

The Role of the Business Culture in the Economic Development

*Interview with Nikolett Deutsch, Associate Professor,
Head of the Institute of Entrepreneurship and Innovation,
Corvinus University of Budapest*

Loretta Huszák interviewed Nikolett Deutsch, Head of the Institute of Entrepreneurship and Innovation at Corvinus University of Budapest. The interview focused on the role of business culture in economic development, as several international competitions, including the Danube Cup, have proven the importance of soft skills for the success of entrepreneurs. It can be argued that overcoming a country's economic backwardness depends on the development of business culture.

Loretta Huszák: The improvement of the entrepreneurial culture is an important, if not the most important element in the economic development of the Central and Eastern European region. What do you see as the differences between the entrepreneurial mentality in the West and in our region? Where do you see room for improvement and where do you see the gap remaining (which of course is not necessarily a problem)?

Nikolett Deutsch: In our country, the development of an entrepreneurial culture has been a priority issue since the change of regime. While in the 1990s and 2000s there was a negative social perception of entrepreneurs and entrepreneurial activity in Hungary, I believe that this has since been dampened. The intention to start a business and the actual entrepreneurial activity are of course influenced by a number of political, economic and social factors and changes in them. In recent decades, there have been significant changes in the institutional factors influencing the framework conditions for entrepreneurship, and the COVID-19 pandemic has confronted the Hungarian entrepreneurial community with unprecedented challenges and uncertainty. Positive elements to be highlighted are the identification of enterprises as a group of independent market actors and customers, which helps to legitimise entrepreneurship, as well as the availability of news and information on successful entrepreneurs, businesses and start-ups. Besides traditional entrepreneurs, there are now growth-oriented entrepreneurs who think in terms of bringing new ideas to the market, and even the concept of social entrepreneurship and social innovation is not a completely unknown idea among university students. International and

domestic literature and research on the subject (e.g. GLOBE, GEM) have identified links between entrepreneurship and certain dimensions of national culture, such as power distance, uncertainty avoidance, individualism, long-term and short-term orientation. The majority of domestic studies show that uncertainty and risk aversion remain the main reasons for not engaging in entrepreneurial activities. The issue of generational change is also a relevant issue for the mass of family businesses set up around the time of the regime change. In the case of younger generations, the findings of the 2021 GUESSS survey of university students (Gubik & Farkas, 2021¹) indicate that although the majority of the university students in the sample would like to work in a large or medium-sized company after graduation, mainly to gain experience, they are already thinking about starting their own business 5 years after graduation. A particularly high proportion of them have parents who are entrepreneurs. Furthermore, 7.3% of the 10104 university students surveyed were already running their own business (more than half of them micro-enterprises) at the time of the survey. The research also points out that among the younger generations, attachment to a smaller group tends to favour starting a business rather than working for a large company. Another interesting phenomenon is the emergence of Mature Preneurs, innovative entrepreneurs aged between 40 and 50 with an innovative entrepreneurial idea, who turn to higher education institutions to develop and update their entrepreneurial skills, representing a new niche in international markets.

Loretta Huszák: Entrepreneurship development and culture are inseparable from innovation. In the current era of a knowledge-based economy, what are the tools to stimulate innovation and how can higher education be involved in these activities?

Nikolett Deutsch: From the very beginning, the literature on innovation management has placed a strong emphasis on the role of the state, universities and research centres in promoting innovation activities. As the linear models of innovation have been replaced by a network approach - think of the Triple Helix, the Quadruple Helix, or the innovation and entrepreneurial ecosystem models - so the tools for stimulating innovation and the roles of these actors have changed. Innovation stimulation can be approached from both the demand and the supply side, and which aspect is seen as the primary one is to me a chicken and egg situation. In our country, the state plays a major role in fostering innovation through its various institutions. On the supply side, the most important instruments are technology-based standards and regulations, public procurement, financing of innovation supporting infrastructure, publicly funded R&D&I, support

1 https://www.guesssurvey.org/resources/nat_2021/GUESSS_Report_2021_Hungary.pdf

for business R&D&I activities, while on the demand side, the most important instruments are technology transfer, pricing mechanisms, information services, stimulation and support for networking and partnerships, as well as the promotion of education and training programmes. Universities and higher education institutions all over the world are constantly redefining their mission, tasks, functions, responsibilities and programme offerings in response to the global effects they are facing - changing philosophies and policies, financial, funding, governance and management models, accreditation pressures, digitisation, marketisation challenges, convergence of national education and innovation systems, the growing role of third mission and outreach, to name but a few examples. In higher education strategies, higher education institutions are encouraged to become actors in local, regional and international networks for research, education and social service, developing an entrepreneurial mindset and becoming centres of local and regional entrepreneurship and innovation activities by playing a key role in organising cross-sectoral, multidisciplinary and multi-stakeholder innovation networks. Accordingly, while pursuing basic and applied national and international research, higher education institutions are setting up an increasing number of centralised or decentralised units to manage innovation activities as well as student and academic entrepreneurship. In addition to increasing their involvement in national and international research programmes (e.g. OTKA, H2020, TKP) and education networks (e.g. ERASMUS, CEMS, joint programmes), higher education institutions in Hungary are also engaging in the Territorial Innovation Platforms (TIP) or the National Laboratories Programme (NLP) initiatives, or have integrated innovation management and student entrepreneurship support into their education and training portfolios through their teaching, training and mentoring activities.

Loretta Huszák: Entrepreneurship education and the conveying of an entrepreneurial mindset is a major educational challenge for both business and technological higher education. In which areas do you see the strengths of entrepreneurship education, in which fields is renewal and improvement of curricula essential? Which pedagogical tools could be effective in transferring the entrepreneurial mindset to economics and engineering students?

