

2018 SBA Fact Sheet

Austria

Key points

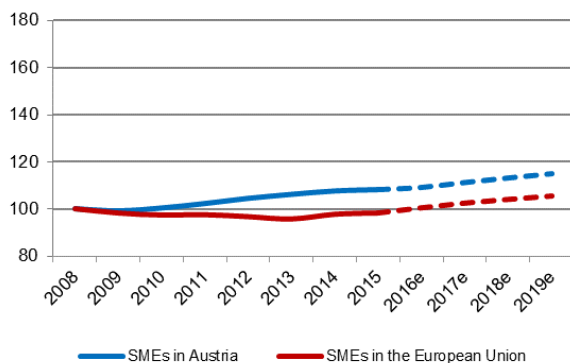
Past & future SME performance¹: SMEs contribute substantially to Austria's 'non-financial business economy'. They generate 61.8 % of total value added and 68.3 % of total employment, exceeding the EU average. SME productivity in Austria is well above the EU average, too. These positive developments for Austrian SMEs in the 'non-financial business economy' are expected to continue. In 2017-2019, SME value added is expected to rise by 9.3 % and SME employment by 3.3 %, resulting in an estimated 64 100 additional SME jobs.

Implementing the Small Business Act for Europe (SBA): Austria's SBA profile remains strong and is further improving. It performs above average in four areas and is in line with the EU average in five areas. Austria made the most progress during the current reference period in the areas of environment and single market.

SME policy priorities: Austria needs to further improve the conditions for entrepreneurship, and education on entrepreneurship should be improved from primary school level onwards. Substantial work needs to be done in reducing the administrative burden for SMEs and making it easier for them to do business, as well as simplifying and improving customs procedures (time and cost) in the internationalisation process. On access to finance, as banks are becoming more restrictive in providing loans, there must be better access to alternative sources of finance, notably equity financing. This would also help increase the currently low proportion of high-growth companies/scale-ups.

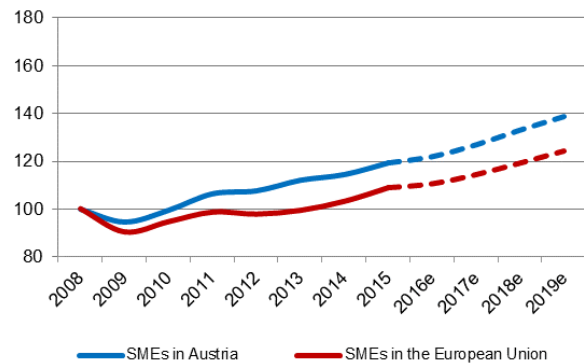
Number of persons employed in SMEs

(Index: 2008=100, estimates as from 2016 onwards)



Value added of SMEs

(Index: 2008=100, estimates as from 2016 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

Class size	Number of enterprises			Number of persons employed			Value added		
	Austria		EU-28	Austria		EU-28	Austria		EU-28
	Number	Share	Share	Number	Share	Share	Billion €	Share	Share
Micro	289 698	87.2 %	93.1 %	718 484	25.4 %	29.4 %	35.4	18.6 %	20.7 %
Small	35 924	10.8 %	5.8 %	681 414	24.1 %	20.0 %	40.2	21.2 %	17.8 %
Medium-sized	5 320	1.6 %	0.9 %	532 554	18.8 %	17.0 %	41.9	22.0 %	18.3 %
SMEs	330 942	99.7 %	99.8 %	1 932 452	68.3 %	66.4 %	117.4	61.8 %	56.8 %
Large	1 120	0.3 %	0.2 %	895 569	31.7 %	33.6 %	72.6	38.2 %	43.2 %
Total	332 062	100.0 %	100.0 %	2 828 021	100.0 %	100.0 %	190.0	100.0 %	100.0 %

These are estimates for 2017 produced by DIW Econ, based on 2008-2015 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 following size-class definitions are applied: micro firms (0-9 persons employed), small firms (10-49 persons employed), medium-sized firms (50-249 persons employed), and large firms (250+ persons employed). 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.

SMEs contribute substantially to Austria's 'non-financial business economy', generating 61.8 % of total value added and 68.3 % of total employment, exceeding the EU average. As with many EU countries, the biggest sector for SMEs in Austria is *wholesale and retail trade*, accounting for more than one fifth of overall SME value added and employment. SME productivity, measured as the ratio of SME value added to SME employment, is EUR 60 800 per person, well above the EU average of

EUR 43 900. Austrian SMEs employ an average of 5.8 people, 2 people more than the EU average.

The Austrian 'non-financial business economy' has experienced solid growth in recent years. In 2013-2017, SME value added rose by 13.2 % and SME employment by 4.8 %, a slightly better performance than that of large firms. More recently, SME growth in 2016-2017 has been even stronger than the average annual growth of 2013-2016, with SME value added increasing by 4.1 % and employment by 1.9 %.

Wholesale and retail trade is an important sector for Austrian SMEs, not only in terms of overall SME value added and employment, but also in terms of growth, particularly that of value added. In 2013–2017, SME value added in this sector increased strongly by 18.2 %, while SME employment rose more moderately, by 2.9 %. In particular, SME added value in *trade and repair of motor vehicles* grew strongly by 22.1 %, benefiting from a combination of rising consumer confidence, an increase in real incomes and favourable interest rates². This corresponded with an increase in the number of newly registered vehicles, a rise of 7.4 % against the previous year³.

Information and communication has been another successful sector. It has the highest proportion of high-growth firms⁴ among all sectors in Austria, highlighting its growth potential. In 2013–2017, SME value added rose by 13.0 % and SME employment by 8.7 %. In particular, *computer programming and consultancy* and *information service activities* grew strongly by almost one fifth in value added. SMEs in this sector, notably high-tech start-ups, benefit from government schemes which facilitate access to finance and business advice⁵. Furthermore, the Alternative Finance Act, implemented in 2015, has further helped investment by establishing an innovative, modern legal framework for crowdfunding⁶. In the Alternative Finance Maturity Index, which measures the quality of crowdfunding and alternative finance ecosystems, published for the first time in 2016 by CrowdfundingHub, Austria was ranked sixth highest in Europe⁷. Another driver of growth has been increased public demand for ICT services resulting from the wider rollout of e-government Austria⁸.

On average, SMEs in the *professional activities* sector performed considerably better than SMEs in other sectors. In 2013–2017, their value added rose by 17.0 % and employment by 8.1 %. This growth has been fuelled by a general shift towards knowledge-based services and has been fostered in recent years by, for example, initiatives promoting research and development (R&D)⁹. In 2016, as part of an economic stimulus package, the government increased the incentives for firms engaging in research. SMEs in the professional activities sector are likely to benefit as a result of research contracts, bilateral cooperation and cooperation in consortia¹⁰. In addition, organisations such as the Austrian Research Promotion Agency, the Competence Centres for Excellent Technologies, and the Christian Doppler Research Association have strengthened and expanded the collaboration between science and industry¹¹. For example, the

Christian Doppler Research Association, funded 73 R&D collaborations¹². Thanks largely to such favourable conditions, the R&D ratio in Austria (measured as gross domestic expenditure on R&D as a percentage of GDP) rose from fifth highest in the EU in 2014, to third highest in 2016¹³.

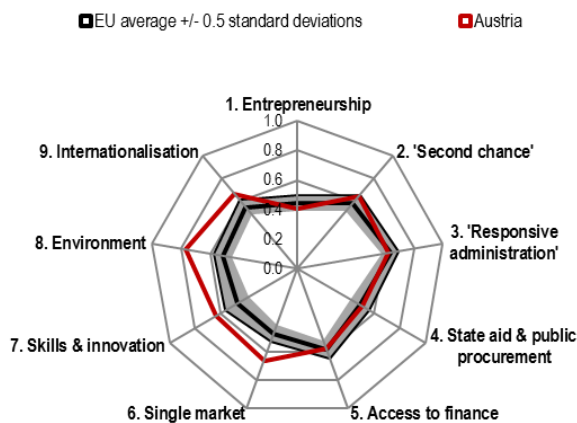
In contrast to the recent positive trend, in 2016–2017 company registrations declined for the first time, by 2.1 %, to a total of 39 965 in 2017¹⁴. Nevertheless, the impact on the net total was small. According to the latest data, for 2015, 6.5 % of all companies were deregistered that year, while 7.9 % were newly registered. This is a net increase of 1.4 % in the number of active companies, a positive net effect for the third year in a row¹⁵.

