

# 2015 SBA Fact Sheet

Austria



## Key points

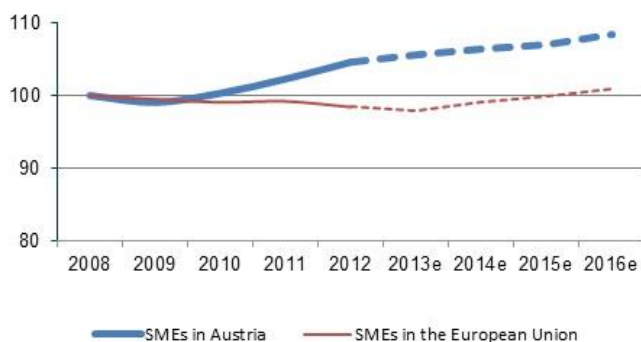
**Past & future SME performance<sup>1</sup>:** Austria's SME sector has been one of the most resilient during the crisis. Since 2009, SME value added in the non-financial business economy has grown by 18%. Employment and the number of SMEs have increased by 7.5% and 9% respectively. This trend is set to continue in the near future. In 2014-2016, SME value added is predicted to increase by 6%. There will be an estimated 2% rise in SME employment or a net increase of 35 000 jobs. The growth of micro enterprises is projected to be the most dynamic, with value added expected to rise by 7% and the number of persons employed by 3%.

**Implementing the Small Business Act for Europe (SBA):** Austria has a very competitive SBA profile, scoring well above the EU average in four policy areas: 'second chance', single market, skills & innovation, and environment. On the latter it is the EU's top performing country. 'Responsive administration' is the one area where it trails the rest of the EU. Access to finance and skills & innovation pose the biggest challenges for the future, as in both areas the conditions for SMEs have worsened since 2008. There have been many policy initiatives in these areas, but not enough to cancel out the effects of the crisis. Overall, Austria has made good progress in implementing the SBA and most of its key provisions have now been fully addressed.

**SME policy priorities:** The deterioration in access to debt and equity finance requires policy instruments to be strengthened. The recently adopted legal framework for crowdfunding is badly needed to support equity financing for young start-ups. This in turn should also help to address the decline in SMEs' innovative capacities. There are also some specific areas of 'responsive administration' and 'think small first' in need of improvement. In particular, regulatory impact assessments need to be more detailed.

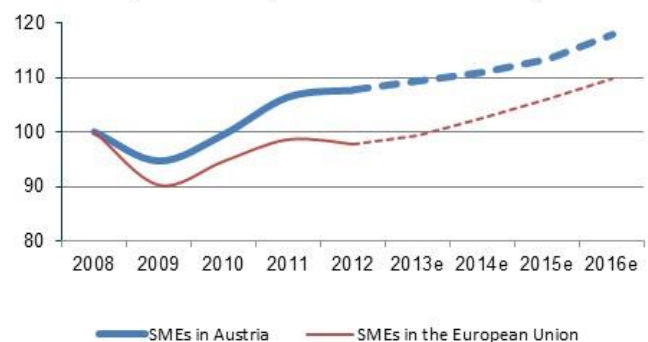
**Number of persons employed in SMEs**

(Index: 2008=100, estimates as from 2013 onwards)



**Value added of SMEs**

(Index: 2008=100, estimates as from 2013 onwards)



## About the SBA fact sheets

The Small Business Act for Europe (SBA) is the EU's flagship policy initiative to support small and medium-sized enterprises (SMEs). It comprises a set of policy measures organised around 10 principles ranging from entrepreneurship and 'responsive administration' to internationalisation. To improve the governance of the SBA, the 2011 review of it called for better monitoring. The SBA fact sheets, published annually, aim to improve the understanding of recent trends and national policies affecting SMEs. Since 2011, each EU Member State has appointed a high-ranking government official as its national SME envoy. SME envoys spearhead the implementation of the SBA agenda in their countries.

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## 1. SMEs — basic figures

	Number of enterprises			Number of employees			Value added		
	Austria		EU-28	Austria		EU-28	Austria		EU-28
	Number	Share	Share	Number	Share	Share	Billion €	Share	Share
Micro	275558	87.3%	92.7%	680911	25.1%	29.2%	32	18.7%	21.1%
Small	34003	10.8%	6.1%	642898	23.7%	20.4%	34	20.0%	18.2%
Medium-sized	5188	1.6%	1.0%	517641	19.1%	17.3%	37	21.9%	18.5%
<b>SMEs</b>	<b>314749</b>	<b>99.7%</b>	<b>99.8%</b>	<b>1 841 450</b>	<b>68.0%</b>	<b>66.9%</b>	<b>103</b>	<b>60.6%</b>	<b>57.8%</b>
Large	1069	0.3%	0.2%	866556	32.0%	33.1%	67	39.4%	42.2%
Total	<b>315818</b>	<b>100.0%</b>	<b>100.0%</b>	<b>2 708 006</b>	<b>100.0%</b>	<b>100.0%</b>	<b>170</b>	<b>100.0%</b>	<b>100.0%</b>

*These are estimates for 2014 produced by DIW Econ, based on 2008-2012 figures from the Structural Business Statistics Database (Eurostat). The data cover the 'non-financial business economy', which includes industry, construction, trade and services (NACE Rev. 2 sections B to J, L, M and N), but not enterprises in agriculture, forestry and fisheries and the largely non-market service sectors such as education and health. The advantage of using Eurostat data is that the statistics are harmonised and comparable across countries. The disadvantage is that for some countries the data may be different from those published by national authorities.*

Measured against the EU average, SMEs are relatively more important for the Austrian non-financial business economy. They provide more than two thirds of jobs and over 60% of total value added. Small businesses with 10-49 employees play an important role, comprising 11% of all firms. The EU average is 6%. The SME value added that can be found in the wholesale and retail trade and construction sectors is, in both cases, 5 percentage points below the EU average. In the professional activities and accommodation and food service sectors, however, the percentage of SMEs is around 15% and 17% respectively, and thus above the EU average. These four sectors, along with manufacturing, produce more than 70% of total SME value added and provide almost 80% of all jobs.

There are only a few countries in the EU whose SME sector has expanded since the onset of the crisis in 2008. Austria is one of them. Since 2009, SME value added in the non-financial business economy has grown by 18%. In particular, the output of medium-sized companies (50-249 employees) grew strongly

by 20%. SME employment and the number of SMEs have increased by 7.5% and 9% respectively.

The *real estate activities* sector has been one of the main drivers of this growth, with an increase of almost 40% in SME value added since 2009. By 2014, SME employment had increased by 28%, and by 21% in large firms. The number of SMEs has risen by 32%, to more than 20000 businesses in this sector. Urban growth has been a key factor in this development, as a result of population increase, combined with a trend towards urban living, particularly in housing converted from former office buildings. *Real estate* sector growth is also due to low interest rates and a lack of other secure investment options, resulting in an increased demand for housing as an investment.<sup>2</sup>

SMEs in the *professional activities* sector have grown strongly, too. Between 2009 and 2014, SME value added increased by 22%, whereas it fell by 10% for large firms. Total SME employment and the number of SMEs increased by 18% in this

sector. This development is fuelled by the general structural shift towards knowledge-based services. It is also due to a number of SME initiatives, such as the 2011 RTDI-strategy (RTDI: research, technology development and innovation), the ‘Young Entrepreneur’ initiative (*Jungunternehmer-Offensive*), the ‘Cleantech Initiative’ and the ‘aws-Mittelstandsfond’, a publicly-owned venture capital fund. These initiatives continue to focus on supporting SMEs in professional, innovation-led and technological environments by providing access to capital and business support.<sup>3</sup>

