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United Nations Industrial Development Organization

A Comparative Analysis of  
SME Strategies, Policies and Programmes  
in Central European Initiative Countries

A stylized, high-contrast map of Europe. The landmasses are represented by thick black outlines. Austria is highlighted with a solid black fill, making it stand out from the rest of the map. The map is positioned at the bottom of the page, with the text "Part III Austria" overlaid on it.

Part III  
Austria

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**A COMPARATIVE ANALYSIS OF  
CURRENT SME STRATEGIES  
POLICIES AND PROGRAMMES  
IN CENTRAL EUROPEAN  
INITIATIVE COUNTRIES  
(COUNTRY REPORT AUSTRIA)**

## **Impressum**

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BÜRGES: Annual Report, 1994	
WIFI: The Economic Promotion Institutes of the Federal Economic Chamber	
IBW: Institute for Vocational Research of the Economy, Activities	
Austrian Research Center Seibersdorf: Annual Report 1994	
WIFO: Technology and Innovation Survey 1990	
IfG: List of Publications of the Institute for Small Business Research, Vienna	



## LIST OF ABBREVIATIONS

ACR	Austrian Cooperative Research Institutes
ATS	Austrian Schilling
BFI	Institute of Vocational Advancement in Vienna
BIT	Bureau for International Research and Technology Co-operation
BMWF	Federal Ministry of Science and Research
BMF	Federal Ministry of Finance
BMLF	Federal Ministry of Agriculture and Forestry
BMöWV	Federal Ministry of Public Economy and Transport
BMwA	Federal Ministry of Economic Affairs
FWF	Austrian Science Foundation
FFF	Austrian Industrial Research Promotion Fund
ICD	Industrial Cooperation Development
IfG	Institute of Small Business Research, Vienna
OESTAT	Austrian Central Statistical Office
ÖROK	Austrian Conference on Regional Planning
VTÖ	Association of Austrian Technology Centers
WIFI	Economic Promotion Institute of the Austrian Federal Economic Chamber
WIFO	Austrian Institute of Economic Research
WWFF	Vienna Business Promotion Fund

# 1 THE AUSTRIAN ECONOMY

## 1.1 The Economic System

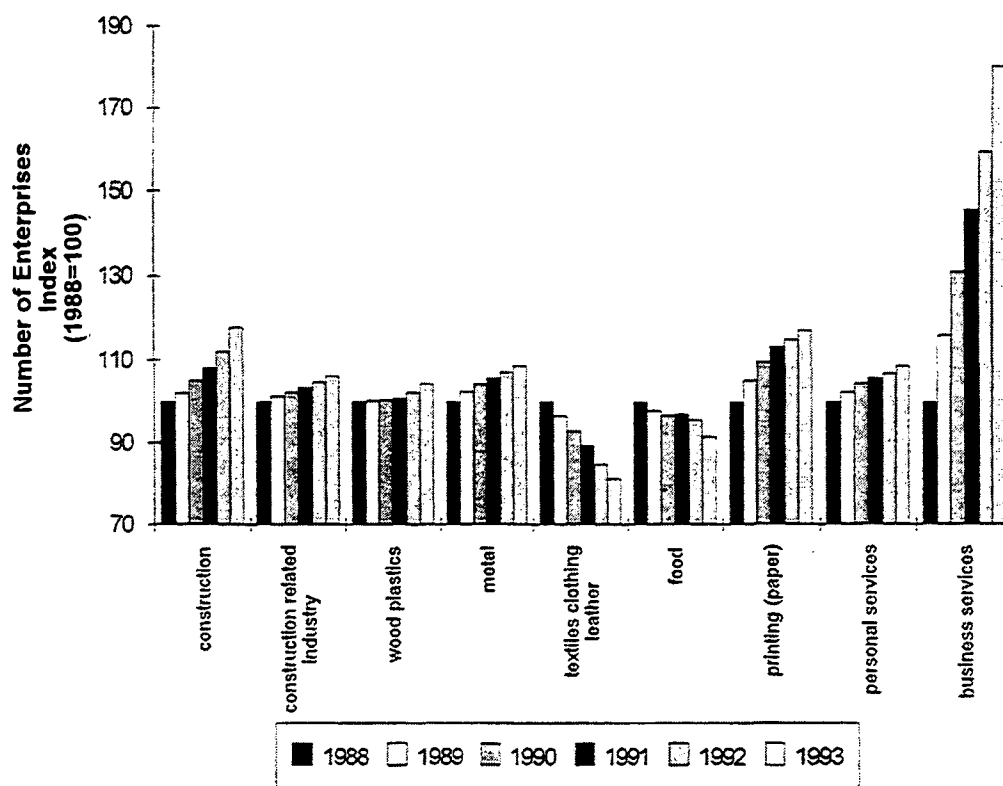
Austria is a social market economy. At the core supply and demand act as principal regulating elements. However, markets are influenced (mainly to level out inefficiencies and to correct socially undesired developments) by means of intervention (frequently in favour of the economically disadvantaged, including small businesses).

The two main intervention mechanisms are cooperation of the social partners (i.e. workers' representatives and entrepreneurs' representatives - the two sides of industry) and market organization measures. The first set of measures is directed especially at problem areas such as collective bargaining of work related issues (working hours, wages, holidays, etc.) and general fiscal and environmental topics, where the social partners propose and promote respective legislation or activities by the legislation and /or public authorities. Market organization measures provide mainly for a system of price regulation and subsidies, especially in the agricultural sector. Special price legislation provides for price controls, as in the cases of a few commodities and services.