In 2015, 2 561 Austrian firms, representing 6.3 % of all firms in the 'business economy'¹⁶ with at least 10 employees, successfully scaled up their operations and, therefore, are reported to be high-growth firms¹⁷. This is 3.6 percentage points below the EU average of 9.9 %. High-growth firms are particularly prevalent in the *information and communication* sector, accounting for 11.0 % of all firms in this sector.

The following segment presents data that has been collected for the EU Startup Monitor and refers mainly to the population of online and technology based start-ups.¹⁸ The Austrian start-up ecosystem has newly emerged over recent years. It is estimated that since 2008 more than 1 300 start-ups have been registered with the number of registrations increasing by around 20 % each year. The typical Austrian start-up founder is male (88.5 %) and holds a university degree (74.3 %). Some 34.9 % of start-ups in Austria are in the IT sector. The average start-up has 8.2 employees and is planning to hire 4.0 employees within the next 12 months. Some 79.1 % of start-ups cooperate with national and international partners to overcome their biggest hurdle for growth, i.e. access to markets. Almost three quarters of start-ups in Austria are already operating internationally and are looking to expand further. Vienna is the geographic start-up hub for Austria, hosting more than half of all registered start-up companies.

These positive developments for Austrian SMEs in the 'non-financial business economy' are expected to continue. In 2017–2019, SME value added is expected to rise by 9.3 % and SME employment by 3.3 %, resulting in an estimated 64 100 additional SME jobs.

2. SBA profile¹⁹



Austria has one of the strongest SBA profiles of all Member States, scoring in line with the EU average on entrepreneurship, 'second chance', 'responsive administration', state aid & public procurement and access to finance. Austria performs above the EU average regarding internationalisation and skills & innovation; it is the third strongest Member State regarding the single market; and it tops the rankings regarding environment.

Since 2008, Austria has striven to implement policies that advance the SBA principles, focusing particularly on entrepreneurship and access to finance in order to support SME growth and new jobs. In particular from 2016 onwards, special focus was put on creating a start-up friendly environment by introducing the 'land of founders' strategy. Furthermore, special emphasis has been put on introducing responsive administration measures which resulted in the reduction of administrative burden for SMEs.

In the current reference period of 2017 and the first quarter of 2018, Austria introduced 22 policy measures addressing 8 of the 10 SBA policy areas. SME stakeholders acknowledge that there has been significant progress made in adopting the SBA across the national priority sectors.

The main achievements of Austria's SBA implementation were on the 'responsive administration' and 'Think Small First' principles. In particular, the Deregulation Landmark Act is an important mechanism for revising, evaluating and streamlining existing legislation.

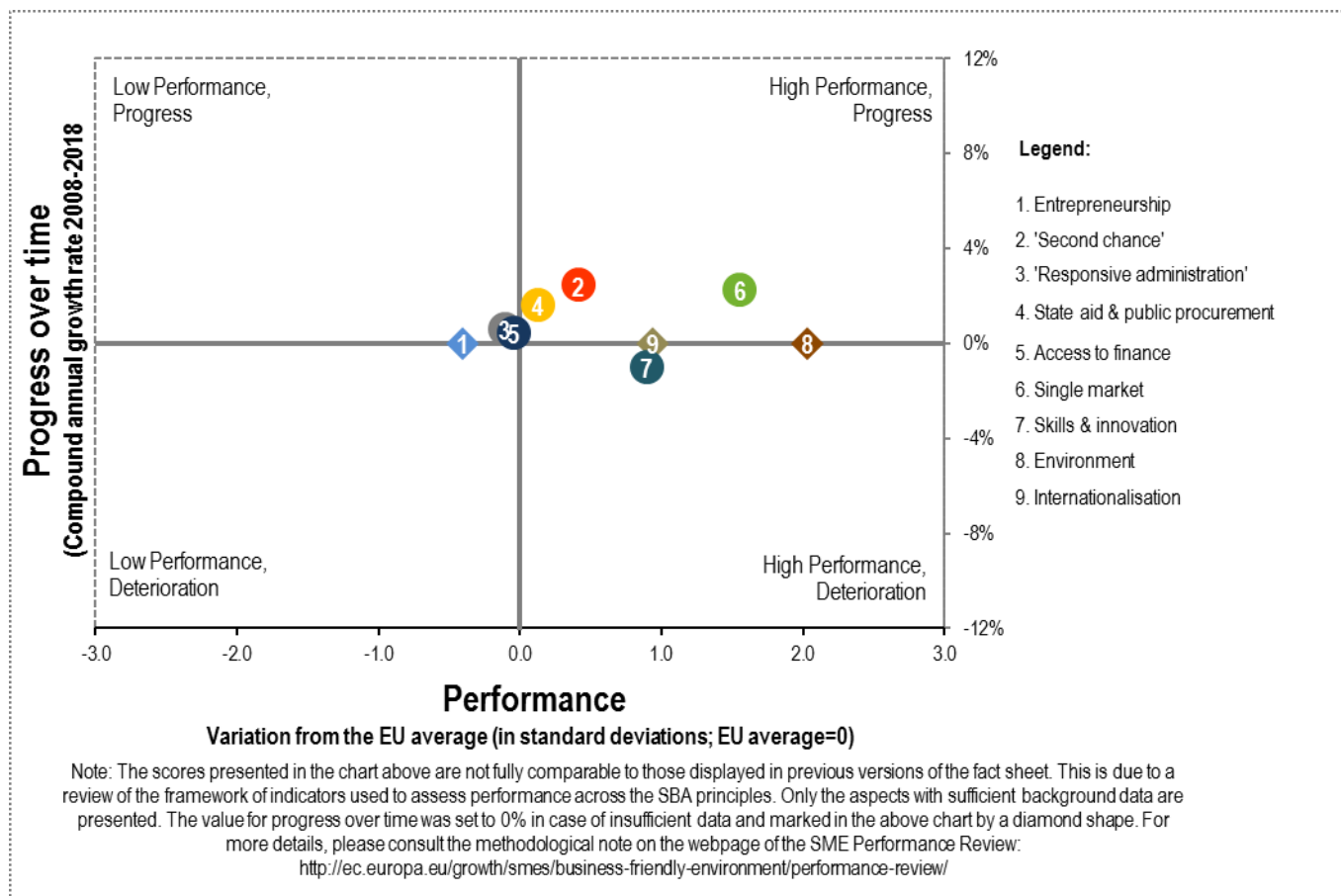
In terms of 'responsive administration', e-government and one-stop shop structures were significantly improved to help SMEs handle relevant procedures online. Private limited single person companies can be fully created online now, and the business service portal (usp.gv.at) serves as a central platform for e-government applications and one-stop shop solutions, including e-procurement.

The Austrian Federal Government's cross-cutting digitisation initiative introduces new approaches to various SME-relevant areas. The major outputs of this strategy will be measures that increase the capability of SMEs to engage in e-commerce activities, promote e-commerce in general, put blockchain technologies on the agenda and encourage the deployment of 5G broadband nationwide.

On access to finance, the most relevant measure was the introduction of the 'Financing Company for SMEs' (MiFiG - *Mittelstandsfinanzierungsgesellschaft*). This measure will improve SME access to venture capital, though this does not negate the strong need to boost the private equity ecosystem to support the scale up and internationalisation activities of fast-growing SMEs.

The Federal Ministry for Digital and Economic Affairs began a creative innovation process called 'Reality Check' which involves stakeholders and experts from other fields contributing to the assessment of areas of the SME action programme such as entrepreneurial education and skills. This initiative aims to create innovative approaches for further developing the programme, and analysing the European Vocational Education and Training (VET) systems for improvements. The results are expected to be discussed on an EU level during Austria's 2018 presidency of the Council of the European Union.

SBA performance of Austria: state of play and development from 2008 to 2018²⁰



3. SBA principles²¹

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 policymakers 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.