*Electricity and gas* is another growing sector. Market liberalisation and security of supply has increased SME activity here.<sup>4</sup> In the period 2008-2014, employment rose by almost a fifth. In the same period, value added grew by more than a tenth. Continued investment in renewable energy supports this trend, fuelled by attractive framework conditions and a competitive environment.<sup>5</sup>

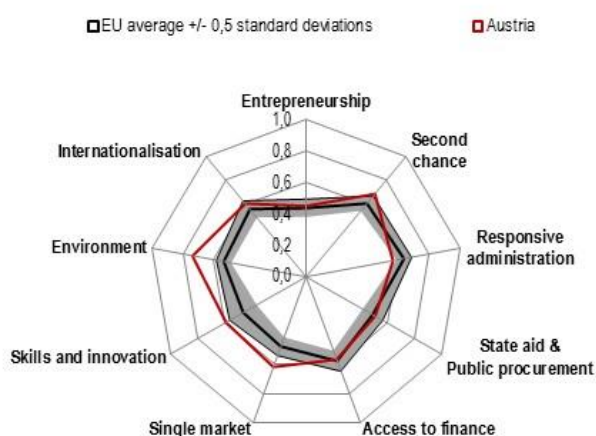
A further indication of the growing non-financial business economy is that the number of companies going into liquidation fell in 2014, for the first time since the crisis, by around 1%:

from 5459 in 2013 to 5423 in 2014.<sup>6</sup> Job losses caused by liquidation have also dropped, by 34% from the previous year.

However, the number of start-ups has been more or less constant in recent years. Preliminary data for 2014 show that 37 120 start-ups were registered. This is a rise of less than 0.5% against the previous year.<sup>7</sup> More than half of all new companies have been registered in the craft and industry sectors, and approximately 20% in the *wholesale and retail trade* sector. The *information and communication* sector is the third largest in terms of newly registered companies, at 15%.<sup>8</sup>

Expectations, for SMEs in particular, are positive. In 2014-2016, SME value added is predicted to increase by 6%. There will be an estimated 2% rise in SME employment, and a 3% increase in the number of SME companies. Micro firms will be important drivers of this growth. Their value-added is expected to rise by 7% while employment and total number of companies are forecast to increase by 3%.

## 2. SBA profile<sup>9</sup>



Austria’s SBA profile remains competitive. In four areas, namely ‘second chance’, single market, skills & innovation, and environment, Austria performs above the EU average. In environment it even tops the ranking of all EU-28 countries. The only area where Austria is ranked below the EU average is ‘responsive administration’. The problems are, however, of a very limited nature. Austria’s profile is slightly worse than last year in

two areas, access to finance and internationalisation, where its relative performance slipped to the EU average level. Since 2008, however, Austria has improved its conditions in almost all areas. The strongest performance improvements have been in entrepreneurship, ‘second chance’, and single market. Only in access to finance and skills & innovation did conditions deteriorate in the period 2008-2014. However, even here Austria has not done worse than the EU in general, given a similar EU-wide performance decline since 2008.

The good performance by Austrian SMEs throughout the crisis was supported by a proactive policy stance as regards SBA implementation since 2008. Particular emphasis was placed on entrepreneurship and access to finance. After a relatively calm year in 2013, which was marked by federal elections, in 2014 and the first three months of 2015, the reference period for this fact sheet, the new government implemented a large number of SME support initiatives. A total of 30 new policy measures addressed seven policy areas under the Small Business Act: promoting entrepreneurship, ‘second chance’, ‘think small first’, ‘responsive administration’, access to finance, single market, and internationalisation. The areas that saw most progress during the reference period were entrepreneurship, ‘think small first’, ‘responsive administration’, and access to finance. The latter was covered by a particularly large number of measures ranging from new financial support instruments for start-ups, such as the ‘aws capital market prospect premium’, to other measures facilitating access to alternative financing instruments such as crowdfunding. Important measures from other areas include the introduction of an entrepreneurial skills pass, the setting up of a

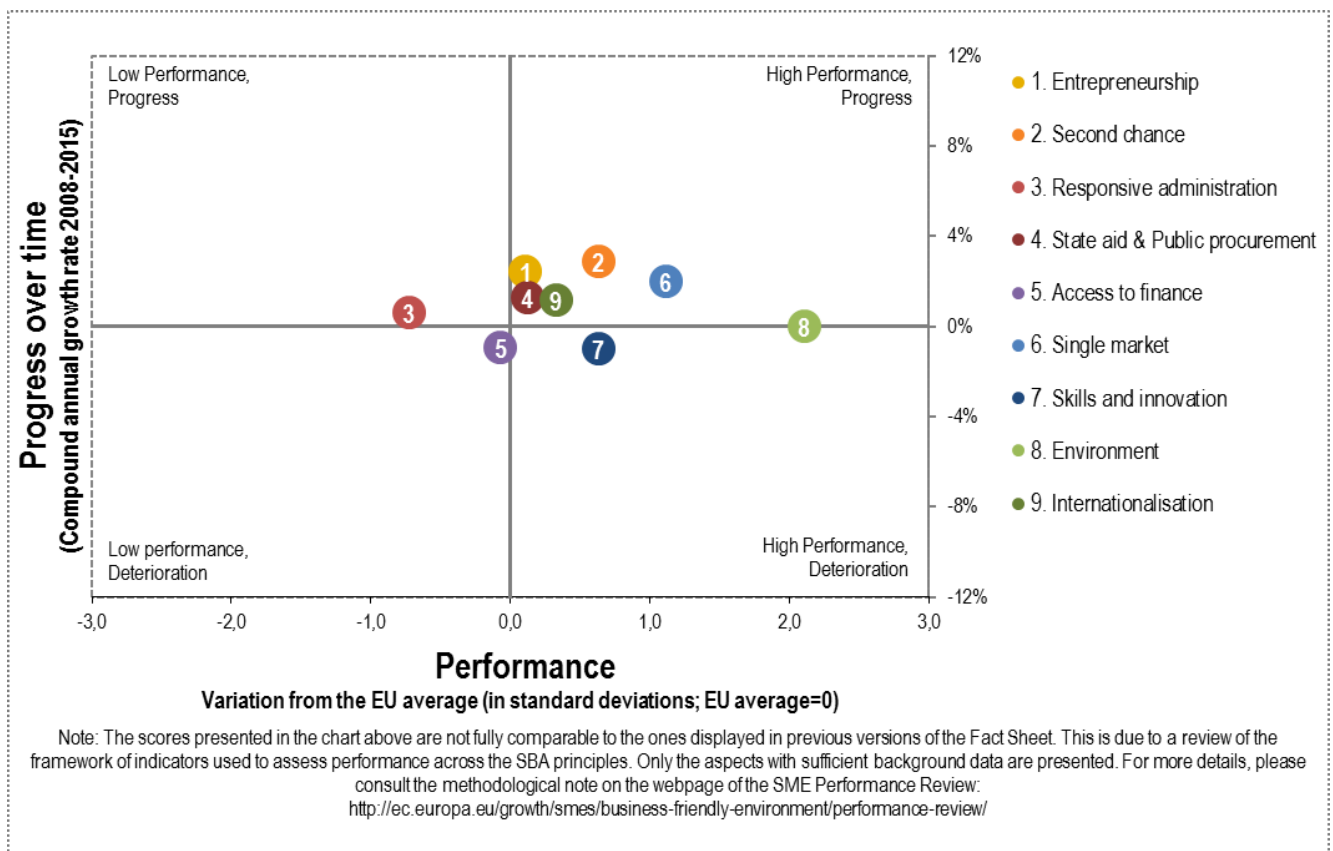
new trade register, and the introduction of a new form of limited liability company (*GmbH*), the 'GmbH light'. These measures are designed to promote entrepreneurship and to reduce administrative burdens. The SBA areas experiencing the least significant change in terms of new measures launched in the reference period were state aid & public procurement, skills & innovation, and environment. During the reference period, Austria kept up its good record in implementing announced reforms. The one measure which was announced for the reference period but not implemented was the proposed legislation governing crowdfunding. This was planned for 2014. Ultimately, the law on alternative financing was adopted by Parliament on 7 July 2015. The coordinating body for implementation of the SBA in Austria is the Federal Ministry of Science, Research and Economy. However, the SBA implementation involves other Ministries like the Federal Ministry of Finance and the Federal Ministry of Justice. Also the Austrian Economic Chambers are important

partners in implementing the SBA. The SME Envoy is in charge of coordinating the work of policy-makers and stakeholders. A joint action programme serving almost as an SBA implementation agenda focuses on active entrepreneurship, access to finance and intelligent growth. Furthermore, the implementation of the Entrepreneurship 2020 action plan is supported by a newly introduced multi-ministry task force, with emphasis on know-how, information exchange and networking. Upcoming activities and the identification of synergy potentials as regards the action of the different actors are coordinated by this task force.

