

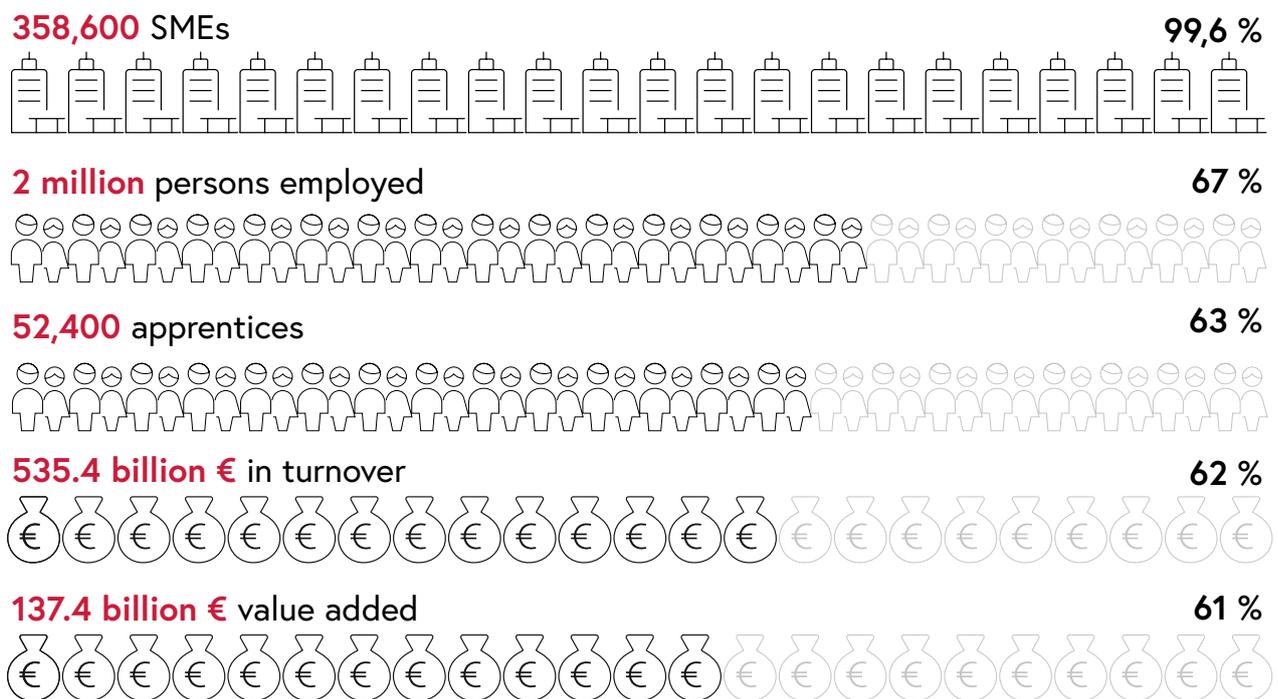
SMEs in Focus 2021 – Executive Summary



Austria's small and medium-sized enterprises are the backbone of the economy

In 2021, there were around **358,600 small and medium-sized enterprises (SMEs)** in Austria, which corresponds to a share of **99.6 %** of all enterprises in the market-oriented economy. SMEs employ a total of **2 million workers** and train **52,400 apprentices** (= 67 % of persons employed and 63 % of apprentices in the market-oriented economy). In 2021, SME **turnover** amounted to **€ 535.4 billion** (= 62 % of total turnover in the market-oriented economy) and **gross value added** to **€ 137.4 billion** (= 61 % of value added).

