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The Collaboration Paradox: Understanding the Barriers to Innovation Collaboration in Foundries and Metal-Forming Firms

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Empirical evidence demonstrates that there is an increasing need for firms to adopt collaborative innovation strategies. We explore three specific informational market failures, which may act as limiting factors to the extent of collaborative innovation among smaller firms. Drawing on data from semi-structured interviews, we explore how decision-makers in two traditional UK manufacturing sectors dominated by small and medium enterprises (SMEs) – metal-forming and metal-casting - acquire and evaluate knowledge about the trustworthiness, capabilities and strategic orientation of potential innovation partners. Our findings indicate that improving information availability about potential collaborators could significantly increase engagement in collaborative innovation and help overcome the collaboration paradox. Supply-chain partners and trade bodies emerge as ‘honest brokers’ who could address market failures generating public goods to overcome informational barriers to collaboration.

Keywords: Innovation Collaboration, SME productivity, Metal-Forming, Metal Casting

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