Political initiatives currently in the pipeline include streamlining of the accounting law and abolition of capital duty, aimed especially at small and micro firms that need to increase their capital stock.

Challenges include the establishment of a national private equity and venture capital regime as a key facilitator for SME financing.

### SBA performance of Austria: state of play and development from 2008 to 2015<sup>10</sup>



## 3. SBA principles<sup>11</sup>

### 3.0 'Think Small First'

The 'think small first' principle is meant to be a guiding principle for all policy- and law-making activities. It requires policy-makers to take SME interests into account at the early stages of the policy-making process. The principle also calls for newly designed legislation, administrative rules and procedures to be made simple and easy to apply.

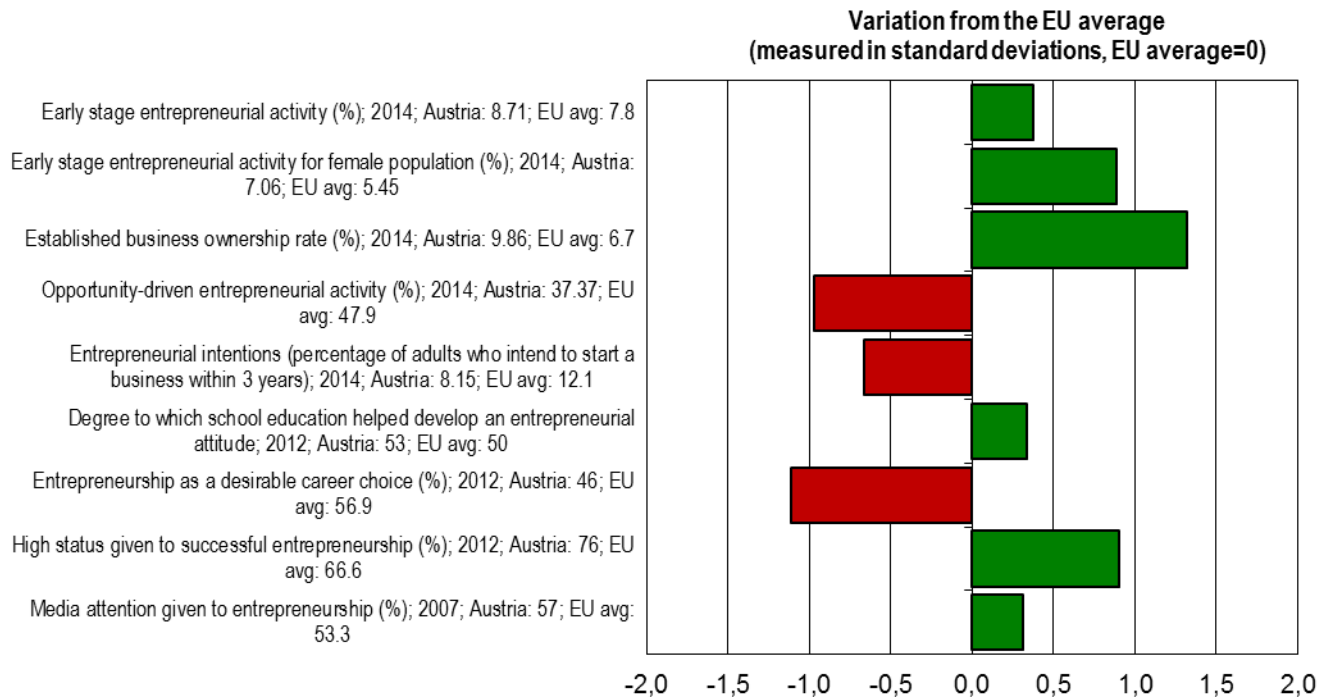
Austria has made substantial progress in the area of 'think small first' in recent years. The SBA agenda is addressed in full. This includes effective stakeholder consultations, regulatory impact assessments, the 'SME test', and competitiveness assessments. Existing legislation is reviewed and, as appropriate, simplified or abolished. There is scope for further improving the existing measures. Some of the measures, in particular as regards the systematic use of impact assessment procedures, are relatively new and any experience gained from applying them is very recent. For instance, the impact assessment system introduced in 2013 is still being fine-tuned. Overall, first impressions are positive, pointing to increased awareness of and attention to the impacts of planned legislation throughout the legislative process. However, the broad scope of application led to a high number of impact assessments (450) being finalised in 2013, not all of them fulfilling the required quality standards. An ongoing review is looking at ways to sharpen the focus of impact assessments, simplifying assessments for proposals with limited impacts and allocating more resources to those

legislative projects which require comprehensive assessments to improve their quality. In 2013, 30 proposed legal acts were subjected to more detailed analysis of their impact on businesses and administrative costs. There is also room for improving the consultation processes. The review of existing legislation to see where administrative burden could be reduced has gone very well but has been selective rather than systematic.

During the reference period, Austria took a number of measures to simplify existing legislation and regulations. In several cases, non-wage labour costs were reduced. Rules governing working-time records were relaxed as from 1 January 2015. In particular, records of work breaks are more flexible now. The increase in value limits of invoices for small amounts since 1 March 2014 reduces the burden on small businesses. The limit was raised from EUR 150 to EUR 400. Red tape was cut further by reducing information requirements linked to statistical reporting for small firms.

As for planned measures in this area, the government has made a commitment to adopt a new accounting law, in the second half of 2015, providing micro firms with more freedom as regards their financial reporting. Also, the publication of the review of the impact assessment system, focusing on the above-mentioned issues, is planned for the first half of 2015.

### 3.1 Entrepreneurship



**Note:** Data bars pointing right show better performance than the EU average and data bars pointing left show weaker performance.

Austria's performance in this area is in line with the EU average. There is little change from last year. Austria's strength lies in a high level of entrepreneurial activity. In terms of the business ownership rate among the population, Austria is topped only by Slovenia among the EU-28 countries. Its female entrepreneurship rate is substantially higher than the EU average. It also scores well on the indicators describing the enabling conditions for entrepreneurship. For example, the societal status of successful entrepreneurs is higher than in most other EU countries. The future development of entrepreneurship is a challenge. The proportion of people who intend to start a business within the next three years is, at 8%, lower than in the EU on average (12%). The same goes for the number of Austrians who see entrepreneurship as a desirable career choice, which is one of the lowest in the EU. The reason for this common phenomenon in countries with low rates of unemployment is that skilled individuals can choose from attractive job opportunities in existing firms. These are also the only indicators where Austria's performance has dropped somewhat since the beginning of the crisis. On the other indicators, Austria's performance has improved since 2008. Hence, Austria's overall performance in this area has improved since 2008 at a faster rate than the EU on average.