Figure 1 **Share of SMEs in the market-oriented economy**

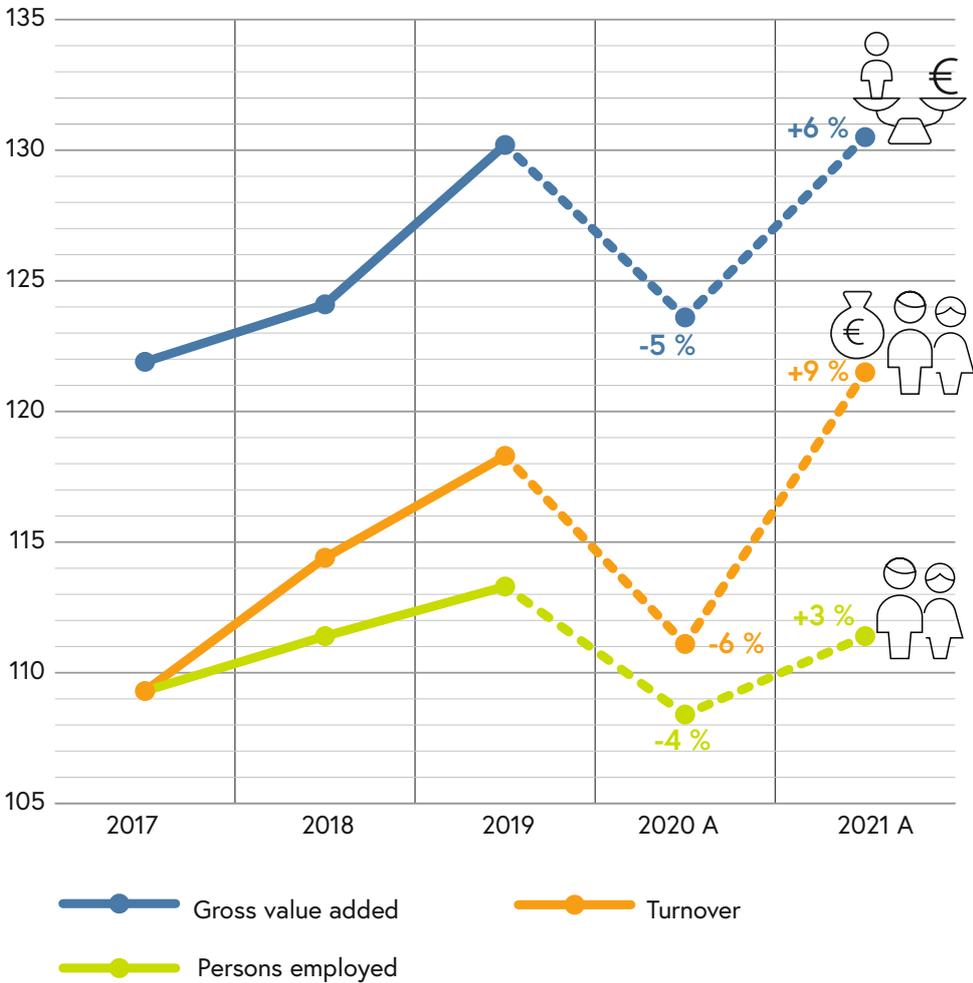


Data for 2021; estimate by the Austrian Institute for SME Research based on data from Statistics Austria, Dachverband der österreichischen Sozialversicherungsträger (Umbrella organization of the Austrian Social Insurance Institutions), WIFO (Austrian Institute of Economic Research), Austrian Economic Chambers; sources: Austrian Institute for SME Research, Statistics Austria (as of March 2022).

Positive development after Corona crisis year

Following significant declines in 2020, small and medium-sized enterprises grew again in 2021. Their nominal turnover (2021: +9 %) and gross value added (+6 %) in 2021 were already above the 2019 level – also due to the price effect. Employment in SMEs (2021: +3 %) has not yet returned to the pre-crisis level.

