university-business collaboration

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UK government reports have emphasised the potential role of universities in driving localised economic development. There may be a utility-accessibility trade-off, however, between the accessibility of local university knowledge and its 'fit' with the specific needs of local firms. Here, using data from UK Innovation Surveys (UKIS) covering the period 2004 to 2012, we examine this trade-off and how it differs for firms of different sizes. Our analysis suggests four main empirical results. First, we find support for the predicted inverted-U shape relationship between the distance between collaborators and the innovation benefits. Second, we find evidence, in accord with the utility/accessibility trade-off, that local university collaboration benefits only small and medium firms. Third, we find that learning effects from previous collaborations with customers, suppliers etc. increase the probability of collaborations. Our results re-affirm the evidence from other studies of the value of university collaboration and suggest the value of policy action to address market failures which arise in the formation of university-small business collaborations.