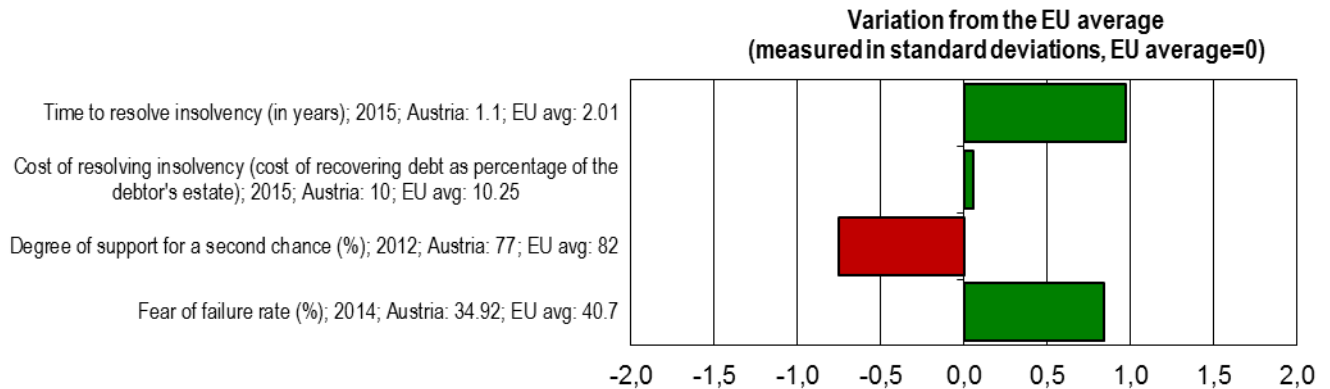
Progress in this area has been accompanied by a number of policy measures since 2008 including a joint action programme and a 'Platform Entrepreneurship' providing the strategic framework for the initiatives taken in this domain. Other notable measures from previous years include the 'Phoenix Award'

promoting technology transfer between universities and SMEs and the 'u:start Business Plan Award' which provides support for university graduates who decide to found a start-up. Against this backdrop, also during the reference period a substantial number of actions were taken. These include:

- the 'Entrepreneurial Skills Pass' offering students a certificate of competencies needed for a successful start in employment or an entrepreneurial initiative;
- 'aws first' and 'Yourprojects' (*EureProjekte*) offer support to young people in their first entrepreneurial activity. Under 'aws first', students between 18 and 23 years who are still at school or have finished school within the last three years are supported by the 'aws first business lab' and can apply for training and tailor-made mentoring within starter teams to help them find their footing as entrepreneurs.;
- the 'Online Guide to SME Company Value' (*Ratgeber 'KMU Unternehmenswert'*) provides immediate online access to a first estimate of a company's value; this tool is particularly helpful for entrepreneurs seeking a successor for their business;
- the 'joint action programme' (quasi-SBA implementation programme) provides information and funded consulting for businesses, especially those that are growing or maturing, to ensure their survival after the seed/start-up-phase;
- start-ups and SMEs increasing capital stock will benefit from the abolition of capital duty, announced for 2016. Capital

duty (1%) is charged on acquisition of shares by the first owner (start-up) or on increase of capital stock.

### 3.2 ‘Second chance’



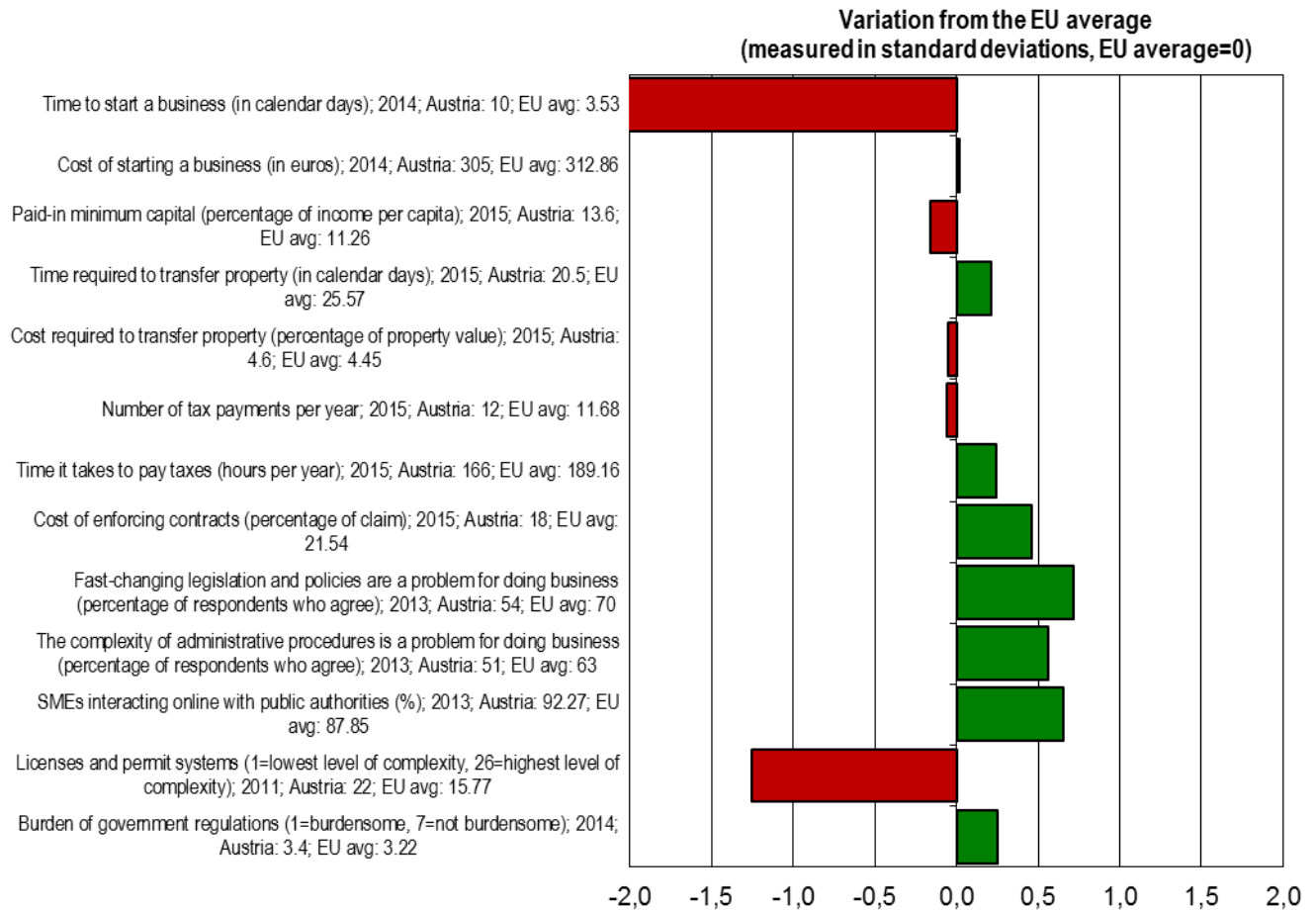
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‘Second chance’ refers to ensuring that honest entrepreneurs who have gone bankrupt get a second chance quickly. In this area, Austria continues to score above the EU average. This is mainly because of the well-organised insolvency procedures in place. It takes only half the time in Austria to resolve an insolvency case compared with the EU on average. This allows for swift and not too costly resolution of the failed business as a necessary precondition for a new start. Helped by the good business climate, fear of business failure among the population has diminished since 2008 and is now one of the lowest in the entire EU. However, as elsewhere in Europe business failure is still stigmatised. Business owners with a bankruptcy history face more problems in accessing credit or finding business partners and are less trusted among the general public. Support for ‘second chance’ among the population is particularly low in

Austria. At 77% it is substantially lower than in the EU on average.