The Austrian economy is organized on a private basis, which is to say that capital goods are, in general, the property of the producers. Exceptions are public services as e.g. the postal service, railways or part of forestry, as well as a number of enterprises owned by the state. Thus, Austrian public property includes nationalized industries with federal or provincial public ownership and comprises sections of primary industry, electric power production and a number of leading banks. Today, most state owned enterprises are organized as private corporations, their majority owners still being either the state or the federal states. In the last years privatization of state owned enterprises as well as liberalization of public services, formerly in a monopoly position, has intensified.

In terms of production, Austria is a highly developed industrial country with a rapidly growing services sector. Analysis of the real gross domestic product according to individual sectors between the years 1980 and 1993 clearly shows an expansion of the tertiary sector. Also the increase of enterprises in the service sector shows this development.

Graph: Development of various sectors of crafts and services 1988-1993



Source: IfG, 1995

The share of the primary sector (agriculture and forestry) in the National Product decreased from 5.2 % (1980) to 2.3 % (1993), of the secondary sector (industry, commerce, power production and mining) from 40.9 % to 31.2 %, while the share of the tertiary sector increased from 53.9 % to 66.5 % at the same time.

In the period 1985 - 1993, the value of the industrial production increased by 16.8 %, while manpower employed in this sector decreased by 16.5 %. The production per employee increased from 1992 - 1994 by 11.1 %, and the production per actual working hour by 13.1 %. The annual rates of price increases lay between 4.1 % (1992) and 3.0 % (1994), being always lower than OECD average. In 1993 the rate of inflation was 7.3 % in OECD-Europe, 1994 7.7 %.

The annual foreign direct investment is a good indicator for the on-going process of intensified internationalization of the Austrian economy: foreign investment in Austria in 1985 amounted to ATS 1.5 bio, while Austrian capital investment abroad was ATS 3.5 bio. The same figures in 1994 were ATS 13 bio and ATS 17 bio, respectively. Total foreign capital invested in Austria was ATS 152 bio at the end of 1994, and ATS 123 bio invested in foreign countries. (Source: estimates by the Austrian National bank).

The Austrian foreign trade deficit is a persistent phenomenon: it amounted to US \$ 9.7 bio in 1992, and US \$ 10.2 % bio in 1994 (source: Austrian Central Statistical Office).

Due to the positive services balance, tourism, capital earnings, transport services, other payments, indivisible into goods and services, the Austrian current account and capital balances showed a surplus from 1989 to 1991. Since 1992 only the capital balance is positive.

## 1.2 The importance of SMEs for the Austrian Economy and EU-comparison

As in all other EU Member States, the importance of small and medium-sized enterprises for the Austrian economy is overwhelming. 99.8% of all enterprises are small or medium-sized (enterprises with up to 500 employees). The average size of about 10 employees per firm, however, not only exceeds average size of firms in southern EU-member States such as Greece, Italy, Portugal and Spain but also average size of Danish, Dutch, or German firms. Especially when Austria is compared with southern European countries, Austria shows comparatively fewer "micro" enterprises - i.e., firms with fewer than 10 employees.

Total number of enterprises, and of micro enterprises in particular, has increased in the years 1988 to 1993. Since employment grew at a similar rate, average firm size has remained stable. However, business formation was considerably less dynamic in Austria than in other European countries such as Germany, Belgium, Denmark or the Netherlands.

Entrepreneurship as professional option seems to be chosen with great care in Austria. This may be the reason why survival rates of new businesses in Austria typically exceed survival rates in other countries.

All sectors of private economy in Austria, especially crafts, services and tourism are dominated by SMEs, although large enterprises contribute sizeable proportions of total employment in industrial manufacturing and transport.

Some 195,000 private enterprises employed about 2 mio people in Austria in 1993. About 500 enterprises were large ones, while more than 194,500 were SMEs with more than 75 % of all those employed.

Even the sector *industrial manufacturing* is dominated by SMEs, which have a share of 97.5% of all enterprises. Large enterprises, account for about 2.5 % or about 200 firms, but employ approximately 40% of industrial manufacturing workers. Total employment in industrial manufacturing has been decreasing steadily since the mid-1980s. Large enterprises cut back on employees at three to four times the rate of SMEs.

In the late 1980s *crafts and services* became the economic sector with most enterprises (36%) and most employees (29%). Especially after 1988, the number of firms and employees increased considerably. Crafts alone contribute about 26% of all private enterprises and 22% of private employment. Large enterprises are almost non-existent in this sector.

While developments after World War II were mainly unfavourable for the craft and services sector, the situation changed in the 1980s. Not only consumer behaviour and new values but also technical developments favoured SMEs and the formation of new craft and service enterprises. New branches, for example business services

such as consulting, developed rapidly. But even traditional trades such as those in construction, were able to adjust their services to new demands and, thus, able to grow. Only in a few crafts, structural problems could not be overcome; these crafts included tailoring and shoe repair.

The increasing speed and complexity of technical developments, extending to production processes, new materials, new information systems, etc. affect manufacturing enterprises in particular. Access to external information sources, a network of R&D, more cooperation and application of new technologies need to be publicly supported in order to ensure modernization and to level out size related disadvantages of SMEs.