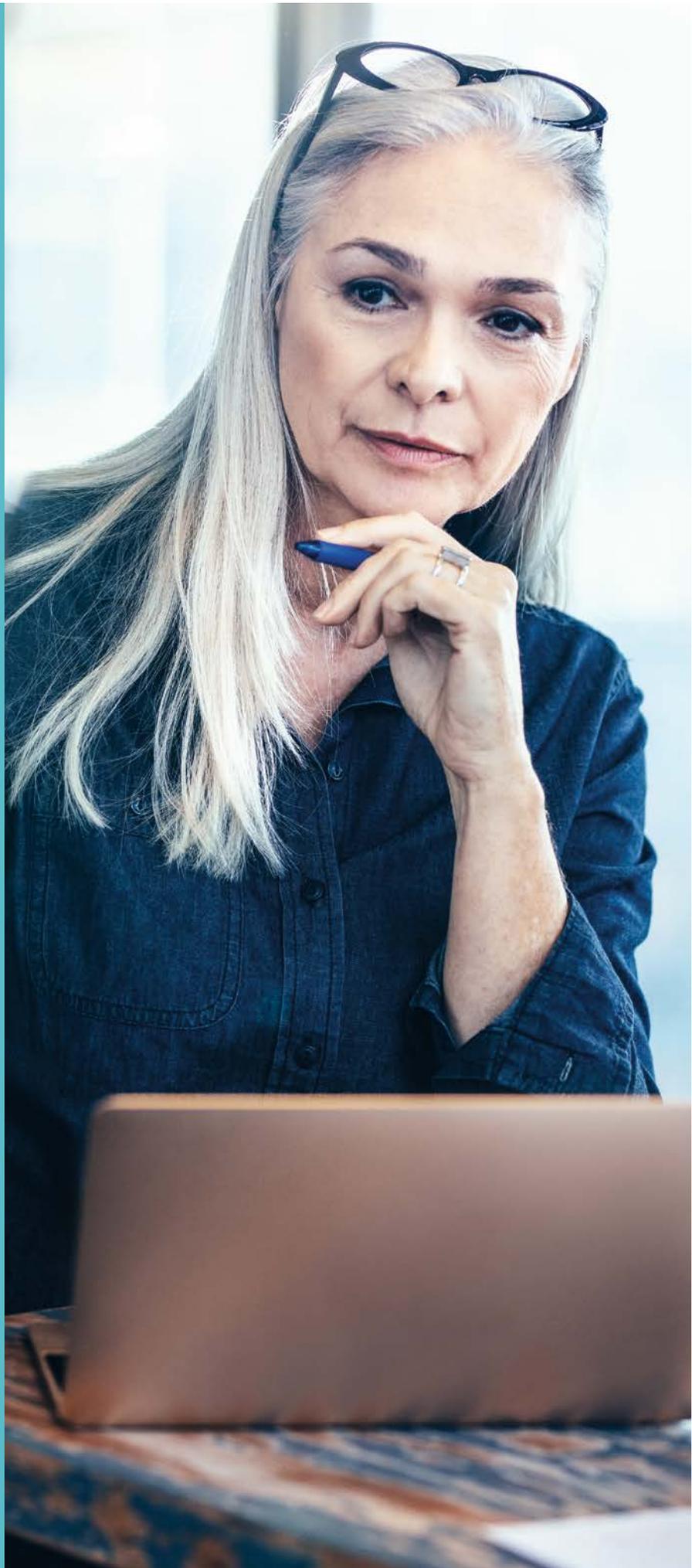
Figure 2 Development of SMEs 2017–2021, index: 2011=100



A: Estimate by Austrian Institute for SME Research based on data from Statistics Austria, Dachverband der österreichischen Sozialversicherungsträger (Umbrella organization of the Austrian Social Insurance Institutions), WIFO (Austrian Institute of Economic Research), Austrian Economic Chambers; market-oriented economy; source: Statistics Austria, Austrian Institute for SME Research (March 2022).