Policy-wise little has been done in recent years to address this issue. There has been no nationwide awareness-raising campaign to combat the stigma of business failure, as recommended by the SBA. Nor have any specific pre-emptive measures been put in place to help businesses avoid failure in the first place, as also stipulated by the SBA. During the reference period, however, one important measure was taken to help do away with the differential treatment of ‘second chance’ entrepreneurs. Business failure can no longer be used as a reason for exclusion from the funding of Austria Wirtschaftsservice (aws). This gives entrepreneurs a ‘second chance’ enabling an immediate re-start of entrepreneurial activity, and ensures continuous access to public funding.

### 3.3 'Responsive administration'



**Note: Data bars pointing right show better performance than the EU average and data bars pointing left show weaker performance.**

'Responsive administration' refers to public administration being responsive to the needs of SMEs. This is the only area where Austria performs below the EU average. As in the previous year, there are two specific problems. First, the start-up time (for limited companies) of 10 days is still well above the SBA-defined goal of 3 days and the EU average of 3.5 days. However, it needs to be borne in mind that sole proprietorships (which account for two thirds of company start-ups) can be founded within 15 minutes. The other factor is the low score as regards the licensing and permit system. This phenomenon is quite common in highly federalised countries, such as Austria, where administrative powers are decentralised and spread across different levels of administration. While both of the issues have a detrimental effect on businesses they need to be seen in perspective. They only present a problem in very specific situations and at more or less unique points in the business life-cycle. On all other indicators which are more important for the day-to-day operation of businesses, Austria's scores either match or exceed the EU average. For instance, there is a fairly low level of complexity of administration, the pace at which laws and regulations are changed is adequate, and the e-government

infrastructure is well developed. In general, Austria's administrative environment is conducive to SMEs. In fact, since 2008 conditions have improved, albeit at a slower pace than in the EU on average.

On the policy side, since 2008 Austria has taken a number of important measures to improve the administrative environment and to address the recommendations of the SBA. In fact, the key SBA provisions are in place. The focus of policy has been on improving the conditions and further reducing the burden on SMEs. During the reference period, Austria took a number of important measures in this direction. In addition to those already mentioned under 'think small first', there were four specific initiatives:

- The new Trade Register makes the most important corporate data available and it combines all data from the 14 predecessor databases, facilitating research and statistical output. It eases the administrative burden on companies by streamlining access through one single register instead of 14 different registers at



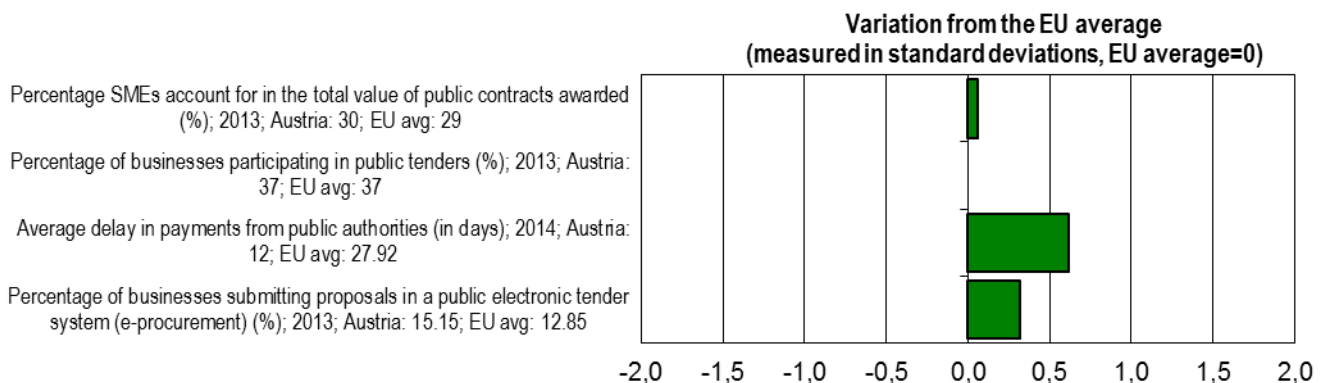
three levels of government. The system became operational in spring 2015. It has streamlined procedures for registering trade activities and data exchange between public administrations and will facilitate start-up procedures as well as changes to headquarters of a company or extension of business activities. The annual savings potential is estimated at EUR 30 million for companies and EUR 650 000 for administrations.

- E-government services were further extended under the business service portal, such as the roll-out of e-invoicing and the establishment of a system of electronic delivery of documents that is traceable and secure. The implementation of the e-invoice system by all federal bodies is expected to increase process safety and security, and to reduce costs for SMEs to the tune of EUR 400 million per year.
- Simplifications were also put in place as regards the ‘GmbH light’ limited liability company. This specific form of legal incorporation was introduced in 2013,

reducing the required share capital for creating a limited company from EUR 35 000 to EUR 10 000. In the reference period, it was reformed by a Foundation Privilege (*Gründungsprivilegierung*): Starting a business with this privilege requires a minimum share capital of only EUR 10 000 in the first 10 years. After 10 years the minimum cash contribution increases to EUR 17 500. During the first five years, minimum corporate income tax is reduced to EUR 500. From year 6 the minimum corporate income tax is increased to EUR 1 000 per year. Finally, after 10 years, the share capital automatically rises to EUR 35 000, half of the amount has to be paid in by then.

- The reform of ‘partnerships under civil law (*GbR*)’ completes the activities that have made public administration responsive to SMEs’ needs. It redefines the legal relationship between partners, sets out the rules on general partnership (*OG*) and makes transfer or succession easier.

### 3.4 State aid & public procurement



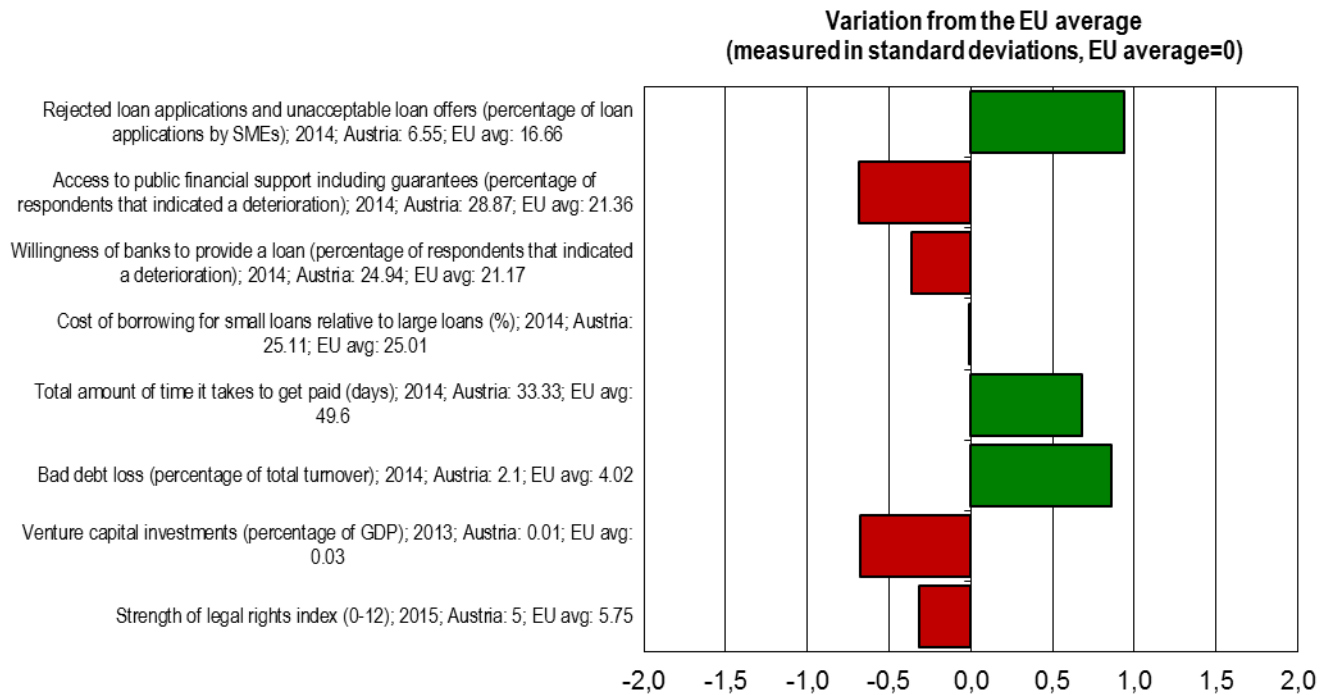
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Austria’s performance compares well with the EU average. This is a continuation of last year’s results. On individual indicators, however, there have been some notable improvements, not just year-on-year but also since the start of the SBA in 2008. The most obvious one is the steady shortening of the time taken to make payments to SMEs. The average payment time came down from 20 days in 2008 to 13 days in 2013 and was further reduced by 1 day last year. Austria now features among the top EU performers in this category. In line with the government’s efforts to boost e-government, SMEs have more opportunity to use less burdensome e-tendering procedures. As a result, the proportion of SMEs submitting proposals electronically has risen,