Nikolett Deutsch: In the years 2000-2010, the relatively few sources of literature concerning international research on entrepreneurship education reported that in the countries of Central and Eastern Europe the weight of entrepreneurship education in higher education institutions is low, education is dominated by traditional, so-called passive methods and is characterised by a low share of mentoring and company internships; the involvement of market actors, entrepreneurs and experts in education is

particularly low, the number of entrepreneurship-related research and research centres in the region is limited and at an early stage, while cooperation between engineering and economics programmes is also considered insufficient. Since then, I believe that there have been significant changes in entrepreneurship education in the country. On the one hand, specialisations focusing on entrepreneurship and management have appeared in several bachelor's degree courses, while on the other hand, there has been a significant development effort in the Master's degree courses on Enterprise Development in recent years. With regard to the latter, I think it is worth highlighting that the results of a domestic and international market research conducted last year during the development of the Master's programme in Business Development at Corvinus University of Budapest revealed, that the training objectives of the domestic master's programmes in Entrepreneurship Development are in line with the objectives of 36 similar programmes at the 33 leading internationally accredited universities listed in the Financial Times, and cover the skills and key aspects that are to be identified in international practice, even if separately. Similar to international practice, the key disciplines are the fields of strategy, finance, innovation and project management, but there is also a strong emphasis on entrepreneurial knowledge, the political aspects of the entrepreneurial ecosystem, elements of marketing strategy and theoretical and practical aspects of decision-making. It is also important to underline that the course portfolio also includes relevant and popular topics such as Technology Management, Social Entrepreneurship, Social Innovation and Design Thinking. In terms of methodology, the use of guest lectures by experts, case study solutions and case study preparation is also common practice in domestic courses, and examples of some subjects include corporate project work, simulation exercises, factory visits and field placements. This is particularly important because, while entrepreneurship knowledge can be acquired through traditional teaching methods, providing students with an experiential learning experience is an essential element in developing entrepreneurial skills. In recent years, in line with international practice, the integration of methodological elements of active learning in entrepreneurship education (e.g. problem-solving or action learning methodologies in cooperation with companies, enterprises and social entrepreneurs), as well as mentoring courses to provide the opportunity to acquire live knowledge and experience in start-ups and founding their own businesses, has been gaining ground in Hungary. Examples of the latter are the Hungarian Start-up University Program (HSUP) or the Proof of Concept (POC) initiatives, which target students at undergraduate, master and doctoral levels, and also support collaborative groups of students between different majors and universities. HSUP helps students to learn about the complexities of the Hungarian start-up ecosystem and to develop their own start-up ideas

with the help of expert mentors over two semesters. The POC Idea Contest provides financial and professional support to students to prepare new ideas, innovative products or services, start-ups and the idea generators receive one and a half months of personalised mentoring, from idea refinement to the business viability phase. Also worth mentioning here are the increasingly popular national and international student idea and start-up competitions, including the Danube Cup International Pitch Competition. I consider strengthening cooperation between engineering and economics courses, faculties and departments to be one of the key tasks for the future. It is important for the promotion of innovation and entrepreneurship that the worldviews and mindsets of professionals in these two fields meet during university education, thus helping the technological entrepreneurs and innovation managers of the future. I did my undergraduate studies at the Faculty of Economics of the University of Miskolc, where I had the privilege to learn from colleagues with engineering degrees. I am convinced that the system approach and problem-solving skills thus acquired were not only useful to me as a private person, but also provided the necessary basis for my later research and teaching work. In addition to writing traditional teaching materials, textbooks and notes, finding new methods and solutions to support teaching, to attract and maintain the interest of students, and to integrate scientific findings and practical, entrepreneurial experience into teaching is one of the most important challenges of our time.

Loretta Huszák: The Danube Cup is an important event for international cooperation between universities in the region. What do you see as the model value of this series of events? What are your expectations and strategic goals for the Danube Cup in terms of the development of higher education?

Nikolett Deutsch: The Danube Cup was launched in 2016, when Corvinus and BME (Budapest University of Technology and Economics) combined efforts to help student-driven startups in the region internationalise. The Danube Cup Network, which includes both a multi-stage student competition and a professional academic conference, became international in 2019, when 4 universities from 3 countries participated in the event. In 2021, the event was held online due to the Covid pandemic, but that didn't affect its popularity. In 2022, 21 universities and research institutes from 9 countries were represented at the 1st Danube Cup International Conference hosted in Budapest, while the final of the Startup Pitch Competition was held at WU Vienna, where 8 finalist teams from 7 universities from Germany, Austria, Serbia and Hungary were invited to participate. Taking all this into account, we can say that DC is a success story, not only because the European Union Intellectual Property Office has granted BME and BCE exclusive trademark use for the Danube Cup, but also because

DC is developing into a vibrant international network that enables student groups, to get closer to the ecosystem and its key actors, to compete in an international environment where they can build networks, get professional feedback and guidance from startup mentors, entrepreneurs and instructors with strong professional and academic backgrounds to market their business ideas. In addition, the DC Scientific Conference pillar will launch a collaborative learning, knowledge and experience sharing process for academic and research colleagues from universities in the region working on entrepreneurship and business development, providing an excellent opportunity to engage in the international arena, expand existing networks, develop new partnerships, enhance the international visibility of scientific results and publish quality publications. The conference is also a place to share research and teaching experiences, to learn about good practices and challenges, and to initiate common thinking that will have an impact on educational development in the form of more innovative and creative courses, curricular and methodological developments. The Danube Cup is therefore a key event for both students and the academic community, which can help the region to catch up in the field of entrepreneurship.

Thank you for the interview!

Loretta Huszák