## 2 SMEs AND THE LEGAL FRAMEWORK FOR ENTREPRENEURSHIP

### 2.1 The term SME

The term SME is used according to the definition by the EU for enterprises with up to 250 employees (formerly 500 employees). "Small" as size category is usually used for enterprises with up to 50 (mainly in the Austrian context) or 100 employees (EU context).

Other size classifications of SMEs (particularly in SME programmes) using financial figures as criteria for the definition of SMEs limit the turnover/year with ECU 20 mio (about ATS 270 mio), or a balance-sheet total of ECU 10 mio. (ATS 135 mio). Small enterprises are usually defined as enterprises with an annual turnover of ECU 5 mio or ECU 2 mio balance-sheet total.

A lot of exceptions to these definitions exist, e.g. for export incentive systems where export performance is the size criteria, for investment programmes where the level of investment is the criteria, or for tax purposes where totally different limits are used. To sum it up, there is no common legal definition for SMEs in Austria but different definitions according to the field of regulation are applied.

### 2.2 The Austrian Industrial Code - Licencing

Trade or business according to the Austrian Industrial Code is any independent, continuous activity carried out for profit, excluding, amongst others, the learned and artistic professions and certain other business activities which are governed by special legal provisions. A business permit is usually required. Certain types of trade or business ("Gewerbe") simply require notification of authorities in order to register as company ("freie Gewerbe"). For other types, however, proof of proficiency ("gebundene Gewerbe") or even specific permissions by the administrative authority ("Gewerbebehörde") are necessary ("bewilligungspflichtige gebundene Gewerbe").

Developments in business law are characterized by a strong tendency towards liberalization and deregulation. For a growing number of trades, qualifying exams or master exams are no longer necessary, or other forms of education or experience are accepted as equivalents. Nevertheless, the (dual) system of apprenticeship not only plays an important role in the educational system but remains the most important source of skilled labour for the craft-sector. It is also important for industry, retailing and tourism. Roughly half of all fifteen-year-olds choose an apprenticeship for vocational education (after compulsory school).

Regulation in the field of permission to start an own enterprise has been eased by the "Gewerberechtsnovelle 1992" which entered into force in July 1993. With this amendment the number of trades requiring simple notification was increased. The range of business permits was adapted to new technological and economic circumstances. Necessary adaptations to EEA-law (European Economic Area) as Austria entered the EEA in 1994 were also made by this Amendment.

## 2.3 Legal forms for SMEs

Administrative burdens on Austrian SMEs, which are to a certain extent dependent on the legal form have been reduced in some fields, but increased in others such as environmental protection.

The Austrian Company Law basically provides for the following types of companies:

- Sole trader (single registered) firm
  
- Private partnership (GesnBR, Gesellschaft nach bürgerlichem Recht)
- Silent partnership (st. Ges. stille Gesellschaft)
- General partnership (OHG, offene Handelsgesellschaft)
- Limited partnership (KG, Kommanditgesellschaft)
- Open trading partnership (OEG, offene Erwerbsgesellschaft)
- Limited trading partnership (KEG, Kommanditerwerbsgesellschaft)
  
- Company with limited liability (GesmbH, Gesellschaft mit beschränkter Haftung)
- Limited company and Co limited partnership (Ges.m.b.H. & Co. KG)
- Stock corporation (AG, Aktiengesellschaft)
  
- Cooperative (Gen., Genossenschaft)
- Association (Verein)
  
- and the EEIG (European Economic Interest Grouping; a new type created by the EU legislation)

The most important legal forms for SMEs:

### Einzelunternehmer (Soletrader)

#### *Set up*

There are no particular regulations for this legal form; registration only in special cases (when it is beyond the size of a small firm). Only if the firm is registered it has a company name.

#### *Liability*

Unlimited liability of the entrepreneur for all debts.

#### *License*

The entrepreneur must have a trade license ("Gewerbeberechtigung").

#### *Accounting*

Simple income and expenditure accounting is possible as long as the accounting limit is not exceeded. Double entry bookkeeping and drawing up an official balance sheet are necessary in case the limit of ATS 5 mio turnover is surpassed.

*Tax obligations*

The soletrader has to pay income and sales tax.

*Costs of legal form*

For the license the entrepreneur has to pay between ATS 1,400 to ATS 1,800. He has to become a member of the respective economic chamber, paying a registration fee which varies by trade.

*Financing possibilities*

On the one hand the soletrader has (from the point of view of financing institutions) reduced creditability, since the fate of the enterprise depends on the entrepreneur only. On the other hand the soletrader is liable with his private property.

**Gesellschaft Bürgerlichen Rechts (Ges.n.b.R., Private partnership)***Set up*

This partnership exists by the acceptance of the articles of incorporation by its partners, valid only between the contract partners. Towards non-partners the company acts like a soletrader. This legal form can only be used for enterprises not surpassing the size of a SME. The enterprise cannot be entered in the companies register ("Firmenbuch").

*Liability*

Unlimited liability of all members.

*License*

All members need a license.

*Tax obligations*

All members have to pay income tax.

*Costs of legal form*

See soletrader.

*Financing possibilities*

See soletrader.

**Stille Gesellschaft (Silent partnership)***Set up*

This type of partnership is neither registered nor publicly declared.

*Liability*

Liability is only up to the amount of invested capital.



*License*

Only the owner of the enterprise has to fulfill the conditions for obtaining a license.