from 12.5% in 2011 to 15.1% in 2013. Overall, the participation of SMEs in public procurement is in line with the EU average, as evidenced by the figures on SMEs’ share in total value added of public contracts awarded and the number participating in public tenders.

On the policy side, this performance is supported by a number of policy initiatives taken since 2008, in particular the 2013 ‘Strategic Guiding Concept for Innovation Supporting Tenders’ and the ‘SME Strategy of the Federal Procurement Agency’. In the reference period for the 2015 fact sheet, no further significant measure was implemented.

### 3.5 Access to finance



**Note:** Data bars pointing right show better performance than the EU average and data bars pointing left show weaker performance.

This is one of the two SBA areas where Austria’s relative performance has deteriorated from last year. Austria no longer ranks above the EU average but is in line with it. Overall, access to finance is still not a major problem for most SMEs but the evidence suggests that conditions are deteriorating especially as regards debt financing. This is not a recent occurrence, though. Since 2008, conditions governing access to finance for SMEs have worsened at about the same rate as elsewhere in the EU. For instance, the cost of small loans of less than EUR 1 million relative to large ones has increased steadily since 2008. While the mark-up stood at only about 8 percentage points that year, it climbed to almost 24 percentage points in 2013 and more than 25 in 2014. In parallel, the proportion of SMEs reporting unacceptable loan conditions or rejected loan requests has increased from 2% in 2010 to 6.5% in 2014. This is partly linked to increased requirements for collateral by the banks. Also, banks seem recently to have become more unwilling to provide loans. While in 2013 only 17% of businesses reported deterioration in this respect, the corresponding figure rose to almost a quarter (24%) in 2014. The negative trend was reinforced last year by a substantial increase in the number of SMEs reporting deterioration also in access to public support instruments such as loan guarantees (from 10% in 2013 to more than 28% in 2014). The equity finance situation has not improved much, either. While a slow shift is taking place from debt to equity financing, venture capital is hard to come by for most SMEs, although the situation in Austria is not much worse than in the EU on average. The only improvement has been in the average payment times. Since 2008, the cash flow situation

of Austria’s SMEs has benefited from a steady reduction in payment delays, from 42 days in 2008 to 35 days in 2013 and dropping further to 33 days in 2014.

Since 2008, access to finance has been a priority area for SME policy-making. The government has made great efforts to stem the negative ramifications of the financial crisis with, however, only partial success. Part of the strategy involved measures addressing market failure as regards equity finance. Previous initiatives include the ‘Funding Manager’, an internet portal for submission and monitoring of funding applications, as well as ‘the Founder Fund’. Access to finance also remained a priority during the reference period. A total of eight measures were implemented to counter any further deterioration in access to finance for SMEs. The focus was on supporting the shift from debt to equity financing (e.g. with instruments such as ‘equityfinder.at’).

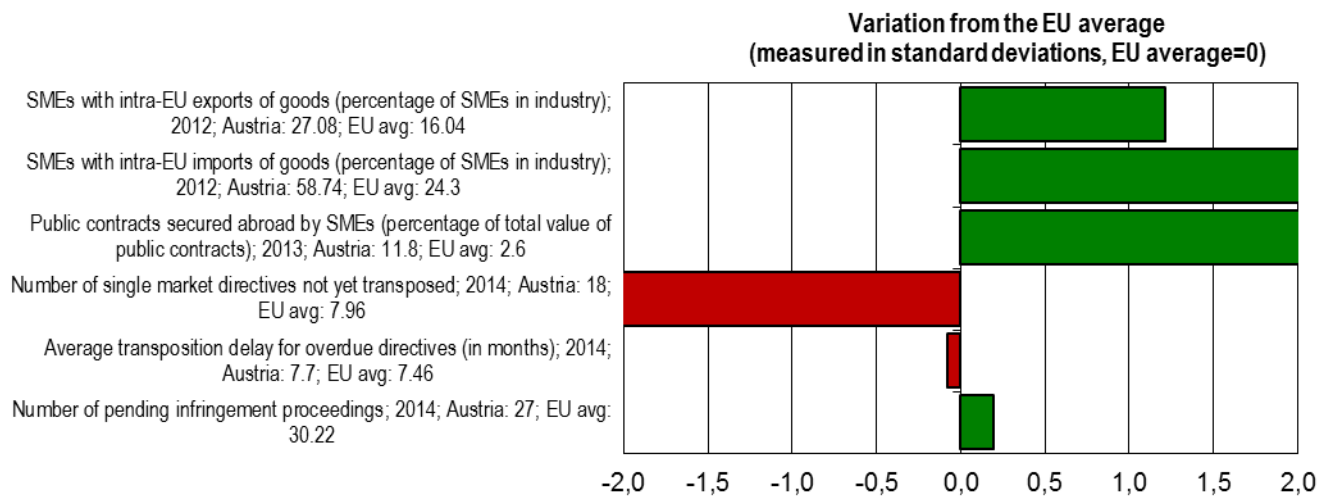
Also during the reference period several new instruments for innovation finance were launched, including the ‘aws capital market prospect premium’ and the ‘aws start-up programme’. These measures focus in particular on support for start-ups. However, there were also some policy changes geared to improving debt financing for SMEs. These included the reallocation of the ÖHT guarantee scheme, realignment of the tourism-funding scheme as well as guarantees for bridging loans and more general measures focusing on improvement of debt financing conditions for SMEs.

As regards future policy developments, a bill on alternative forms of financing has been proposed by the government for adoption in 2015. It has the potential to improve the situation on the targeted financial markets by creating a reliable legal framework conducive to crowdfunding and other novel forms of finance, especially, but not only, geared towards the IT sector.

With the planned measures in the area of alternative finance, Austria will have essentially all key instruments stipulated in the

SBA in place. However, given the recent negative trend, efforts have to continue to strengthen the existing support instruments, primarily, but not exclusively, as regards debt financing.