Since 2008, various ‘Think Small First’ initiatives have been launched in Austria, though Austrian SMEs are still burdened financially and struggle with labour law issues that are time consuming and not directly linked to their core entrepreneurial activities. During the current reference period, the Austrian Federal Government placed deregulation at the top of its economic policy agenda. It announced an initiative repealing all laws and regulations adopted before 1 January 2000, except those laws and regulations that had been previously reported as essential by the relevant ministries. The legal basis (2. *Bundesrechtsbereinigungsgesetz*) was adopted in July 2018 and will be applied from January 2019.

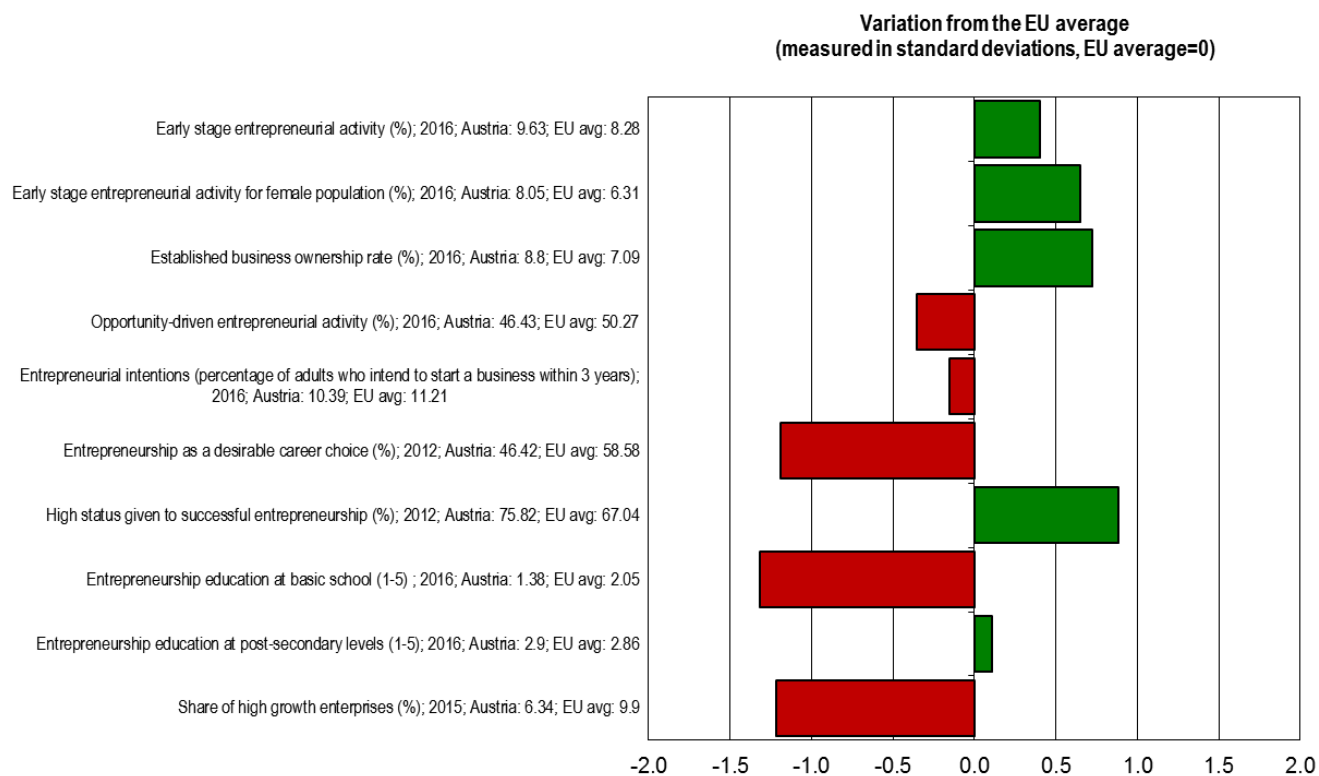
Further in this context, as one of three measures introduced in the current reference period, the ‘Deregulation Landmark Act’ (*Deregulierungsgrundsatzgesetz* 2017) created a new

mechanism for revising and evaluating existing legislation based on three principles. The first is ‘one in-one out’, which refers to the removal of one existing provision for every new provision that produces an additional bureaucratic or financial burden. The second is ‘sunset-legislation’, which states that all new provisions will be time-limited and evaluated. The third is ‘avoid gold plating’, which aims to ensure that there are no excessive regulatory additions to European law.

Furthermore, the value added tax for overnight stays will be reduced from 13 % to 10 % to encourage investment in tourism businesses.

The Federal Government has also introduced the ‘advisory instead of punishment’ guiding principle to its SME policy formation process. This has resulted in regulations being introduced such as the amendment to the Stock Exchange Act (*Börsegesetznovelle*) that eliminates the accumulation principle in cases where multiple financial penalties would be imposed. If an offence violates multiple administrative provisions, a penalty will only be levied once - this applies to all SMEs that are subject to the rules of the Financial Markets Authority.

3.1 Entrepreneurship



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

Austria performs in line with the EU average in this area with most indicators remaining stable. However, it is among the bottom three EU Member States concerning perceptions of entrepreneurship as a desirable career choice, and is among the bottom three on most measures related to entrepreneurial education in primary and secondary schools. This may not reflect the impact of recent measures as there were no new data available for any of the indicators compared to last year's fact sheet.

Various measures have been introduced since 2008 aimed at promoting entrepreneurship, resulting in a well-developed policy-environment in this area. In 2015 the 'Land of Founders' (*Land der Gründer*) strategy started delivering results by providing funding to innovative start-ups at regional level, alongside several measures such as the 'Youth Start' programme that aims to stimulate innovative and entrepreneurial mindsets among students and would-be entrepreneurs.

The Federal Economic Chamber (WKÖ) in cooperation with tertiary institutes has created courses for entrepreneurs that allow them to graduate with an 'Applied Entrepreneurship' MSc. Several policy measures were recently introduced to encourage early support for start-ups through innovation, financing, awareness-building, networking and infrastructure building activities. Included in these measures was funding to cover

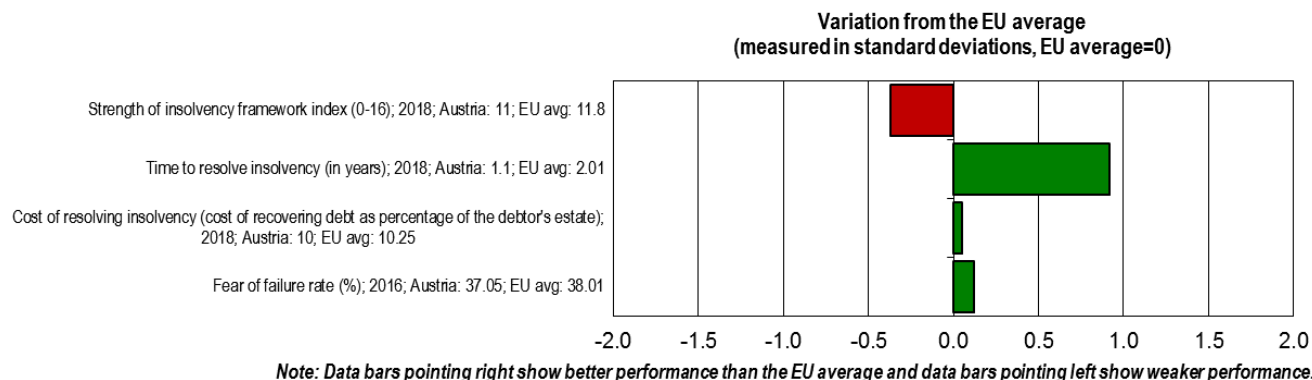
incidental wage costs for the first three jobs created by young SMEs, and fellowships that support academic start-ups.

In 2016, the Austrian Ministry for Transport, Innovation and Technology introduced the programme 'aws AplusB Scale-up'. This involved creating regional acceleration centres that support high-tech scale-ups in cooperation with academia. Austria's emphasis on start-ups and scale-ups is shown in the growth of participants in the Horizon 2020 SME programme (66 Phase 1 and 17 Phase 2 projects funded).