*Tax obligations*

The typical silent partner has to pay income tax, the atypical silent partner has to pay tax for business gains.

**Offene Handelsgesellschaft (OHG, General partnership)**

*Set up*

The establishment of a "OHG" needs an oral or written partnership agreement in which the rights, powers and duties of the partners and other important matters have to be set up. After this agreement a registration in the companies register is necessary.

*Liability*

Unlimited liability of all partners.

*License*

The company itself is legally responsible. At least one partner of the corporation has to fulfill the conditions for obtaining a license.

*Accounting*

Double-entry bookkeeping is necessary.

*Tax obligations*

Every partner has to pay income tax; VAT has to be paid by the "OHG".

*Costs of legal form*

Costs for lawyer, if the contract and the articles of incorporation are set up by him. The registration in the companies register costs between ATS 10,000 and ATS 30,000. The acquisition of the license costs ATS 1,500 to ATS 2,500. For the obligatory registration at the Economic Chamber an additional fee has to be paid.

*Financing possibilities*

Higher creditability than soletrader because of at least two personally liable partners.

**Kommanditgesellschaft (KG, Limited Partnership)**

*Set up*

Need for partnership agreement and registration.

*Liability*

The unlimited partners have an unlimited liability, the limited partners are only liable up to the amount of capital they have invested (according to the register).

*License*

The company itself is legally responsible. At least one unlimited liable partner of the corporation has to fulfill the conditions to obtain a license.

*Accounting*

See "OHG".

*Tax obligations*

See "OHG".

*Costs of legal form*

See "OHG"

*Financing possibilities*

In general high creditability. The higher the deposits of the limited partners, the higher the creditability.

**Offene Erwerbsgesellschaft (OEG, Open trading partnership)***Set up*

Comes into being with the registration in the companies register. Also a possible legal form for cooperation of professionals. Company size must not exceed accounting limits, otherwise it becomes automatically a general partnership.

*Liability*

See "OHG".

*License*

The license has to be obtained by at least one partner.

*Accounting*

Only income and expenditure accounting necessary.

*Tax obligations*

See "OHG".

*Costs of legal form*

See "OHG".

*Financing possibilities*

Relatively high creditability as all members of the corporation are fully liable.

**Kommanditerwerbsgesellschaft (KEG)**

*Set up*

Starts to exist with the registration in companies register. Company size must not exceed accounting limits otherwise it becomes a limited partnership.

*Liability*

See "KG".

*License*

See "KG".

*Accounting*

See "OEG".

*Tax obligations*

See "KG".

*Costs of legal form*

See "KG"

*Financing possibilities*

Depending on the size of investment by limited partners .

**Gesellschaft mit beschränkter Haftung (Ges.m.b.H., Private limited company)**

*Set up*

At least two partners must set up an agreement of corporation. This contract is norm-bound and must be attested by a notary. The company must have a equity of at least ATS 500.000,-. Registration is needed.

*Liability*

The liability of the members is limited to their shares. The manager is personally liable in case of negligence and usually also responsible for observation of trade laws.

*License*

Only after registration in the companies register the license can be applied for. The license has to be in the name of the company. One partner or employee of the firm working at least 20 hours per week in the firm has to fulfill all requirements for obtaining the license and subsequently becomes responsible for observation of trade laws.

*Tax obligations*

The company has to pay 34% corporation tax (at least a minimum corporation tax of ATS 15.000,- p.a.). Partners (who do have not more than a 25 % share) who work in the enterprise and receive a salary have to pay income tax and are subject to all other taxes and fees like normal employees. Dividends for shares are subject to a 22 % capital gains tax.

*Costs of legal form*

The formation expenses (notary, transfer tax, registration fee, publication) are approximately ATS 30.000,- to ATS 60.000,-; the registration fee for the Economic Chamber is double the normal fee.

*Financing possibilities*

Creditability depends on the amount of equity capital.

**Ges.m.b.H. & Co. KG (Limited company and Co limited partnership)***Set up*

Registration of both "Ges.m.b.H." and "KG" necessary.

*Liability*

The "Ges.m.b.H." is liable as an unlimited partner with its total assets. The limited partner is only liable with his capital investment.

*License*

The "Ges.m.b.H." or another unlimited partner has to fulfill the conditions for obtaining the license.

*Tax obligations*

The limited partners have to pay income tax. The "Ges.m.b.H." has to pay corporate tax. Distributed profits underly a 22 % capital gains tax. Losses are deductible from the tax.

*Costs of legal form*

Fairly high since the "Ges.m.b.H." as well as the "KG" have to be incorporated and registered.

*Financing possibilities*

Per se credibility.

**Aktiengesellschaft (AG, corporation)**

Not relevant for SMEs.

