

# Executive summary

## Study context

Entrepreneurship and innovation in higher education institutions (HEIs) are no longer exclusively associated with business start-ups and technology transfer but are increasingly understood as core elements of a procedural framework for how the institution and its key stakeholders behave. For example, how staff and leadership nurture links between disciplines, the role of students in education and their involvement in research activities, how partnerships evolve to raise relevance and impact, and how the HEI supports nascent entrepreneurs. All of this is closely linked with what is often called the “third mission”, that is, the aim to apply and transform knowledge for economic, social and cultural development in the local economy, the country or on a global scale. Ideally, the third mission enhances education and research and is not perceived and organised as a separate function – that is, engagement with the wider world – of the HEI.

In Hungary, the third mission has received increased attention over the last decade, both from public policy actors and HEI leadership. This has triggered an incremental change process in organisational culture towards the forward looking and value-creating utilisation of resources. The aim ahead is to embed this new approach to knowledge, innovation and entrepreneurship across the HEI, and to involve students and staff. This report presents evidence-based analysis of the current strategies and practices in HEIs towards this aim.

## Key findings

Public policy has played an important role in introducing entrepreneurship, innovation and the third mission in Hungarian higher education. An important driver at the institutional level was the need to generate additional sources of income to compensate for decreasing public funding. This has affected the overall approach to the third mission with a greater focus on commercialisation and less emphasis on mindset development and forms of knowledge exchange without direct revenue streams, such as community engagement of staff and students. The Higher Education Strategy has raised stakeholders’ awareness of the impact of the third mission on economic, social and cultural development, but it does not provide a definition of third mission activities nor does it foresee allocation of funding or staff time.

The high level of autonomy of departments and faculties has led to the creation of several “islands” where it is easier to promote entrepreneurship, innovation and the third mission than in the rest of the HEI. Central technology transfer offices have a leading role in supporting commercialisation and venture creation. To strengthen and expand these initiatives, a much greater anchoring of them in strategy, resources and support structures will be needed to create and sustain synergies across the HEI’s different functions. Inclusive

communication within and beyond the HEI on strategic directions, priorities and the opportunities for staff and students to contribute to entrepreneurship, innovation and the third mission will be important.

Transforming Hungarian HEIs, of which many have long-standing traditions, is a long-term process and not free of barriers. Their current financial situation is weak and decreasing public funding for higher education is coupled with decreasing numbers of students and graduates. The current administrative and academic structures, core institutional funding and the allocation of staff time are still oriented towards a dual mission model. Moreover, the restructuring of the higher education sector, with the separating and merging of entire institutions and faculties, is placing significant stress on many HEIs, their students and staff.

Approaches to teaching are broadening. Key drivers have been the gradual inclusion of the entrepreneurship competence into defined learning outcomes, the introduction of extra-curricular learning opportunities and dual Bachelor programmes. However, the overall approach to teaching is still very much focused on frontal teaching. There is room to increase the practice dimension and to make courses and study programmes more interdisciplinary, so that students get exposed early to different knowledge bases and different ways of thinking which will develop their aptitude to work in multidisciplinary teams and sharpen their problem-solving skills.

Interest in venture creation among students, graduates and young researchers is quickly growing and the HEIs are responding to this. The increase in entrepreneurship education activities will need to be gradually matched with tailored start-up support. The current focus is too much on spin-offs and technology entrepreneurship. That alumni are not very engaged with their HEIs in Hungary is a missed opportunity for the entrepreneurial agenda. Internationalisation, particularly the recruitment of students, is very important for Hungarian HEIs. The presence of international students is, however, also a widely untapped opportunity.

Overall, the HEIs do not systematically monitor and evaluate their entrepreneurship support and third mission activities. A basic set of metrics is collected on start-up support services and there are efforts to track and measure third mission activities. However, the information collected is not used in a systematic way to the impact of entrepreneurship, innovation and the third mission.

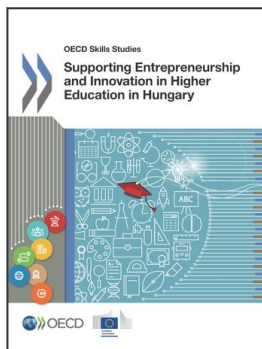
## Key recommendations

### **For public policy action**

- Develop a common definition of the third mission in higher education institutions.
- Introduce viable funding mechanisms for the third mission in higher education institutions.
- Stimulate collaboration between higher education institutions in strategic areas.
- Strengthen the support infrastructure for venture creation in and around higher education institutions.
- Facilitate the establishment of consultative and collaborative fora at the local/regional level to enhance the impact of entrepreneurship, innovation and the third mission.
- Build a common information and data framework for the impact of entrepreneurship, innovation and the third mission.

**For higher education institutions**

- Develop a common understanding of the third mission and the entrepreneurial agenda specific to the HEI's profile and expectations.
- Appoint a senior manager with responsibility for entrepreneurship, innovation and the third mission.
- Introduce viable resource allocation mechanisms to support entrepreneurship, innovation and the third mission, including incentives, an innovation fund and horizontal support services.
- Introduce professional development and mobility programmes for staff related to entrepreneurship, innovation and the third mission.
- Enhance the involvement of students and young researchers in entrepreneurship, innovation and the third mission.
- Provide basic support for new venture creation, well-embedded in the wider start-up ecosystem.
- Build capacity at institutional and individual levels to understand, document and measure impact.



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