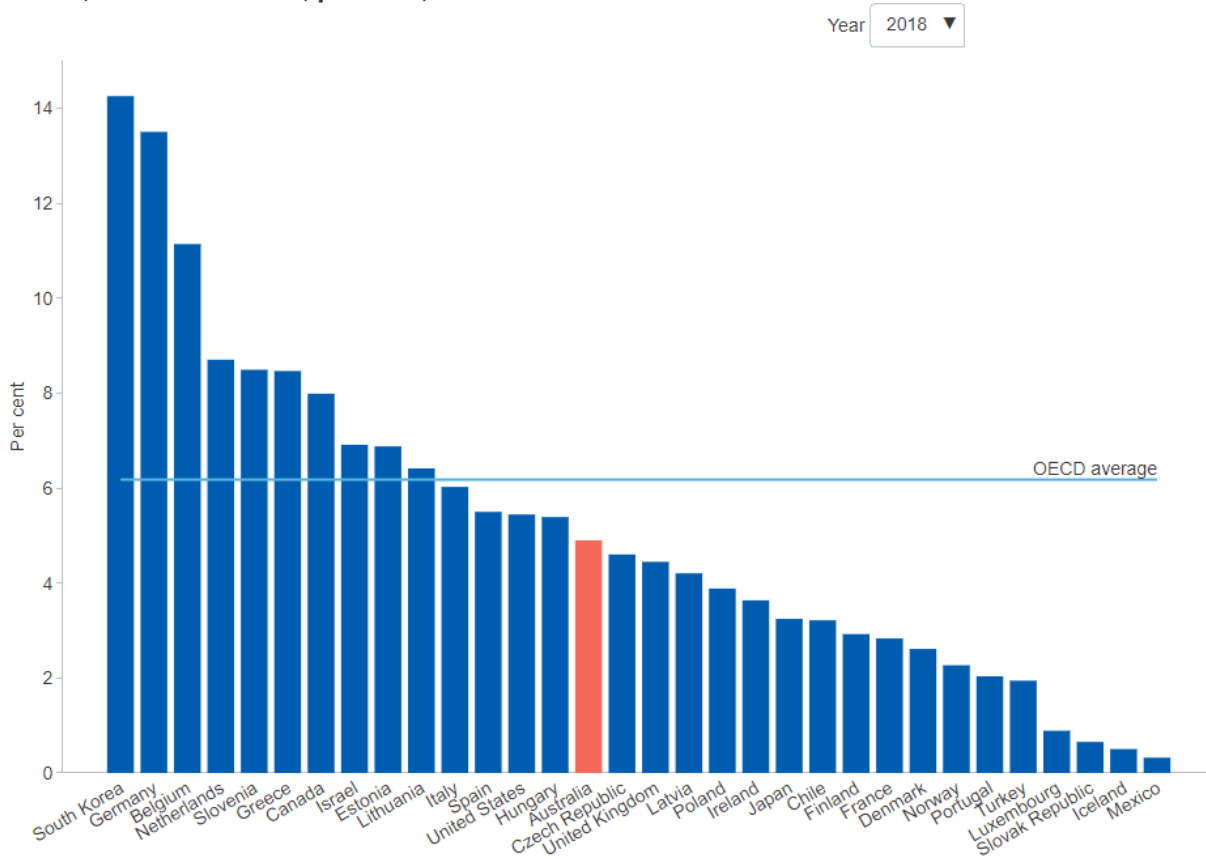


4.4.1 Business funding of higher education R&D (HERD)

Business funding of R&D performed by higher education institutions provides a measure of R&D collaboration between the business and research sectors. Businesses may also support higher education expenditure on R&D (HERD) indirectly by paying to use the R&D facilities of higher education institutions, buying R&D results, or investing in spin-off companies.¹ Australia’s performance on this metric is relatively modest compared to other OECD economies with 4.9 per cent of higher education expenditure on R&D financed by the business sector in 2018, which is below the OECD average of 6.2 per cent. Australia’s below-average performance on this metric is persistent over time and consistent with other measures of collaboration. Over the past 15 years the share of HERD financed by the business sector has remained below the 7.0 per cent mark, peaking in 2006 at 6.8 per cent. Among OECD member countries, the share of HERD financed by business in 2018 was highest in *South Korea* (14.3 per cent) and *Germany* (13.5 per cent)²

Figure: Higher education expenditure on R&D (HERD) funded by businesses, share of total HERD, OECD countries, per cent, latest 2020



¹ OECD (2017) *OECD Science, Technology and Industry Scoreboard 2017: The digital transformation*, OECD Publishing (https://www.oecd-ilibrary.org/science-and-technology/oecd-science-technology-and-industry-scoreboard-2017_9789264268821-en)

² OECD (2021) *Main Science and Technology Indicators*, September 2021, OECD Publishing (<http://www.oecd.org/sti/msti.htm>)