## **Summary of advantages and disadvantages of legal forms for SMEs**

### **Soletrader**

#### **Advantages**

- quick start possible
- few formalities
- no additional contracts
- no partners required

#### **Disadvantages**

- partners liable to the full extent of private fortune
- all trade regulations have to be fulfilled by the entrepreneur
- no possibility to work as employee and thus no tax privileges
- no help from partners in entrepreneurial decisions
- foundation costs are to be met by the entrepreneur

### **Private limited company**

#### **Advantages**

- only limited liability with ordinary capital
- preconditions for trade regulations can also be met by persons other than the entrepreneur
- flexible fiscal design, e.g. employment of entrepreneur as employee
- suited for family partnership

#### **Disadvantages**

- higher foundation costs
- articles of partnership attested by a notary required
- minimum capital requirement of ATS 500.000,-
- at least two partners required

### **Limited company & Co. limited partnership**

#### **Advantages**

- possibility to manage the enterprise as general partner and still to appear as partnership

#### **Disadvantages**

- low credit worthiness

## Registered trading partnerships

### Advantages

- no double-entry bookkeeping required as long as bookkeeping limits are not exceeded
- possibility to convert the enterprise later into a partnership
- the license has to be obtained only by one partner
- in a "KEG" not all partners are liable to the full extent

### Disadvantages

- only possible for small business
- no possibility to appoint a managing director
- in an open trading partnership all partners are liable to the full extent of their fortune
- at least two partners required

## 2.4 Taxation - administrative burdens

Appropriate legislation regarding taxation, product liability, fair competition, apprenticeship, monopolies ("anti-trust regulation") enable the market system to function properly, as well as to facilitate and control entrepreneurs.

Administrative obligations in relation to taxation are in addition to environmental regulation and licensing seen as additional administrative burdens. This comprises activities by the enterprise like e.g. calculation of wage taxation, filing procedures for tax purposes.

A major tax reform became effective in 1994. The Austrian taxation system has been streamlined (especially corporation tax, trade tax, taxation of property) aimed at strengthening the relatively weak capital structure of small- and medium-scaled enterprises and to encourage savings. Personal income taxes were reduced, capital gains tax rates and corporate tax rates increased. But also the tax system as a whole was simplified, e.g. due dates for different taxes were harmonized.

## 2.5 Family Business

A special dimension of (Austrian) SMEs to be mentioned is that most of them are family businesses. In Austria about 80 % of the small (craft) businesses are owned by families. They play a crucial role in expanding entrepreneurship and in creating new businesses. In crafts ("Gewerbe") almost half of the enterprises are "one-man businesses".

## 2.6 Data on legal forms

Percentage distribution of number of new enterprises registered for each form, breakdown by size-classes (number of employees) for 1991-1993

	1991										1992					1993							
	Size Class										Size Class					Size Class							
	0 to 9	10 to 19	20 to 49	50 to 99	100 to 499	3,1	7,0	27,6	27,6	7,0	3,1	0 to 9	10 to 19	20 to 49	50 to 99	100 to 499	4,3	80,4	38,7	29,0	6,3	2,6	
Soletrader	66,0	54,2	27,6	7,0	3,1	70,0	40,0	27,4	3,5	4,3	100,0	100,0	100,0	100,0	100,0	100,0	16,1	9,6	22,6	29,9	30,2	15,6	
Partnership	10,4	14,6	31,6	28,1	22,9	15,4	28,23	33,0	31,4	16,1	13,3	31,8	39,6	63,9	78,5	9,7	38,7	40,2	63,5	80,5	1,3	1,3	
Ltd.	20,8	28,1	39,8	64,9	68,8	1,3	0,0	0,0	1,2	1,1	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	
Others	2,8	3,0	1,0	0,0	5,2	1,3	0,0	0,0	1,2	1,1	1,0	0,0	0,0	1,2	1,1	1,0	0,0	0,0	0,0	0,0	0,0	0,0	
Total	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0

Source: IIG-Interstratos-Datenbank, 1994, Databasis: Sample of 480 enterprises

Number of companies by legal form and by size-class (turnover in ATS 1,000)

	1 to 50		50 to 100		100 to 200		200 to 500		500 to 1.000		1.000 to 5.000		5.000 to 10.000		10.000 to 50.000		50.000 to 100.000		over 100.000		no turnover	
	abs.	in %	abs.	in %	abs.	in %	abs.	in %	abs.	in %	abs.	in %	abs.	in %	abs.	in %	abs.	in %	abs.	in %	abs.	in %
Sole trader	22181	68.18	44715	74.25	44705	70.28	52094	66.36	36566	68.83	77039	70.99	16673	58.43	9425	35.31	423	11.15	190	4.16	3936	37.32
Partner ship	7114	21.87	12047	20.00	14367	22.59	17929	22.84	8588	16.17	11719	10.80	4183	14.66	6099	22.85	1058	27.89	941	20.60	2187	20.73
Ltd.	2282	7.01	2229	3.70	3021	4.75	6055	7.71	6250	11.76	16663	15.35	6812	23.87	10103	37.85	2069	54.55	2938	64.30	3937	37.32
Coop. & reg. trading partner-ship	291	0.89	211	0.35	228	0.36	304	0.39	143	0.27	229	0.21	85	0.30	183	0.69	65	1.71	258	5.65	30	0.28
Others	663	2.04	1018	1.69	1291	2.03	2116	2.70	1577	2.97	2869	2.64	780	2.73	883	3.31	178	4.69	242	5.30	458	4.34
Total	32531	100.00	60220	100.00	63612	100.00	78498	100.00	53124	100.00	108519	100.00	28533	100.00	26693	100.00	3793	100.00	4569	100.00	10548	100.00

Source: Österreichisches Statistisches Zentralamt, Umsatzsteuerstatistik 1990; (Database: all firms)