During the reference period, measures that were introduced have mainly concentrated on improving early-stage support:

- The 'Female Entrepreneurs Go to School' (*Unternehmerin macht Schule*) initiative of the former Federal Ministry of Science, Research and Economy (BWF) and the Federal Economic Chamber (Platform 'Women in Business') aims to encourage female students to pursue entrepreneurial careers. The ministry's support is important in ensuring the school's readiness to participate in this project. It involves female entrepreneurs visiting schools, raising awareness of entrepreneurship and acting as role models for young people considering entrepreneurial careers.

3.2 ‘Second chance’



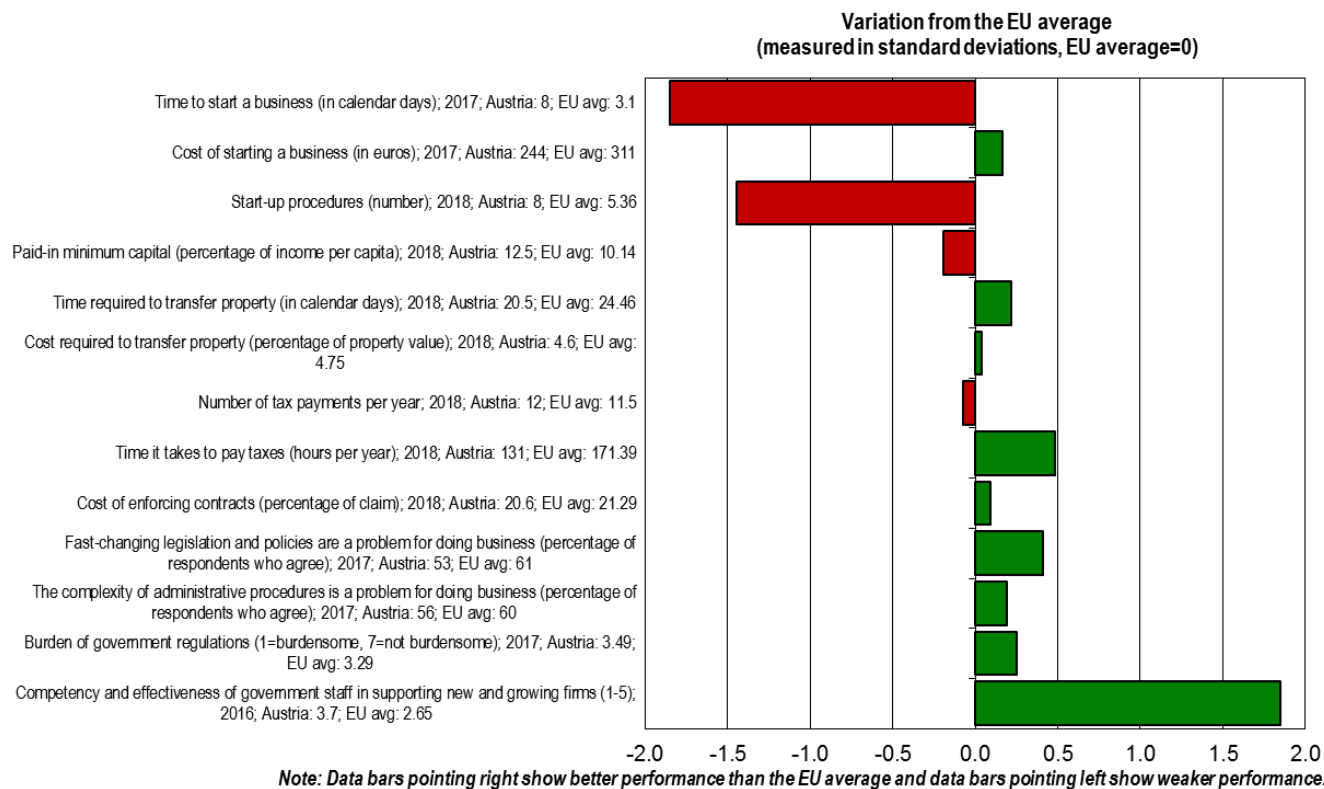
‘Second chance’ refers to ensuring that honest entrepreneurs who have gone bankrupt get a second chance quickly. Austria remains in line with the EU average in this area as in previous years, and overall progress in this area since 2008 has been positive.

Since 2008, several measures aimed at raising awareness have been introduced to provide bankrupt entrepreneurs with second chances and access to the same opportunities that new founders have. The stigma related to bankruptcy and insolvency is still prevalent in Austrian society, and is a cultural barrier to entrepreneurship – especially compared to other societies where failure and mistakes are seen as valuable opportunities for learning. To this end, failed entrepreneurs are no longer restricted from accessing public funding that is provided by the

Austrian Research Promotion Agency (Forschungsförderungsgesellschaft/FFG) or the Austrian Federal Promotion Bank (Austria Wirtschaftsservice/aws). Also, failed entrepreneurs no longer automatically lose their business licenses following bankruptcy.

During the reference period there was one important measure introduced. The ‘*Insolvenzrechtsänderungsgesetz 2017*’ (IRÄG 2017) amended the Austrian private bankruptcy law to make it easier for honest entrepreneurs to obtain debt relief. The most significant amendment was reducing the length of the proceedings for income levy with subsequent debt discharge from 7 to 5 years and the minimum insolvency quota of 10 % was abolished.

3.3 ‘Responsive administration’



‘Responsive administration’ refers to public administration being responsive to the needs of SMEs. Austria performs in line with the EU average in this area. The country has slightly improved its performance since 2008, although it remains among the bottom three performing Member States regarding the time (8 days) and number of procedures (8) required to start a business. However, only 8.7 % of Austrian companies founded in 2016 fell into this category (‘GmbH’, i.e. limited liabilities companies). The vast majority of companies are run by sole proprietors, which can be founded much quicker than other businesses.

The public servants working in government agencies are perceived as the most competent and effective in the EU at supporting new and growing firms. Furthermore, the number of businesses who believe fast-changing legislation and policy was an issue between 2015 and 2017 has fallen by 10 percentage points.

Since 2008, moderate progress has been made with a number of measures adopted in this area, including e-tendering and targeted amendments to the Limited Liability Companies Act (GmbHG), which are important steps for the government in becoming SME-friendly. Progress has been boosted as several measures were evaluated and then revised to address weaknesses or inefficiencies. The digital roadmap, which was introduced in the previous reference period and sets out 150

measures across 12 guiding principles for digitalisation, provides a strong basis for future digital development.

During the reference period, particular emphasis was put on improving conditions for SMEs and reducing their administrative burden. The following five policy measures were announced or adopted/applied:

- E-Foundation (*vollelektronische Unternehmensgründung für 1-Personen GmbHs über das USP / Deregulierungsgesetz* 2017): this measure allows for single person private limited companies to be established entirely online via the business service portal. The same principle applies to one-person companies (‘Einzelunternehmen’) in general.
- The E-Government Law (*Novelle zum E-Government Gesetz*) has also been amended to provide a single submission point for SMEs to provide documents to public authorities. It also obliges these authorities to accept electronically submitted documents.
- An increase in the number of licence exemptions for SMEs that open small business premises that adhere to health and safety rules (*Erweiterung der Genehmigungsfreistellungsverordnung*). This has reduced

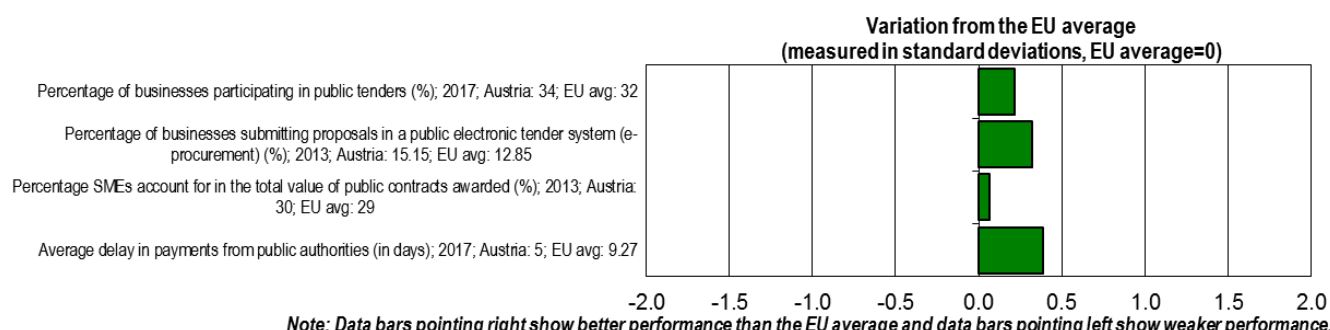
the administrative burden for many SMEs thanks to an estimated reduction of 2 800 business permits per year.

