

## *Executive summary*

As part of its efforts to develop a world-class innovation system and to connect it with the national productive sector, Austria is supporting the “entrepreneurship and innovation agenda” in higher education. The Austrian higher education system has consistently recognised the need to become more entrepreneurial and innovative with a view to supporting the economic, social and cultural development of the country and its regions. Over the past decades, the government has been implementing a broad reform agenda to diversify higher education institutions (HEIs). Within this framework, the OECD, supported by an international group of experts and peer reviewers, has engaged with federal authorities to analyse the entrepreneurial and innovation agenda of HEIs. The OECD and the European Commission have developed a holistic framework – HEInnovate – that helps national higher education systems and HEIs generate societal and economic value.

Austria’s higher education system is characterised by the presence of public universities operating as international research hubs and universities of applied sciences (UAS), *Fachhochschulen* in German, generating economic and societal value for firms and communities, in their own ecosystems. Both types of HEIs have been developing their capacity to collaborate with external stakeholders through technology transfer offices, incubators, accelerators, etc.

Regional characteristics related to the presence of an urban centre or firm density remain key variables affecting the capacity of HEIs to engage with stakeholders. Federal and regional policies have played an important role in promoting the entrepreneurship and innovation agenda in all regions throughout the country. Policy reforms have mainly been aimed at two key dimensions of the HEInnovate framework. First, promoting leadership and governance arrangements to support HEIs’ engagement capabilities. Second, incentivising the entrepreneurial skills of students, and supporting academic entrepreneurship with specialised services, also to strengthen the linkages between science and industry.

The Federal Ministry of Education, Science and Research has negotiated performance agreements for 2019-21 with universities’ leadership in which entrepreneurship is a strategic issue. Performance agreements are the main government steering mechanism for universities, and are negotiated every three years. Several public universities, especially in science, technology, engineering, and mathematics (STEM) disciplines have already put in place governance arrangements to promote interdisciplinary competencies and/or transferable skills for students, and for faculty and staff. Some of them are internationally renowned practices for their capacity to “implement” research in economy and society.

The new performance agreements generate a new institutional framework for initiatives that were already in place in the country and provide them with funding and incentives for scaling up and mainstreaming. In parallel to this policy reform, federal authorities have been financing additional study places in UAS and aim to double the share of students enrolling in this sector – from 20% to 40% – in the future. This will take advantage of UAS’ capacity to engage with their ecosystems and provide specialised study programmes and lifelong learning courses in response to regional skills needs.

The strategic focus on HEI engagement has been promoting entrepreneurship teaching and learning in all Austrian HEIs. Once perceived as a domain mostly for UAS, entrepreneurship education has been included in development plans and missions of leading public research universities and universities of the arts, for example. Initiatives to encourage entrepreneurial behaviour and action take different forms in different regions and different kinds of HEIs. Importantly, entrepreneurship teaching and learning activities have created the opportunity for collaboration with external stakeholders. Regional development agencies, chambers of commerce and, of course, subnational governments have been working in partnership with HEIs in incubators and other infrastructure to deliver entrepreneurship education and services. As a result, there are many start-up schemes, entrepreneurship courses and ecosystem-level initiatives in different kinds of HEIs, all supporting entrepreneurship and innovation.

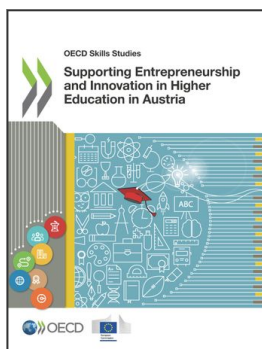
Austria's thriving industrial sector, while attracting talent and reducing the potential pool of entrepreneurs, presents an opportunity because it creates the potential for entrepreneurs to collaborate with resourceful actors. Along the same lines, a strong industrial sector indirectly promotes high risk and high return entrepreneurship insofar as it can act as a safety net for employment in case of entrepreneurial failure. Within this context, Austrian HEIs, and in particular UAS and public universities specialised in STEM disciplines, have capitalised on the quality of their research or applied research, activities to prepare or support entrepreneurs. Importantly, HEIs' initiatives are well connected with regional and federal policies.

While providing numerous good practices that feed into the international policy dialogue regarding the entrepreneurial and innovation agenda in higher education, the case of Austria also offers the opportunity to discuss some key challenges. For example, while the strategic aim to engage with the economy and society has percolated throughout the higher education system, the capacity to implement the entrepreneurship and innovation agenda effectively depends on the governance arrangements, organisational capacity and the institutional culture of HEIs as well as characteristics of the surrounding economy, including density, size and age of firms, types and amount of business innovation, and the presence of a large urban hub. These "exogenous" conditions should be taken into account when developing strategies, evaluation metrics and narratives to provide recognition and support funding for the entrepreneurial and innovation agenda. In addition, to improve the capacity of the HE system to generate value for the economy and society, Austria should capitalise on the institutional diversity of its higher education system and promote more interdisciplinary programmes and joint research consortia between UAS and public universities. Regional initiatives in education and/or research can facilitate a more structured approach to engagement with industry, businesses and local communities by developing tailored skills and sectorial focus groups to support and guide the entrepreneurship and innovation agenda.

In addition, Austria's higher education system should adopt a clear and shared definition of entrepreneurship, which goes beyond business creation and puts the emphasis on nurturing the entrepreneurial mindset of students and faculty. Some HEIs are reluctant to adopt the paradigm featuring the "entrepreneurial university" and tend to marginalise entrepreneurship teaching and learning, rather than mainstreaming it in all faculties and departments. This is an important issue for different reasons: in the short term, it limits the capacity of HEIs to encourage firm creation and employment; in a longer-term perspective, the lack of an effective strategy may impinge upon skills relevance and skills resilience on the labour market.

There is a need for a broader suite of entrepreneurship education activities. Often, students can access entrepreneurial learning opportunities only in extracurricular, often informal, activities. In the same vein, not all faculty members see entrepreneurship as a possibility for an academic career. These conditions impinge upon the possibility that a large share of the student population – in bachelor’s, master’s and doctoral programmes – acquires problem-solving and innovation capacities, attitudes towards collaboration and accountability, along with other capabilities that frame 21<sup>st</sup> Century skills. There are potential complements to the present “low-volume” entrepreneurship courses at bachelor’s and master’s levels. For instance, HEIs could generate “high-volume” courses by integrating different disciplines.

Finally, there is a need to tailor policies supporting HEI entrepreneurship and innovation to the different types of entrepreneurial ecosystems that characterise regional Austria. Geographic variability in the type of HEI start-up activity in Austria implies that there is no single path towards the entrepreneurial and innovation agenda. As such, there is limited space for replicability of successful cases. In addition, the lack of a single path suggests that the evaluation of HEI entrepreneurial efforts to contribute to local and national competitiveness – needed to justify the public funding allocated to HEIs – is a thorny task and cannot be fully standardised across different ecosystems. Evaluation should take into account enabling conditions and develop narratives, along with indicators, to allow a better understanding of the role a given HEI plays in its own ecosystem.



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