**Legal Forms of "Gewerbe" and Craft Enterprise in Austria, 1988-1993**

	1988	1989	1990	1991	1992	1993
	in %	in %	in %	in %	in %	in %
Soletrader	78.51	77.83	77.00	76.02	73.46	72.43
Partnership	5.84	5.65	5.44	5.27	5.48	5.35
Limited companies	15.07	15.96	17.04	18.08	20.24	21.19
Cooperatives	0.17	0.16	0.16	0.15	0.15	0.13
Reg. trading partners	0.00	0.00	0.00	0.00	0.31	0.55
Others	0.41	0.40	0.37	0.48	0.35	0.35

Source: Mitgliederstatistik der Wirtschaftskammer Österreich 1993

**Legal Forms of Trade Enterprises in Austria, 1988-1993**

	1988	1989	1990	1991	1992	1993
	in %	in %	in %	in %	in %	in %
Soletrader	78.57	77.75	76.54	75.39	75.61	74.71
Partnership	6.28	6.00	5.83	5.66	5.27	5.18
Limited companies	14.48	15.60	16.99	18.22	18.31	19.16
Cooperatives	0.26	0.25	0.24	0.24	0.21	0.20
Reg. trading partnership	0.00	0.00	0.00	0.00	0.22	0.39
Others	0.41	0.40	0.39	0.48	0.38	0.36

Source: Mitgliederstatistik der Wirtschaftskammer Österreich 1993

Legal Forms of Transport Enterprises in Austria, 1988-1993

	1988	1989	1990	1991	1992	1993
	in %	in %	in %	in %	in %	in %
Soletrader	78.80	77.60	76.59	75.32	74.03	72.97
Partnership	6.05	5.95	5.94	5.95	5.97	5.90
Limited companies	13.08	14.39	15.45	16.72	17.98	19.02
Cooperatives	0.36	0.35	0.35	0.34	0.29	0.26
Reg. trading partners	0.00	0.00	0.00	0.00	0.17	0.31
Others	1.71	1.71	1.67	1.68	1.56	1.53

Source: Mitgliederstatistik der Wirtschaftskammer Österreich 1993

Legal Forms of Tourism Enterprises in Austria, 1988-1993

	1988	1989	1990	1991	1992	1993
	in %	in %	in %	in %	in %	in %
Soletrader	82.10	80.91	79.70	78.41	76.80	75.41
Partnership	3.22	3.28	3.31	3.33	3.41	3.39
Limited companies	9.35	10.48	11.62	12.78	14.08	15.23
Cooperatives	0.14	0.14	0.13	0.12	0.12	0.11
Reg. trading partners	0.00	0.00	0.00	0.00	0.36	0.65
Others	5.19	5.19	5.24	5.35	5.24	5.21

Source: Mitgliederstatistik der Wirtschaftskammer Österreich 1993

**Legal Forms of SME Dominated Sectors Enterprises in Austria, 1988-1993**

	1988	1989	1990	1991	1992	1993
	in %	in %	in %	in %	in %	in %
Soletrader	79.24	78.36	77.28	76.15	75.01	73.95
Partnership	5.54	5.37	5.24	5.12	5.06	4.97
Limited companies	13.60	14.68	15.91	17.08	18.16	19.13
Cooperatives	0.22	0.21	0.20	0.19	0.18	0.17
Reg. trading partnership	0.00	0.00	0.00	0.00	0.27	0.48
Others	1.41	1.38	1.37	1.45	1.33	1.30

Source: Mitgliederstatistik der Wirtschaftskammer Österreich, Wien 1993

\* SME dominated sections (as defined by the Economic Chamber) are "Gewerbe" and crafts, trade, transport and tourism

**Bankruptcies by Legal Forms 1993**

Bankruptcies by Legal Forms 1993	absolute	in %
Soletrader	692	33,87
Open partnership	7	0,34
Limited partnership	20	0,98
Private limited company	950	46,50
Limited comp. and Co. limited partnership	85	4,16
Public limited company	9	0,44
Registered trading partnerships	2	0,10
Others	278	13,61
Total	2043	100

Source: Internationaler Kreditschutz: Mitteilungen extra, 2/1994

### 3 SMEs IN THE AUSTRIAN ECONOMY

#### 3.1 Total number

In 1994 about 73,200 craft and service enterprises ("Gewerbe") existed in Austria. Lately, their number is growing by about 2 % per year. The strongest increase is registered in services, in paper- and printing and construction. In textiles and food-processing the number of enterprises is decreasing. The SMEs' role as short distance provider for goods and services is considered to be particularly important.

#### 3.2 Employment

The crafts sector employs about 650,000 people. More than 50 % of the apprentices are being trained in this sector. 56 % of the enterprises with at least one salaried employee belong to the smallest category of one to four employees and 22 % of them employ between five to nine persons. While 78 % of the enterprises belong to the group employing up to nine persons, they represents only 27 % of the salaried workforce. Enterprises of the 10-49 employee group have 35 % of the workforce on their payroll.

#### 3.3 Investment

Annual investment in the sector amounts to ATS 50,000 per employee, about one third of is used for building and premises, two thirds for equipment. The capital structure of the sector is considered to be weak (low share of own equity) because of a high debt ratio. The number of bankruptcies increased rapidly in 1993 (about 900 cases).

#### 3.4 Size distribution of industrial SMEs

The size distribution of the small- and medium-sized **industrial** enterprises: The share of enterprises of up to 19 employees was 49.8 % in 1992 with an increasing tendency. The share of enterprises with 20 - 49 employees was 16.2 %, 50 - 99 employees 10.0, 100 - 499 employees 13.1 % (categories of the Austrian Central Statistical office; OESTAT: Industriestatistik 1992, 2. Teil/ Austrian Central Statistical Office, industrial statistics 1992, part 2).