- The revision of relevant provisions for authorised responsibilities in companies (*Eingrenzung des Beauftragtenschungels*) by the end of 2018. Currently, Austrian Law obliges companies to nominate representatives for up to 76 different responsibilities (e.g. waste management or hygiene). By the end of 2018, all

provisions regulating official responsibilities will be repealed (where possible under EU law).

- The amendment of the Metrology and Calibration Law (*Novelle zum Maß- und Eichgesetz*). This amendment will relax requirements for obligatory metrology and calibration. The number of cases subject to the obligatory calibration is expected to be reduced by 25 %, minimising the bureaucratic and administrative burden.

3.4 State aid & public procurement



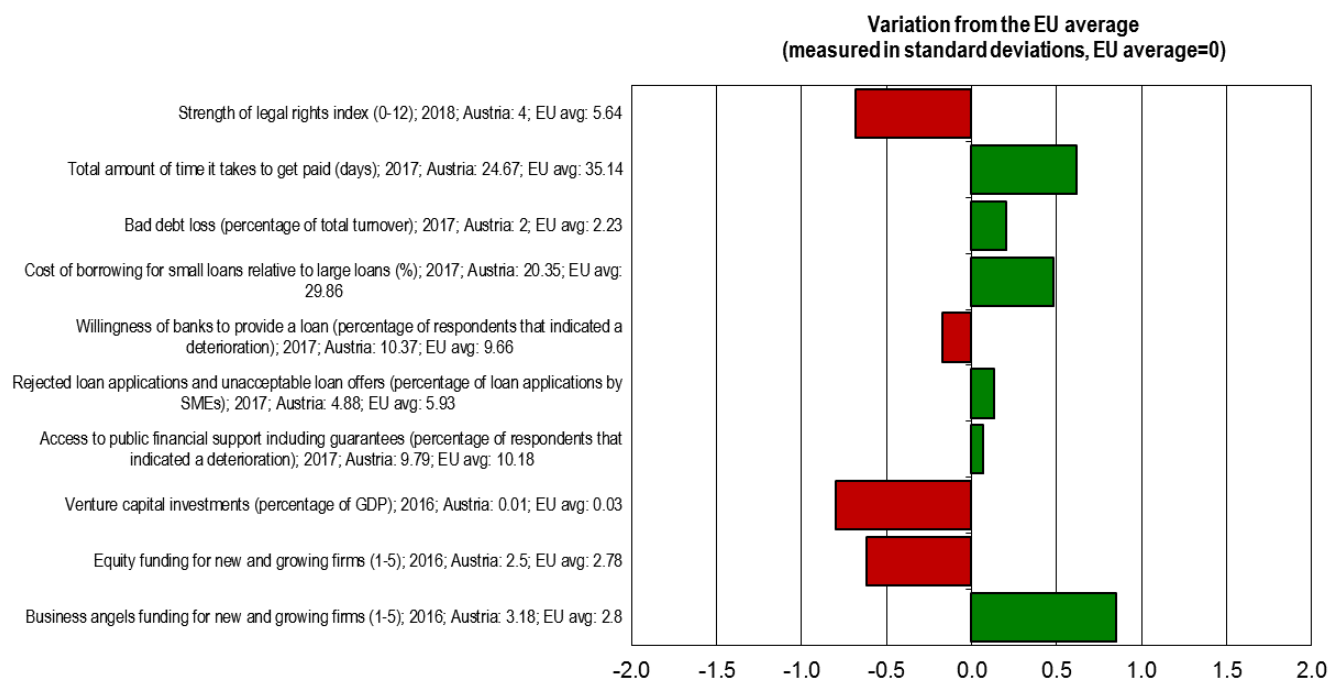
Austria performs in line with the EU average in this area. Since 2008, the country's overall performance has increased. However, there was a small drop (from 36 % in 2015 to 34 % in 2017) in the proportion of businesses taking part in a public procurement process. On a positive note, the average payment delay by public authorities dropped significantly from 14 days to just 5. This allowed Austria's score on this indicator to surpass the EU average, which itself fell by just over a day during the same period to 9 days.

Since 2008, a variety of measures have been taken to improve SME access to state aid & public procurement, leading to steady progress. Measures such as the 'Strategic Guiding Concept for

Tenders Supporting Innovation' and the Federal Procurement Agency's SME Strategy have been introduced to meet the special needs of SMEs. Creating a central e-portal for all public tenders would help continue growth in the proportion of SMEs submitting proposals in a public tender system, which has increased steadily since 2011.

During the reference period, significant progress in this area has been made thanks to one significant additional policy measure. It was agreed that the one-stop shop business service portal (usp.gv.at) would be a single point of information on the procurement process. The respective law was due for adoption after the reference period.

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.

Austria made progress in this area, performing in line with the EU average. However, since 2008 progress has been quite limited when compared to the change in the EU average over the same period. Austria has the third lowest annual average interest rate for small loans in the EU at 1.7 %, less than half the 5.5 % recorded in 2008. Some 9.8 % of respondents indicated that there was reduced access to public financial support, down from 18.5 % in 2016, though rejected loan applications increased from 2.8 % in 2016 to 4.9 % in 2017. While the number of days it takes to get paid reduced (down from 29 in 2016 to 24.7 in 2017), bad debt loss as a percentage of turnover worsened from 1.7 % in 2016 to 2 % in 2017.

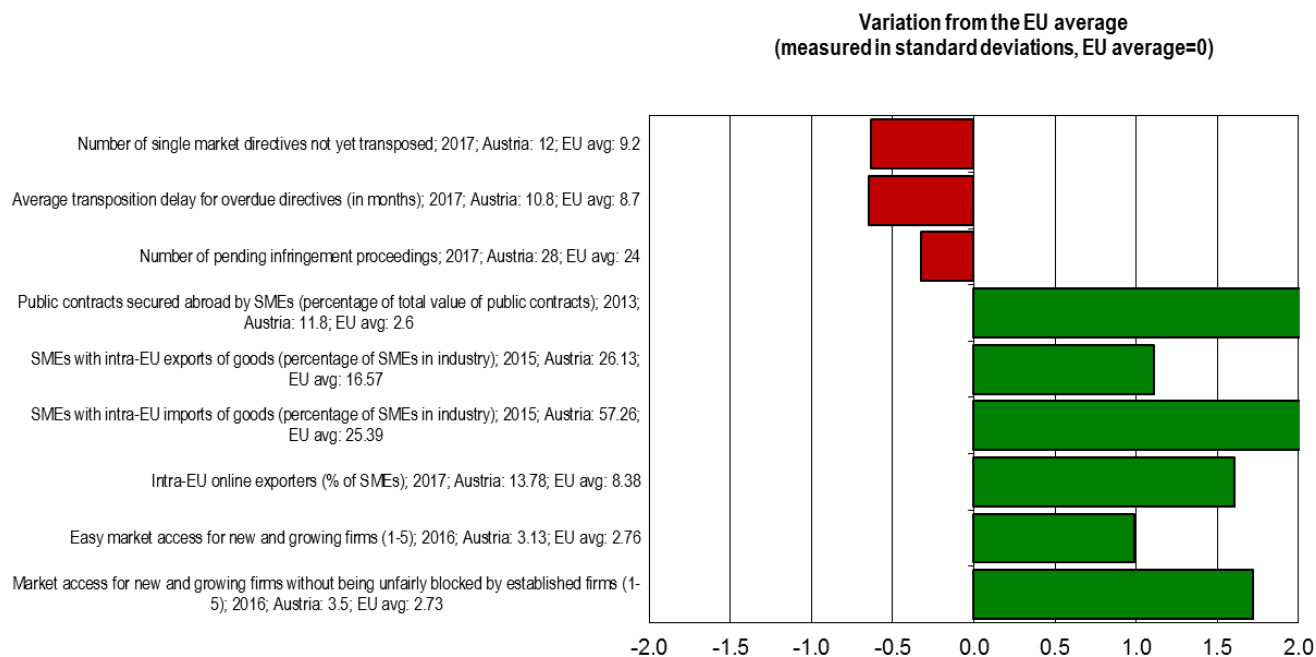
While SMEs have not faced a credit crunch since 2008, problems remain and there has been a pertinent need to broaden the spectrum of available sources of financing for SMEs. In this context, it is positive that a shift from loan to equity financing is beginning to be noticed. However, high-growth firms still face bottlenecks when they scale up and try to enter public capital markets. Access to venture capital has historically been an issue in Austria. This prompted the recent launch of a series of both private and public sector initiatives, such as a venture capital fund set up by the Austrian federal promotional bank (aws), to facilitate access to venture capital.