SME sector is characterized by great diversity

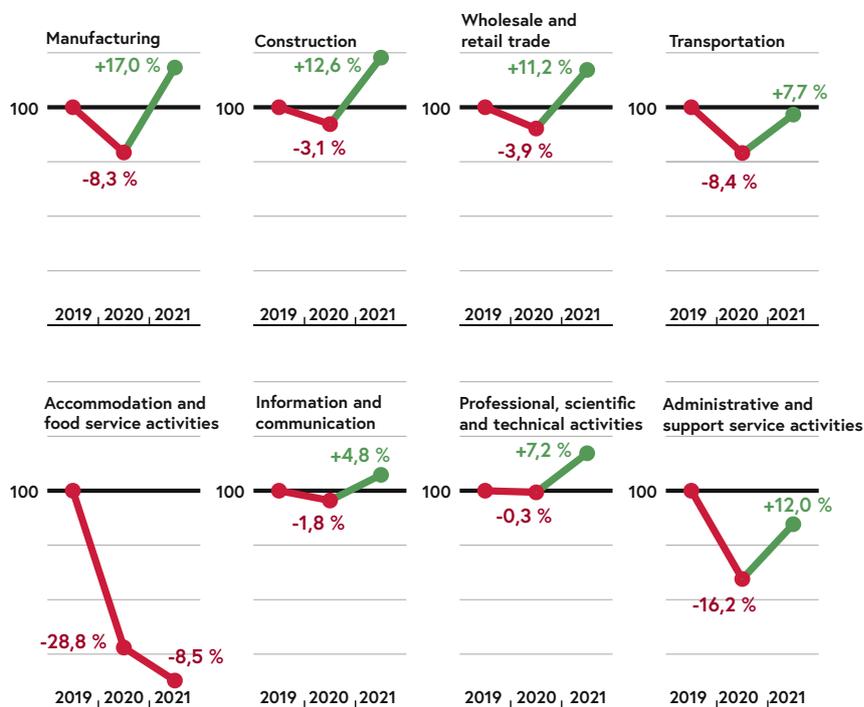
- **One-person enterprises:** 42 % or 152,500 of all companies in 2021 were One-person enterprises. In the past ten years (2011 – 2021), their number has grown by +34 %.
- **Hybrid enterprises:** Around 103,500 self-employed persons (share: 17 %, 2020) are self-employed and in dependent employment at the same time. They are thus also referred to as hybrid entrepreneurs. In the period from 2010 to 2020, the number of hybrid entrepreneurs increased by 21 %.
- **30,700 silverpreneurs** (2020) or 8 % of all self-employed are still active in business beyond retirement age. In the past decade (2010 – 2020), their number has increased by around 13 %.
- Around 2,240 (2019) companies are designated as **social enterprises**. These companies are characterized by primarily pursuing a social/ecological goal (solving a social challenge) as their core business.
- Over 2,800 **start-ups** have been founded in Austria since 2010. Start-ups are innovative foundations with outstanding growth potential.



Corona crisis not yet overcome in all sectors

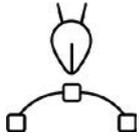
Thanks to strong consumer and investment demand, there was a clear upswing in many sectors of the economy, especially in construction, manufacturing, wholesale and retail trade as well as professional, scientific and technical activities (e.g. tax and management consultants, architecture and engineering offices, advertising). In contrast, the pre-crisis level has not yet been reached in transportation as well as administrative and support service activities (e.g. travel agencies, employment placement agencies) and, in particular, accommodation and food service activities. Accommodation and food services suffered significant sales declines in both 2020 and 2021.

Figure 3 **Nominal turnover development by industry**, index: 2019=100



Sources: Estimates by the Austrian Institute for SME Research based on data from Statistics Austria, Dachverband der österreichischen Sozialversicherungsträger, (Umbrella organization of the Austrian Social Insurance Institutions), WIFO (Austrian Institute of Economic Research), Austrian Economic Chambers

Strengths of SMEs



High innovation rate
of Austrian SMEs in EU comparison (61 % vs. 49 % of SMEs with innovation activities).



