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THE NATURE OF HUNGARIAN SPIN-OFF ENTERPRISES

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Principal Topic

During the past decade, the competitiveness and economic growth of the of the EU fell significantly below the level of its greatest economic competitor, the USA (EC [2004]). In the meanwhile, the Far-Eastern global economic region performed variously, mostly influenced by the economic performance of the two other major global economic blocks. So the EU announced to make efforts to increase its pace of growth and he level of employment, especially focusing on supporting innovation (EC [2000]).

Though the integration of the economic systems has been going on for decades (the Economic and Monetary Union), its effects fell far behind the expected level. However another factor emerged from the economic reality: the so called European Paradox (Cresson-Bangemann [1995]). , according to which the results of RTDI activities are a lot less utilized than in the USA, despite the large number of excellent European results published. One of the main causes of this phenomenon could be, that the innovation system in the EU is more in the state sector. And presumably this is responsible for a significant part of the missing European economic growth.

Mapping the innovation system, scholars identified an important element of the knowledge utilization processes: the spin-off enterprise. EU policy makers decided to promote their operation by constructing a suitable legal environment for their existence, and help their creation and operation by other possible means. However for this cause, the situation needed to be surveyed. The European Commission supported the work of a research consortium on the INDICOM project, which conducted an international survey of high-tech spin-off enterprises and the technology transfer organizations (TTOs), which “gave birth” to them. These results will be analyzed in this present article.

Methodology and Propositions

So a survey based research was conducted in 7 EU member countries (Belgium, France, the United Kingdom, Germany, Sweden, Italy and Hungary). The sample consisted of 48 public research organizations and 184 science-based entrepreneurial firms that emerged from these institutions.

Hungary as the only newly associated country provided significantly different environment for such a survey and the results were also unique. In Hungary, only a few spin-offs were found, and compared to the other countries, PROs have not even had registers of these. Being a small country, with a small sample of results, only qualitative methods can be used to analyze the situation (the analysis of case studies). Still it was obvious, that the situation of the spin-off phenomenon is significantly different form the other countries.

So the method of determining the differences between the two systems (Western European and Hungarian) must both be quantitative and qualitative. A quantitative view can be taken to examine the European situation as a whole, determining the main characteristics of spin-off enterprises and TTOs. However a qualitative view needs to be applied to determine the particularities of the Hungarian system.

Results and Implications

On the basis of the comparative analysis performed as described above, some of the differences, their main causes and a number of policy implications can be formulated for entrepreneurs and policy makers as well with a special focus on the Hungarian economy (as a good example of the economy of transitional countries in Central and Eastern Europe).

Survey results of Western European countries have shown that most of the technology transfer organizations (TTOs) are entrepreneur friendly, and support spin-offs strongly. Around some of these TTOs, small clusters are formed, which have significant performance, and utilize a large number of labor force. However there was no participant from the USA, so it could not be stated, whether the semi-state owned innovation sector of Europe is competitive compared to the corporate innovation system of the USA.

Regretfully the situation in Hungary is far not so favorable. There were only very few spin-offs founded in the past decade and their growth rate was also most often very slow. We stated that there were 2-3 legal obligations, causing this stagnation. With a wide social cooperation, these legal boundaries could be diminished by the Innovation Act no. CXXXIV, year 2004.

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