Austria's policies in this SBA area have succeeded in improving SME access to equity and business angel financing to meet minimum SBA requirements. The recent increase in business angel funding (with an additional allocation of EUR 20 million for start-ups) has notably highlighted this emphasis on improving access to finance. While this progress has been welcome, creating an equity-financing ecosystem for SMEs that can help fast-growing companies to scale up should be a priority for future activities. Also, alternative funding, in the form of crowdfunding, has been supported by the Crowdfunding Law (*Alternativfinanzierungsgesetz AltFG*) that regulates the conditions of and requirements for crowdfunding platforms and projects. This provides security for private investors and encourages investment within the legal framework. EUR 53.4 million has been raised using crowdfunding so far, spread across 199 projects²². The law was been slightly amended in terms of the required thresholds for capital market prospectuses.

During the reference period, Austria adopted the following significant measure to strengthen access to finance:

- A financing company for SMEs (MiFiG - *Mittelstandsfinanzierungsgesellschaft*) was created to increase private equity investment in start-ups through tax exemptions for private investors and SME financing companies.

3.6 Single market



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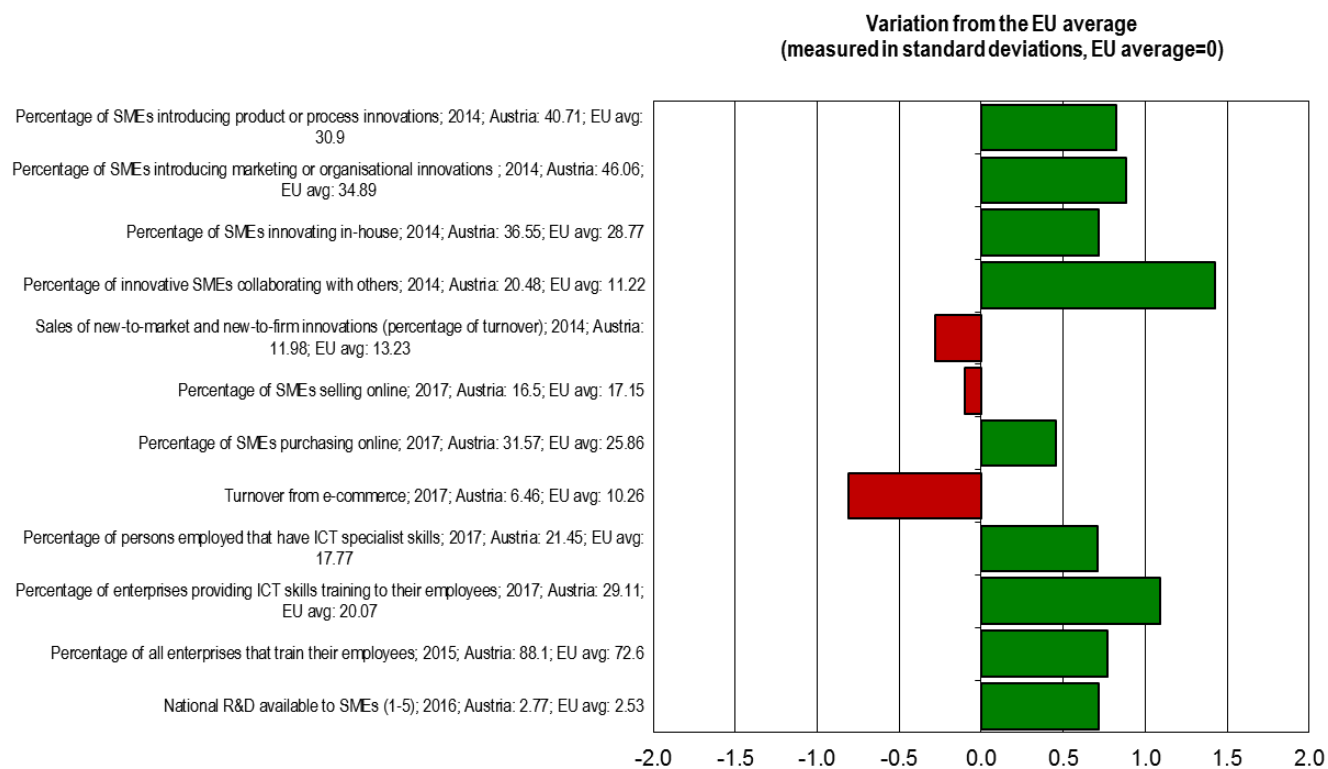
Austria continues to perform among the top three Member States in this area, having steadily improved its performance since 2008. The country has the highest proportion of SMEs importing from within the EU (57.3 %); it has open and competitive markets; and Austrian SMEs secure almost 12 % of the value of public contracts abroad – the third highest figure among Member States in this year’s fact sheet. These figures are supplemented by the reduction in the number of outstanding single market directives from 16 to 12 between 2016 and 2017. Despite this progress, the number of pending infringement proceedings remained at 28 and therefore remains in line with the EU average. Also, the average transposition delay for overdue directives increased from 7.9 months to 10.8 months.

Since 2008, Austria’s policy progress has been limited, partly due to the long-term nature of many policy measures. As stated in the previous SBA fact sheets, the number of measures addressing the business environment specifically in the context of the SBA could be increased. This being said, with the entry into force of the 2016 Standards Law, an important measure

was recently put in place. The Standards Law requires the Austrian standardisation strategy to be evaluated regularly in line with national and international requirements. Also, the new Federal Government’s work programme requires that the Austrian standardisation strategy be refined by involving all relevant stakeholder groups so as to identify what is relevant for the future. This could result in the uptake of digitisation, the internet of things, and industry 4.0.

In 2017, the Federal Economic Chamber organised delegation trips for female entrepreneurs (Platform ‘Women in Business’) to present market opportunities in other countries and motivate female entrepreneurs to export their products. So far there has been one trip to the Netherlands and another one is planned for Brussels.

3.7 Skills & innovation



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

Austria performs above the EU average in this area. However, since 2008 Austria’s overall performance on this SBA area has regressed. On a positive note, the country is among the top three EU performers regarding: (i) the percentage of innovative SMEs collaborating with others (20.5 %); (ii) the proportion of SMEs providing ICT training to their employees (29.1 %); and (iii) the perceived sufficiency of government subsidies for new and growing firms to acquire technology. The proportion of SMEs selling online has grown (16.5% in 2017 against 14.5 % in 2016). The total turnover from e-commerce has also increased (6.5 % in 2017 against 5.7 % in 2016), though the proportion of SMEs purchasing online and the percentage of employees with specialist ICT skills fell slightly (both down about 2 percentage points in 2017 against 2016). In-house innovation in SMEs has not grown considerably since 2008, though the most recent figure for this indicator is from 2014.