Sustainability:
High proportion of SMEs with environmental measures (45 % of Austrian SMEs with an action plan for sustainability vs. 34 % of SMEs EU-wide);



Internationalisation:
High degree of internationalisation among SMEs; high share of Austrian SMEs selling online to other EU countries (16 % vs. 9 % of SMEs in the EU average);



Financing:
68 % of SMEs in Austria rate access to private and public financing as (very) good compared to 50 % of SMEs EU-wide.

Business situation: The financial situation of SMEs is stable thanks to Corona aid measures. In the period under review, 2019/20 (before Corona), the average return on sales was 5.0 % (indicative value 2020/21: 5.4 %). The average equity ratio was 34 % in 2019/20 (indicative value 2020/21: 36 %).

Challenges of SMEs



Digitalisation:
Digital intensity (63 % of Austrian SMEs with only basic digital intensity compared to 60 % of SMEs EU-wide) and e-commerce activities (22 % of SMEs in Austria vs. 18 % of SMEs EU-wide with online sales) rank in the EU midfield, there are less advanced digital technologies in Austrian SMEs;



R&D activities
of SMEs rank in the EU midfield (21 % of Austrian SMEs pursue R&D activities compared to 20 % SMEs on EU average);



Financing:
There is a need to catch up in the area of equity and venture capital financing (the share of private equity and venture capital as a percentage of GDP in Austria amounts to 0.044 % in 2020 as compared to 0.51 % on average in the EU);



Key challenges from the point of view of companies:
Shortage of skilled workers, energy prices as well as prices of raw materials and inputs, labor costs, supply chain problems.

Sources: Statistics on ICT usage in enterprises, Eurostat; Community Innovation Survey, Eurostat; Flash Eurobarometer 481, European Commission; Trade by business characteristics, Eurostat; Survey on Access to Finance (SAFE), European Commission.

Skilled workers and training as essential competitive factor

Well-trained skilled workers are a key competitive factor for companies. The severe shortage of skilled workers, exacerbated by the Corona crisis and the resurgent economic upturn, is the biggest hurdle for companies' business activities and innovative capacity.



70 % of companies are currently affected by a very or rather severe shortage of skilled workers. **Small businesses** and the **trades and crafts as well as tourism and leisure industries** are particularly hard hit;

High demand for skilled workers in technical crafts professions, tourism occupations and generally for people with apprenticeship education.