As far as the distribution of workforce is concerned, the strongest group is the one with 100-499 employees: 40.2 % of the workforce was employed in this group in 1992. The smaller enterprises with 0-19 employees had a share of 3.6 %, enterprises with 20-49 employees 7.6 % and the size class 50-99 employees a share of 10.4 % (OESTAT: Industriestatistik 1992, 2. Teil).

## **4 INSTITUTIONAL INFRASTRUCTURE FOR SMEs**

The Austrian institutional infrastructure for SMEs is marked by a great variety of actors: at the Federal Ministry of Economic Affairs several departments are specifically dealing with SMEs and the Economic Chamber and its departments like the Economic Promotion Institute and the Austrian trade organization are most important for the formulation of SME policy.

SME policy, promotion and advocacy though is not restricted to these central organizations. On regional as well as on local level there are many organizations active for SMEs. Regional Economic Chambers and Regional Government departments develop complementary activities with a different degree of autonomy. They are relatively independent of national actors and represent regional or local interests.

In addition to the actors that focus mainly on SMEs there are many more institutions which are relevant for SMEs but do not have a particular SME focus (e.g. Ministry of Science and Research).

### **4.1 The Federal Ministry of Economic Affairs**

The Federal Ministry of Economic Affairs bears particular responsibility for policies directed at small- and medium-scaled enterprises, preparing legislation for their promotion and controlling the implementation of promotional measures. The Federal Minister for Economic Affairs also submits every two years a report on the situation of small- and medium-scaled enterprises to the National Assembly (parliament). (A more detailed description is to be found in Chapter 9 Broad social and Economic Policies).

### **4.2 Other ministries**

Other ministries like the Federal Ministry of the Public Economy and Transport, the Federal Ministry of Finance, the Federal Ministry of Labour and Social Affairs, the Federal Ministry of Environment, Youth and Family and the Federal Ministry of Science Research have special responsibilities for SMEs within their respective areas of competence.

### **4.3 Legislation**

Legislation adopted represents a comprehensive act with objectives and principles of the government policy aimed at strengthening small- and medium-scale enterprises and enhancing their competitiveness. The Act stipulates measures concerning consultancy, information services, inter-firm cooperation, rationalization, research, development and innovation. In view of competitiveness, measures such as subsidies, risk guarantees, special measures, guarantees for starting businesses, etc. are implemented to level out institutional or structural disadvantages.

#### **4.4 Provincial Governments**

On a regional level the **provincial governments** implement specific measures for SMEs within their provincial budget. A conference of the heads of provincial governments and the Austrian Regional Planning Conference (Österreichische Raumordnungskonferenz, ÖROK, which includes national and regional institutions) act among others as coordinating element of their policies.

#### **4.5 Communities - City Councils**

Finally, on the local level, the community or city council supports the economic development of SMEs by means disposable to the community authorities. Here e.g. the "association of communities" (Gemeindebund) and the "association of cities" (Städtebund) act among others as policy coordinating elements. Both associations have a member in the Regional Planning Conference.

#### **4.6 The Federal Economic Chambers**

In Austria all Chambers (not only the Economic Chambers) are organizations under public law which have been created by an Act of Parliament to serve the interests of the respective groups. Enterprises are obliged to become member of the Economic Chamber.

These Acts of Parliament distinguish the Chambers from other associations (e.g. the "Handelskammergesetz", "Arbeiterkammergesetz").

In 1995/96 referendums of the members were held in six states on the question of obligatory membership in the Economic Chambers. Results showed a clear vote in favour (around 80 %) of the Economic Chambers.

##### **4.6.1 Field of Activities**

The two main fields of activities of the Chambers are:

1. Autonomous functions: These comprise all activities which concern the common economic interest of their members: giving expert opinions on bills of law and advice to parliament and governmental authorities on practically all matters of interest to the business community.

2. Delegated functions: In a number of cases the chambers have legal authorization to fulfill tasks which otherwise would have to be carried out by public authorities. This also guarantees that such matters are dealt with in a way that ensures that business interests are duly taken into account.

##### **4.6.2 Regional structure of the Economic Chambers:**

Austria is a Federal Republic consisting of nine federal states. In each of the nine States there is one Regional Economic Chamber dealing with matters concerning

their members, providing support (hard and soft) in a vast range of fields like management, technology transfer, industrial relations mainly on an operational level.

The Federal Economic Chamber (with its seat in Vienna) deals with all problems exceeding the regional scale. The Federal Economic Chamber coordinates regional and professional interests and maintains international contacts. It is also a member of the International Chamber of Commerce.

#### **4.6.3 Professional structure of the Economic Chambers**

A special feature of the Austrian Economic Chambers is their professional subdivision. The Federal as well as the Regional Chambers consist of six sections

1. "Gewerbe" und Handwerk (crafts) (i.e. small-scale production and some particular services)
2. Industry
3. Trade
4. Financial, credit and insurance services
5. Transport
6. Tourism

On the regional as well as on the federal levels, these sections are subdivided into approximately 130 professional organizations. Some of these professional organizations of today can be traced back to medieval guilds, corporations and brotherhood associations. These associations are also based on public law; they are autonomous within their scope of activity. The incorporation of all professional groups into the organization of the economic chambers has led to a considerable strengthening of their influence, despite the compromises necessary to comply with the diverse and manifold interests of the various associations.