Since 2008, Austria has introduced a wide range of measures and initiatives to advance the research, development and innovation capabilities of SMEs and to support high-growth, innovative companies. Policy measures in this SBA area have been strongly focused on digitisation and the requirements of the workforce of the future. Innovation-related measures such as the creative industries strategy, the open innovation strategy or the intellectual property (IP) strategy were put in place. The

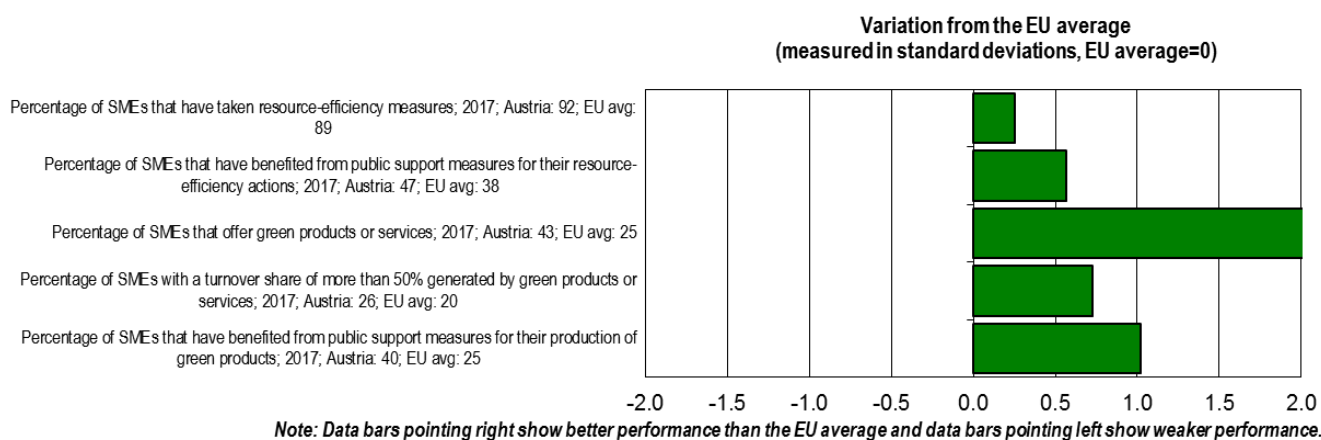
latter provided customised IP awareness-raising and coaching activities for start-ups and SMEs. All the services are built around the IP hub located at the patent office that provides comprehensive support services on IP-related issues. Elsewhere, the Federal Ministry of Digital and Economic Affairs set up a blockchain strategy, along with a virtual test village called ‘Kettenbruck’, which was put in place to test blockchain technology applications for public services. Furthermore, the Vienna University of Business and Economics established an institute focused on research work in the field of economics of cryptocurrencies.

The following five significant policy measures were also implemented during the reference period:

- VET (Vocational Education and Training): The Federal Government introduced several new VET training schemes, including on e-commerce. It also announced an evaluation of all occupational profiles regarding competence-orientation and future skills. Furthermore, an overall VET strategy, to create a framework for training future skilled workers will be drawn up. This will involve developing new types of dual trainings and curricula, e.g. a combination of different continuing VET programmes, as well as adapting the dual education system to digitalisation requirements.

- The 'Impact Innovation Programme', which supports innovation skills capacity-building for SMEs and start-ups.
- The increase of the tax incentive for in-house R&D from 12 % to 14 %, to stimulate SME R&D activities.
- IP coaching from the Austria Wirtschaftsservice (aws), which supports the implementation of an IP strategy in SMEs.
- The Austrian digitisation initiative (KMU DIGITAL), which provides an extensive digital support scheme for SMEs.

3.8 Environment



Austria is well ahead of all other EU Member States in this policy area. Some 43 % of SMEs provide green products or services. In the reference period there were increases in the proportion of SMEs that benefited from public support for either their resource efficiency activities (from 40 % to 47 %) or their production of green products (from 28 % to 40 %). The proportion of SMEs with more than 50 % of their turnover generated from green products or services declined by 2 percentage points.

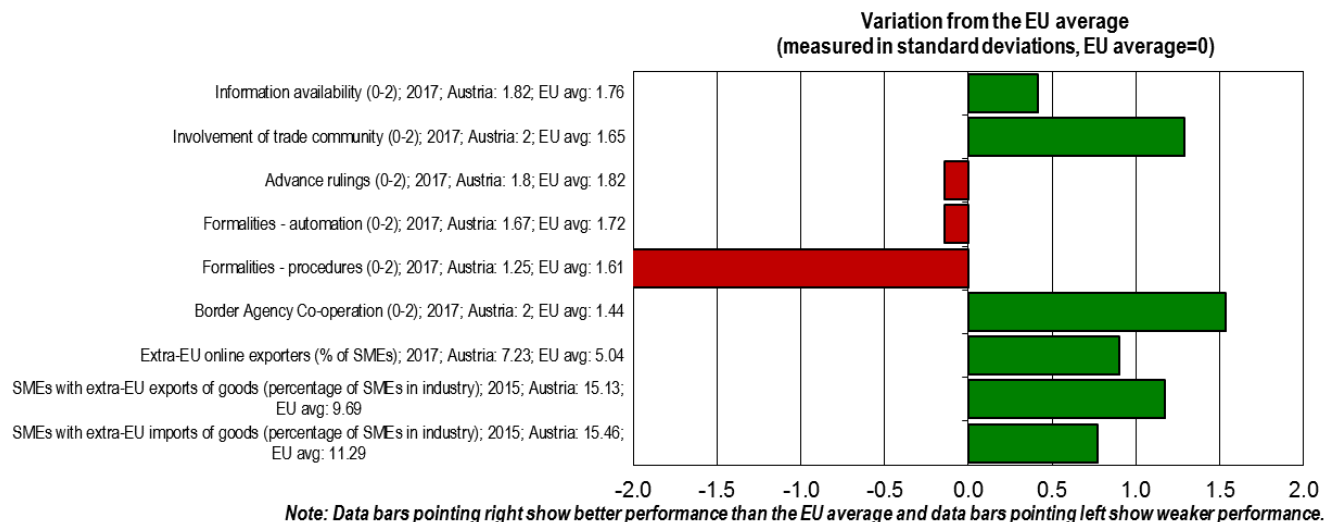
Since 2008, the focus in this area has been on new funding schemes and tax adaptations, with substantial progress achieved. According to a current survey commissioned by the Federal Economic Chamber (WKÖ) and the Federal Ministry of Sustainability and Tourism^{23,24}, the number of employees in the environmental engineering sector has tripled since 1993 and the sector has 2 500 SMEs, which generate 72 % of their turnover from export sales. Austria recently created a zone (known as a 'role model region') called 'Energy', where intelligent, safe and affordable energy and mobility solutions can be developed and tested.

During the reference period, a couple of noteworthy measures were announced or put in place. Firstly, the next phase of the 'Resources.Efficiency.Technology' initiative (RESET2020) will begin. The Ministry of Sustainability and Tourism designed this initiative in 2014 as a point of contact for stakeholders and subject-matter experts to cooperate, network and exchange knowledge. In 2018 Austria launched a pilot consultancy project for SMEs to improve material efficiency across a variety of companies and sectors.

The second measure involved social and economic partners of the beverage packaging industry voluntarily introducing the Sustainability Agenda for Beverage Packaging (*Nachhaltigkeitsagenda für Getränkeverpackungen*). This is a catalogue of measures that aim to ensure the sustainable production and sale of beverage packages by increasing the percentage of recyclable and recycled PET bottles.

Despite Austria's progress in this area, further sustainability-oriented measures are expected in the future.

3.9 Internationalisation



Austria performs above the EU average on internationalisation, with the third highest proportion of SMEs in industry exporting goods outside the EU. The percentage of SMEs exporting online outside the EU rose from 5.2 % in 2015 to 7.2 % in 2017. It is difficult to draw any conclusions on information availability, trade community involvement, advance customs rulings, the automation or procedures involved with trade formalities or border agency cooperation given that the underlying methodology for calculating these indicators changed during the reference period. However, the weak result in the trade facilitation indicator of procedural formalities clearly points to the need to simplify and improve customs procedures (time and cost) for Austrian SMEs when doing business across borders.

Since 2008, the performance in this SBA area has significantly improved, thanks to the contribution of measures such as the

'kit4 market' from the aws, the 'internationalisation offensive', tec4 market, the 'beyond Europe' initiative and the global incubator network. The percentage of SMEs operating internationally is constantly increasing, thanks in part no doubt to the key action programme 'Go International'. This is – a comprehensive support scheme to help SMEs internationalise. It has supported 1 141 promotional events and awarded 2 300 market entry grants for SMEs since 2015²⁵.

During the reference period, no significant measures were implemented, with the exception of the pilot initiative 'Tecxport', introduced in 2017. This initiative supports the export of technology developed in Austria, focusing on business opportunities in China.