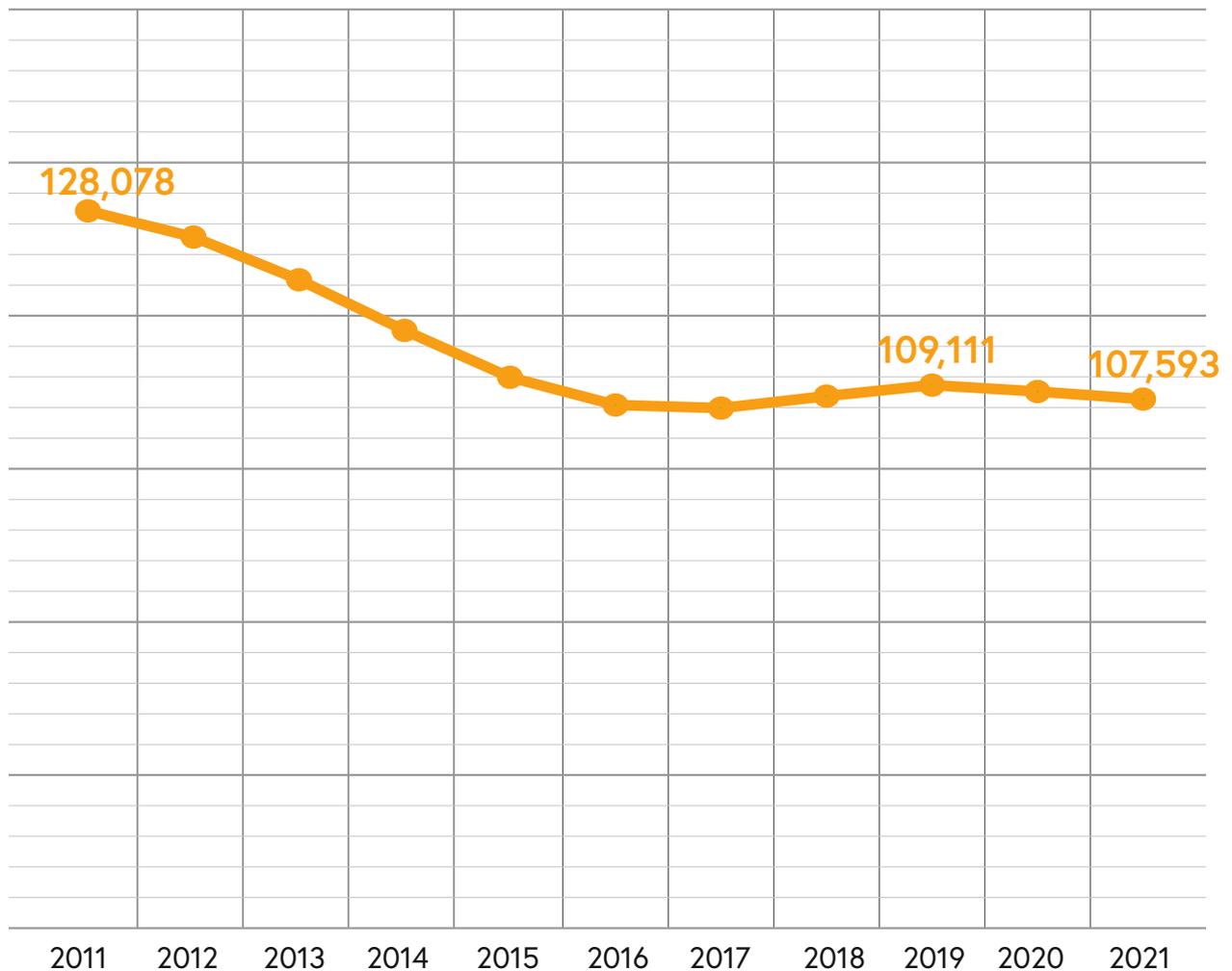
Main causes of the shortage of skilled workers: demographic development, mismatches in terms of educational backgrounds as well as mismatches between Austrian regions, too little interest in and low acceptance of working conditions in certain occupations (e.g. tourism, sales).

Developments in apprenticeship training

Corona pandemic temporarily led to a decline in (apprenticeship) training activities and made them more difficult; but the crisis also pushed digitalisation in recruitment and training formats.

Declining share of SMEs in apprenticeship training: In 2019, 63 % of apprentices were trained by SMEs as compared to 70 % in 2010. Reasons: declining number of apprentices, great competition from large companies, regional and professional mismatches.

Figure 4 **Development of the number of apprentices 2011 – 2021**
Corona pandemic halted positive trend reversal in the development of the number of apprentices



Source: Austrian Economic Chambers, apprenticeship statistics

Selected measures to combat the shortage of skilled workers

- **Upgrading and making apprenticeships and practice-oriented vocational education more attractive:** Among other things, the introduction of higher vocational education is planned in this context. This is intended to provide people with apprenticeship qualifications with a new path to further education, similar to academic education careers, and to promote permeability between VET and higher education.
- **Vocational orientation and placement of workers:** The measure “b.mobile – Fachkräftepotenzial nutzen” (“b.mobile utilising skilled labour potential”) – offers a supraregional placement of people suitable for apprenticeship training. The measure also aims at balancing the regional mismatch between eastern and western Austria.
- **Improving and adjusting the quality of training and continuing education:** A key measure in this context is the “Qualifizierungsoffensive” (“qualification offensive”). It includes financial support for the development and enhancement of competences with a focus on digitalisation and innovation agendas of companies and employees.
- **Support for SMEs:** SMEs are supported in the international recruitment of skilled workers by the new “ABA-Work in Austria” department of the Austrian Business Agency (ABA). This is dedicated to making Austria more attractive as a business location and actively promoting it to foreign skilled workers.
- **Targeting specific groups for apprenticeship training (women, young people with a migration background, adults):** The “duale Akademien” (“dual academies”) address older groups of people for apprenticeship training and offer, among other things, an apprenticeship period shortened by one year, specific vocational school classes, internships abroad and further training in skills relevant in the future.