### 3.6 Single market



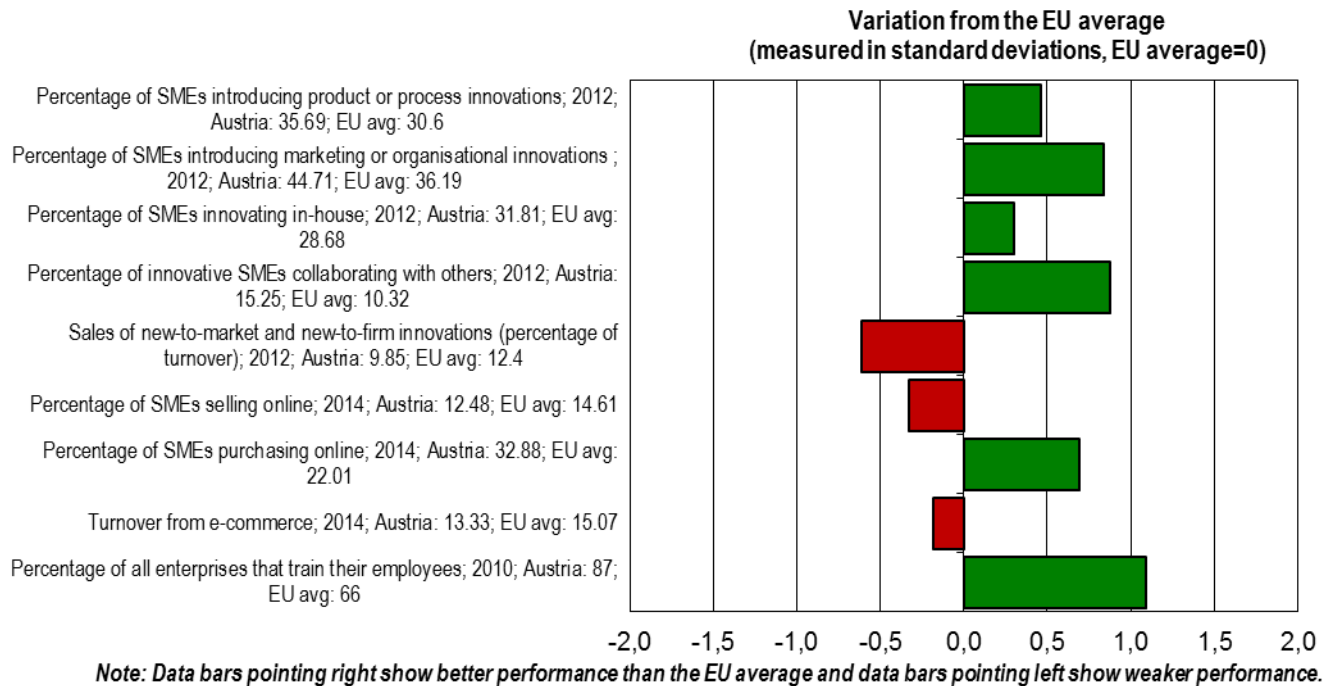
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As in previous years, Austria performs above the EU average. Austria's strength lies in the trading performance of its SMEs. For both exports to and imports from the single market, the share of Austrian SMEs greatly exceeds the EU average. In addition, Austria has a higher proportion of SMEs that have managed to win a public tender in another Member State. For the implementation of single market legislation as the enabling framework for trading, the picture is mixed. In terms of the time taken to transpose overdue directives and the number of infringement proceedings related to single market legislation, Austria's performance is in line with the EU average. The transposition delays have, in fact, steadily shortened since 2010. From almost 15 months in that year they came down to less than 8 months in 2014. Despite a slight rise in 2014, the number of infringement procedures halved between 2008 (54) and 2014 (27). However, the most significant change from last year was a steep increase in the number of single market

directives not yet transposed, up from 10 to 18. Since 2008, however, Austria has improved its performance in this area steadily and faster than the EU on average.

Since 2008, relatively few important measures have been implemented. This is partly because Austria already has the most important measures listed in the SBA in place. Also, during the reference period, progress has been relatively moderate. Three measures were implemented in 2014, all of them relating to standardisation and the Austrian Standardisation Institute (ASI). The first measure makes it easier for SMEs to participate in standardisation committees by, among other things, reimbursing the related costs. Also, via the 'ASI online comment' SMEs can now interact free of charge online in the process of generating standards. Lastly, the ASI has established a new conciliation body which manages board composition, feedback loops and standardisation projects. This ensures that standards and norms which are generated do not hinder or exclude SMEs from doing business.

### 3.7 Skills & innovation

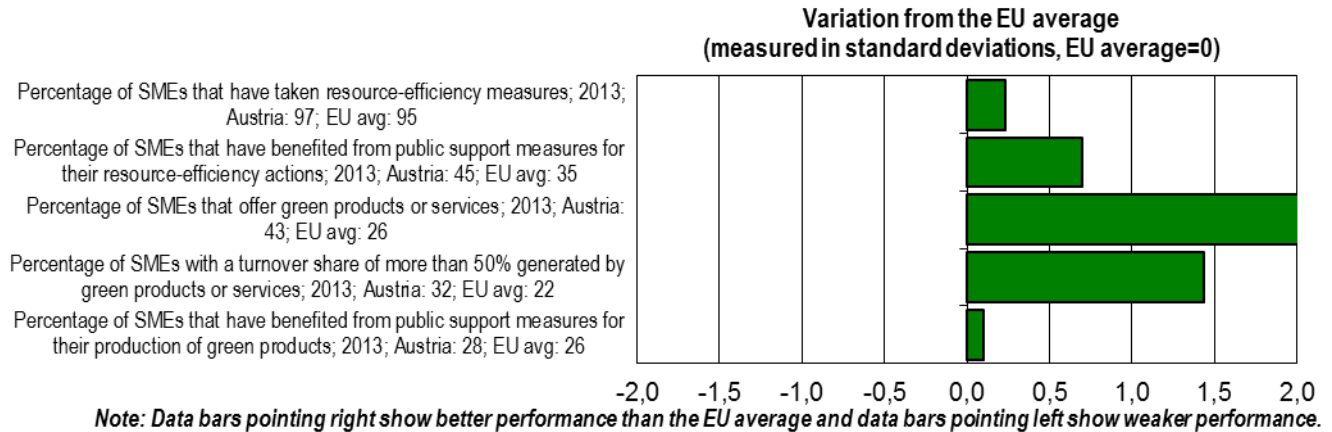


Austria performs above the EU average, due in particular to its strengths shown on the indicators for SMEs' innovativeness and the training of staff. Most indicators assessing IT take-up show Austria performing closer to the EU average. Compared with the last fact sheet, Austria's competitive edge regarding innovation has been diminished somewhat. On all but one of the five aspects of SMEs' innovative performance, Austria has lost ground. The sole exception is the proportion of SMEs inventing marketing or organisational innovations, which increased from 42% to almost 45% in 2012. There was no further integration of IT into SMEs' business operations, as there was no major increase in the proportion of SMEs with turnover from e-commerce or selling as well as purchasing online. Since 2008, Austria's performance has dipped a little. However, the same happened throughout the EU, so Austria did not lose ground against most of the EU Member States.

Austria's faltering performance in this domain is not due to a lack of policy action in support of SMEs. Since 2008, a large number of measures have been put in place. Particularly successful ones include the Competence Centres for Excellent Technologies based on a public-private partnership model to

promote technological innovation, and the Creative Industries Vouchers (*Kreativwirtschaftsschecks*) programme providing firms with the option of tapping into the knowledge of public research institutions to develop their own innovations. On the skills side, the 'red-white-red' labour card (*Rot-Weiß-Rot-Karte*) was introduced to boost immigration of highly skilled specialists. All these measures are part of an ambitious strategy to turn Austria from an innovation follower into an innovation leader. To this end, private and public spending on R&D is to be increased substantially up until 2020. Recent figures suggest that Austria has problems in meeting the ambitious goals set out at the beginning of the process. During the reference period, progress was limited as no further measures were introduced. Given that Austria has put all of the SBA recommendations for this domain in place, the policy focus is not so much on covering new aspects of innovation support which had been overlooked so far, but seeks instead to step up efforts to make the existing policy instruments more effective. There is a clear link to access to finance in this respect. Addressing the weakness as regards venture capital financing and other modes of alternative financing is likely to also boost innovative capacity.