4. Interesting initiative

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

KMU DIGITAL – the Austrian Digitisation initiative for SMEs

The Austrian digitisation initiative 'KMU DIGITAL' provides extensive support to SMEs, helping them to design their respective digitisation strategies. The programme includes supported consulting services, events, webinars, analysis tools and training programmes. 'KMU DIGITAL' covers a vast array of digitisation topics including e-commerce and social media, e-recruiting, data and IT security and cybercrime protection. Its support is offered on different levels, and varies from a free online check verifying an SME's digitisation potential, to free analysis by assigned consultants with knowledge in digitisation, to consulting services and training for entrepreneurs and their employees. After 5 months, the programme – a shared initiative of the Federal Ministry for Digital and Economic Affairs (BMDW) and the Federal Economic Chamber (WKÖ) – has resulted in more than 400 digitalisation-consultant certifications and more than 3 000 applications. This highlights the need to advise and support SMEs so they can best capitalise on digitisation opportunities. The initiative helps SMEs to explore new markets via e-commerce applications or digital business processes. The overall budget for the two-year pilot was set at EUR 6.7 million.

References: www.kmudigital.at

Important remarks

The European Commission Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs (DG GROW) produces the SBA fact sheets as part of the SME Performance Review (SPR), its main vehicle for economic analysis of SME issues. They combine the latest available statistical and policy information. Produced annually, they help to organise the available information to facilitate SME policy assessments and monitor SBA implementation. They take stock and record progress. They are not an assessment of Member State policies. Rather, they should be regarded as an additional source of information to improve evidence-based policy-making. For example, they cite only policy measures national SME policy experts consider relevant. They do not and cannot reflect all measures the government has taken over the reference period. There is more policy information on a database accessible from the SPR website.

SME Performance Review:

<http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/>

grow-spr@ec.europa.eu

Small Business Act:

http://ec.europa.eu/growth/smes/business-friendly-environment/small-business-act/index_en.htm

Entrepreneurship and SMEs:

<https://ec.europa.eu/growth/smes>

Endnotes

¹ The two graphs below present the trend over time for the variables. They consist of index values for the years since 2008, with the base year 2008 set at a value of 100. As from 2016, the graphs show estimates of the development over time, produced by DIW Econ on the basis of 2008-2015 figures from Eurostat's Structural Business Statistics Database. 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). They do not cover enterprises in agriculture, forestry and fisheries or largely non-market service sectors such as education and health. A detailed methodology can be consulted at: <http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/>

² AK Wien (2017), Branchenreport Handel 2017, available at: <https://media.arbeiterkammer.at/wien/PDF/studien/Branchenreport.Handel.2017.pdf>; last accessed 8.5.2018.

³ Ibid.

⁴ See footnote 16.

⁵ The Austrian Research Promotion Agency (FFG), available at: <https://www.ffg.at/sites/default/files/pdf/3617c4532103b3c4788a9c82b4cd606f3e054e1f.pdf>, last accessed 14.05.2018 and Austria Wirtschaftsservice (aws) available at: <https://www.aws.at/richtlinien/r/richtlinien-erp-technologieprogramm/>, last accessed 14.5.2018.

⁶ Bundesministerium für Wissenschaft, Forschung und Wirtschaft (2016), Wirtschaftsbericht Österreich 2016, available at: <https://www.bmdw.gv.at/Wirtschaftspolitik/Wirtschaftspolitik/Seiten/Wirtschaftsbericht.aspx>, last accessed 8.5.2018.

⁷ Ibid.

⁸ Digitales Österreich, available at: <https://www.digitales.oesterreich.gv.at/e-government-vision-2020>, last accessed 14.5.2018.

⁹ Bundesministerium für Wissenschaft, Forschung und Wirtschaft (2014), Wirtschaftsbericht Österreich 2014, available at: <https://www.bmdw.gv.at/Wirtschaftspolitik/Wirtschaftspolitik/Seiten/Wirtschaftsbericht.aspx>; last accessed 9.5.2018.

¹⁰ Bundesministerium für Wissenschaft, Forschung und Wirtschaft (2015), Wirtschaftsbericht Österreich 2015, available at: <https://www.bmdw.gv.at/Wirtschaftspolitik/Wirtschaftspolitik/Documents/Wirtschaftsbericht2015.pdf>; last accessed 8.5.2018.

¹¹ Bundesministerium für Wissenschaft, Forschung und Wirtschaft (2015), Wirtschaftsbericht Österreich 2015, available at: <https://www.bmdw.gv.at/Wirtschaftspolitik/Wirtschaftspolitik/Documents/Wirtschaftsbericht2015.pdf> and Bundesministerium für Wissenschaft, Forschung und Wirtschaft (2016), Wirtschaftsbericht Österreich 2016, available at: <https://www.bmdw.gv.at/Wirtschaftspolitik/Wirtschaftspolitik/Seiten/Wirtschaftsbericht.aspx>; last accessed 8.5.2018.

¹² Bundesministerium für Wissenschaft, Forschung und Wirtschaft (2016), Wirtschaftsbericht Österreich 2016, available at: <https://www.bmdw.gv.at/Wirtschaftspolitik/Wirtschaftspolitik/Seiten/Wirtschaftsbericht.aspx>; last accessed 8.5.2018.

¹³ Bundesministerium für Wissenschaft, Forschung und Wirtschaft (2016), Wirtschaftsbericht Österreich 2016, available at: <https://www.bmdw.gv.at/Wirtschaftspolitik/Wirtschaftspolitik/Seiten/Wirtschaftsbericht.aspx>; last accessed 8.5.2018 and Bundesministerium für Wissenschaft, Forschung und Wirtschaft (2014), Wirtschaftsbericht Österreich 2014, available at: <https://www.bmdw.gv.at/Wirtschaftspolitik/Wirtschaftspolitik/Seiten/Wirtschaftsbericht.aspx>; last accessed 9.5.2018.

¹⁴ WKO Statistik (2018), Unternehmensgründungen 1993 bis 2017 in Österreich, available at: <http://wko.at/statistik/ng/ng-oesterreich.pdf>; last accessed 8.5.2018.

¹⁵ Statistik Austria, Unternehmensdaten, available at: http://www.statistik.at/web_de/statistiken/wirtschaft/unternehmen_arbeitsstaetten/index.html; last accessed 8.5.2018.

¹⁶ Due to data availability, the data on high-growth firms refers to the 'business economy' only, which covers sections B-N including section K (financial activities, except activities of holding companies). The 'non-financial business economy' excludes section K.

¹⁷ In line with the Commission implementing regulation (EU) No 439/2014, high-growth enterprises are defined as firms with at least 10 employees in the beginning of their growth and average annualised growth in number of employees greater than 10 % per annum, over a 3-year period. The share of high-growth enterprises is the number of high-growth enterprises divided by the number of active enterprises with at least 10 employees. Source of the data on high-growth enterprises is Eurostat (http://ec.europa.eu/eurostat/web/products-datasets/-/bd_9pm_r2, last accessed 13.04.2018).

¹⁸ The data presented was collected and analysed by the EU Startup Monitor project, in cooperation with the Austrian Startup Monitor, www.startupmonitor.eu. Note that the percentage of female entrepreneurs in Austria is significantly higher. The figure reported here only relates to female founders of startups as defined in the EU Startup Monitor.

¹⁹ The 2018 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.

²⁰ 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 2018. 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 2018. 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. A detailed methodology can be consulted at: <http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/>

²¹ The policy measures presented in this SBA fact sheet are only a selection of the measures the government took in 2017 and the first quarter of 2018. The national SME policy expert that PwC (DG GROW's lead contractor for the 2018 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.

²² <http://www.discover-cee.com/crowdfunding-a-new-financing-trend-in-austria/>

²³ https://news.wko.at/news/oesterreich/Studie_UP_Oesterreichische_Umwelttechnik_Motor_Wachstum_Besc.pdf

²⁴ https://nachhaltigwirtschaften.at/resources/nw_pdf/0908_umwelttechnikstudie.pdf?m=1469659564

²⁵ <https://www.wko.at/service/aussenwirtschaft/aussenwirtschaftscenter.html>