Supporting and unburdening SMEs

In Austria, there are – in addition to Corona-specific support – a variety of measures to support SMEs. A selection of current measures structured by the strategic pillars of the “SME Strategy for a sustainable and digital Europe” of the European Commission is listed below:

Current measures to promote SMEs in Austria structured by the pillars of the SME Strategy for a sustainable and digital Europe of the European Commission

Innovation funding by the Austrian Research Promotion Agency (Forschungsförderungsgesellschaft – FFG): In 2021, a total of 2,789 SMEs carried out FFG projects (= 80 % of all funded companies). 44 % of the total funding or € 195 million went to SMEs.

KMU.DIGITAL (“SME.DIGITAL”): The measure offers a total of € 5 million per year for status and potential analyses, strategy consultations and the implementation of digitisation projects in SMEs.

KMU.Cybersecurity (“SME.Cybersecurity”): € 2.3 million for the implementation of IT and cybersecurity projects in SMEs.

Investment allowance of 15 % for investments by enterprises in the field of greening.

COVID-19 Investitionsprämie (“COVID-19 Investment premium”): Subsidy of 7 % for capitalised investments. A higher premium of 14 % is provided for investments in the areas of greening, digitalisation and health/life sciences.

Capacity-building and support for the transition to sustainability and digitalisation



Improving access to financing

Financing support from Austria Wirtschaftsservice GmbH (aws, promotional bank of the Austrian federal government): The aws offers loans, grants, guarantees, equity funds as well as coaching and consulting services for SMEs. In 2021, it granted 245,290 funding pledges (incl. Covid aid measures) and provided financing of € 6.5 billion. More than 95 % of the funding pledges went to SMEs.

Financing support from the Österreichische Hotel- und Tourismusbank GmbH (ÖHT, Austrian Hotel and Tourism Bank): The ÖHT offers investment loans, grants and guarantees for businesses in the tourism and leisure industry. In 2021, 760 funding cases with a total investment volume of around € 897 million were settled by the ÖHT.

Amendment to the Alternative Financing Act (Alternativfinanzierungsgesetz AltFG): Further improved legal framework for swarm financing enables large issues without the requirement of a capital market prospectus.

Reducing regulatory burden and improving market access

Small business flat rate (“Kleinunternehmerpauschalierung”) allows for a simplified flat rate determination of profit for small business owners.

Workplace allowance for self-employed persons (“Arbeitsplatzpauschale für Selbstständige“): In the case of business income, the use of private living space is taken into account for tax purposes by means of a workplace allowance.

Relief within the framework of the eco-social tax reform („ökosoziale Steuerreform“): Within the framework of the eco-social tax reform, many relief measures for enterprises were adopted: reduction of income tax, increase of the limit for low-value assets from € 800 to € 1,000, gradual reduction of corporate income tax from 25 % to 23 %, increase of the basic allowance for profit from 13 % to 15 % as well as tax benefits for the participation of employees in the profits of the enterprise.

Start-up package/deregulation package (“Gründerpaket/ Deregulierungspaket“): the measure includes a new capital company form for unbureaucratic business foundation and flexible allocation of shares, a Grace Period Act for facilitation of business transfers and the “Once Only System”, whereby data for the public sector have to be provided by companies only once.

“Go international”: provides support for the internationalisation of SMEs. New measures in the support programme: Education voucher for staff at foreign branches, support services on the topics of sustainability, responsibility and strategic optimisation of value chains, as well as a Russia/Ukraine/Belarus service package for introducing affected companies to alternative markets.