### 3.8 Environment

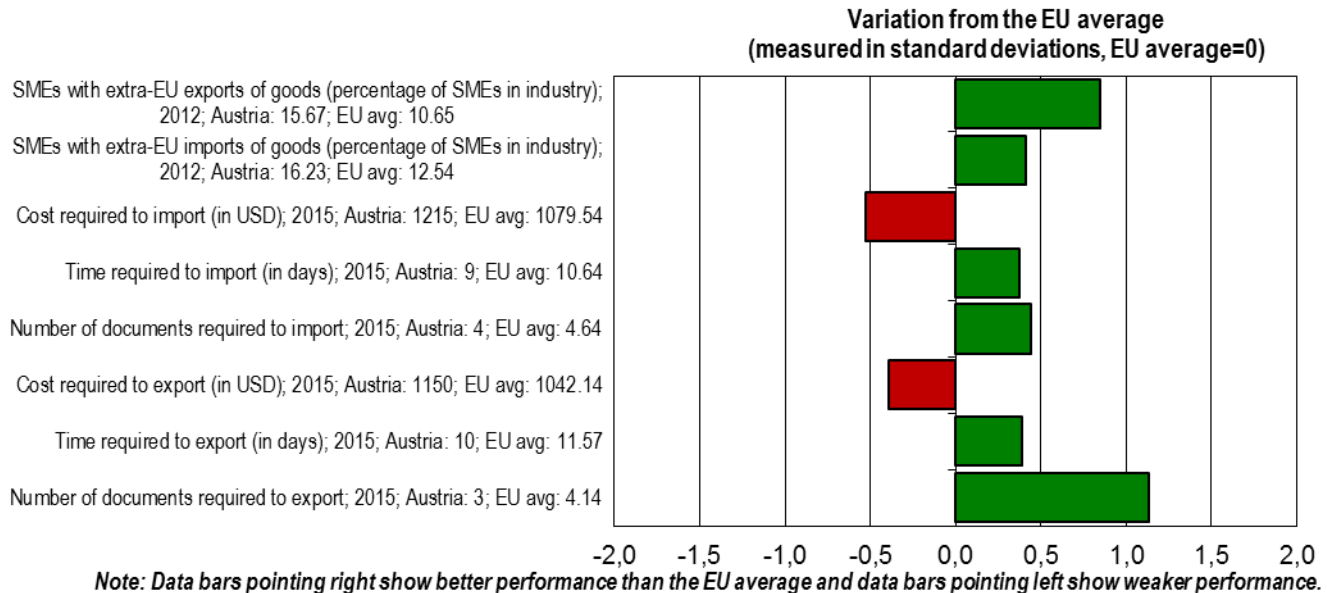


Austria performs well above the EU average in this area. In fact, it is the EU's top performing country. Its strength is owed especially to the relatively high number of SMEs which produce environment-friendly products and, within that group, the 'green product specialists', i.e. firms that generate more than 50% of their turnover from such goods or services.

the form of general subsidy programmes for firms and private households that create substantial demand for SMEs offering goods and services in this domain. During the reference period, no additional measure was implemented in this domain. In essence, all SBA recommendations in this area have been followed up.

Since 2008, there have been various funding schemes and fiscal incentives for both resource efficiency and support for 'green products'. More indirect support for SMEs in this area comes in

### 3.9 Internationalisation



Austria's performance has dipped in comparison with other EU countries. While last year, this was still one of the areas where Austria outperformed its EU peers, this year it is just in line with the EU average. The main reason for this is an increase in costs for both exporting and importing. These two indicators have traditionally been Austria's weakest and the further increase in trading costs has contributed to poorer overall performance in this domain. A slight increase in the proportion of manufacturing SMEs exporting to and importing from markets outside the EU was not sufficiently large to cancel out the effects of the cost increase. There was no change on the other dimensions covered, i.e. the time required for exporting to and importing from outside the EU as well as the associated bureaucratic effort as measured by the number of documents required. Over the longer term, since 2008, Austria has nonetheless improved on the conditions in this area at more or less the same pace as the EU as a whole.

A number of policy initiatives have been implemented since 2008. The most important action was the 'go international' initiative by the Federal Ministry of Science, Research and Economy with the Federal Economic Chamber as implementing partner, dating back to 2003. As part of this initiative, potential

exporters receive information, advice and financial support for market entry costs such as events, trade fairs and missions. This measure alone is said to have helped create an additional 5 424 exporting firms, most of them SMEs. The scheme was recently evaluated with a positive rating, highlighting the gains in value added, export volume and net tax income.

During the reference period, some existing programmes, including the 'internationalisation initiative', were continued. They were complemented by new instruments such as the 'tec4market' initiative, a funding scheme for the internationalisation of technology firms. SMEs, especially those active in the field of innovative building technology, are supported in their R&D efforts. The focus is on intellectual property rights studies and prototype development, all with the idea of helping the participating firms to grow their overseas markets. Overall, Austria has fully implemented the SBA agenda in this domain. The policy focus should be to maximise the effectiveness of the existing measures



## 4. Interesting new initiative

Below is an example of a new initiative from Austria to show what governments can do to support SMEs:

### Entrepreneurial Skills Pass

The Entrepreneurial Skills Pass (ESP) is an international qualification certificate for students (15-19 years old) who have gained real entrepreneurship experience and acquired the necessary competencies, know-how and practical experience for a successful start in employment or entrepreneurial initiatives of their own. The ESP combines established initiatives such as the 'JUNIOR Company Programme' and an international module of the 'Entrepreneur's Skills Certificate' to create a European quality label.

After the pilot phase in 2013/2014 and implementation in 15 countries with 2 000 students in 2014/2015, the scheme now covers 26 countries in total. 100 businesses at national and European levels have already endorsed the ESP during the pilot phase by offering further opportunities and employment to successful participants in the initiative.

References:

<http://www.entrepreneurialskillspass.eu>

[https://www.wko.at/Content.Node/Service/Bildung-und-Lehre/Schule-trifft-Wirtschaft/Entrepreneurial\\_Skills\\_Pass\\_-\\_ESP.html](https://www.wko.at/Content.Node/Service/Bildung-und-Lehre/Schule-trifft-Wirtschaft/Entrepreneurial_Skills_Pass_-_ESP.html)





<sup>9</sup> The 2015 SBA fact sheets benefited substantially from input from the European Commission's Joint Research Centre (JRC) in Ispra, Italy. The JRC made major improvements to the methodological approach, statistical work on the dataset and the visual presentation of the data.

<sup>10</sup> The quadrant chart combines two sets of information. Firstly, it shows current performance based on data for the latest available years. This information is plotted along the X-axis measured in standard deviations of the simple, non-weighted arithmetical average for the EU-28. Secondly, it shows progress over time, i.e. the average annual growth rates from 2008 to 2015. These are measured against the individual indicators which make up the SBA area averages. Hence, the location of a particular SBA area average in any of the four quadrants provides information not only about where the country is located in this SBA area relative to the EU average at a given point in time, but also about the extent of progress made between 2008 and 2015. All SBA principles, with the exception of the 'think small first' principle for which there is not enough statistical data available, are calculated as composite indicators following the OECD/JRC Handbook guide. For more information on the methodology see Saisana and Dominguez-Torreiro 2015 on the webpage of the SME Performance Review: [http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/index\\_en.htm](http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/index_en.htm)

<sup>11</sup> The policy measures presented in this SBA fact sheet are only a selection of the measures the government took in 2014 and the first quarter of 2015. The national SME policy expert that CARSA Spain (DG GROW's lead contractor for the 2015 SBA fact sheets) contracted made the selection. The experts were asked to select only the measures they considered the most important, i.e. the ones expected to have the highest impact in the SBA area in question. The complete range of measures the experts compiled in producing this year's fact sheets will be published alongside the fact sheets in the form of a policy database on the DG GROW website.