#### **4.6.4 Economic Promotion Institute**

The Economic Promotion Institute is a department of the chamber (i.e. there are economic promotion institutes in the states and a federal institute in Vienna) which provides advice and training programmes.

In Austria the number of promoted consultancies has roughly doubled from 1988 to 1993. Since 1991, the Economic Promotion Institute of the Federal Economic Chamber administered well above 20,000 consultancies per year.

#### **4.7 Support for SMEs**

Financial support – in the form of loans with subsidized interest rates, credit and risk guarantees, or grants – is one important area of promotional policies. Such programmes stimulate particular activities (e.g. export, research, innovation, or investment) and are designed to make up for SME-, regional-, or sector-specific weaknesses and disadvantages. It is offered on national, regional and local level, by public authorities, public funds and chambers.

A second important area of promotional policies and activities is "soft aid", that is the offer of consulting services, information and training to SMEs sometimes at reduced rates or even with no charge at all. Such services are often designed for specific trades or restricted to a specific problem area, such as innovation or marketing. Technology policy in Austria, for instance, promotes cooperation between private enterprises and research institutions, transfer of information to the SME and training of entrepreneurs. These services are also offered on national, regional and local level, by public authorities, public funds, chambers and their promotion institutes but also private actors like commercial banks as a means of marketing.

In the last few years, problem-oriented promotional policies comprising soft aid as well as financial support were targeted at improving technology diffusion, research and development, product design, quality management and certification (ISO 9000).

Overall, Austrian SMEs find a tight network of supporting measures provided by the Economic Chamber and by public authorities. Trends show that soft aid and problem-oriented policies and support are increasing, while general support programmes are declining.



## 5 INTERNATIONALIZATION AND EXPORTS

Crafts and "Gewerbe" enterprises exported ATS 21 bio, 4.5 % of the total Austrian exports<sup>1</sup> in 1993. (This does not include export activities by industrial manufacturers and trading firms, which are also to a large extent SMEs.)

### 5.1 Export Financing

For Austrian exporters in general there are three major financing possibilities with public support. Das "Exportfinanzierungsverfahren" (export financing scheme) for all exports and investments if a guarantee has been granted by the Republic of Austria. The other two schemes refer to the declaration of guarantees by the Republic of Austria for accepted bills, and credits of the Austrian Export-Fonds GmbH.

#### 5.1.2 "Österreichische Kontrollbank"

The "Österreichische Kontrollbank" is authorized by the Federal Authorities to administer certain guarantee schemes against economic and political risks, according to the Export promotion law. These guarantees also comply with the OECD "Arrangement on Guidelines for Officially Supported Export Credits" and EU regulations. Further activities are the administration of federal guarantees for bills of exchange for enterprises with more than ATS 100 mio export turnover. The "Exportfinanzierungsverfahren" (export financing scheme) is also administered by the "Österreichische Kontrollbank". The "Österreichische Kontrollbank" also has a department to evaluate projects and enterprises. It is generally more important for larger enterprises.

#### 5.1.3 Austrian Export-Fonds GmbH

To small and medium sized enterprises (those not exporting more than ATS 100 mio p.a) particular export risk guarantees are provided, according to the Foreign Trade Promotion Act (1981). The **Austrian Export-Fonds GmbH** is specialized in this service. Loans are offered at special conditions, and may amount to 20 % of the exports achieved in the preceding year. The yearly number of clients is about 2200 and the volume of loans ATS 6-7 bio.

### 5.2 "Soft" Export Support

#### 5.2.1 The Federal Economic Chamber

The Economic Chamber is a key player in export matters, mainly in non-financial export promotion. It offers active help to its members in their foreign trade activities.

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<sup>1</sup>Institut für Gewerbeforschung, Gewerbe- und Handwerksexport 1993, Vienna, 1994

There are about 90 Austrian Trade Delegations in all important markets of the world.

The Department for Trade Policy and Foreign Trade of the Federal Economic Chamber with its country and area departments complies in its diversity with the needs of the Austrian economy.

The area departments are responsible for groups of countries. Experts in these departments are particularly concerned with export financing, multilateral trade policy, tariff laws, international tenders, development aid, information services etc.

### **5.2.2 Economic Promotion Institutes**

The Economic Promotion Institutes of the economic chamber offer a broad range of services e.g. in connection with foreign trade: training, technical and economic consultancy, financial subsidies for advertising abroad, helping companies in their participation at international tradefairs and exhibitions, facilitating the world-wide presentation of goods, services and know-how of Austrian firms.

### **5.2.3 Export academy**

The "Exportakademie" of the chamber offers courses in foreign trade, study of foreign languages and grants scholarships for studies in foreign countries.

## **5.3 Association of Austrian Subcontractors**

An important topic in exports for SMEs is subcontracting for the industry sector (e.g. for car manufacturing). An example: In 1977, Austrian subcontractors in the field of car manufacturing exported goods for ATS 2.3 bio, which represented 12 % of the value of car imports in the same year; in 1990, exports had increased to ATS 34.3 bio or 95 % of the value of car imports (ATS 36.2 bio). 1994 they reached ATS 40 bio.

Another market with considerable subcontracting activity is office equipment, including computers, the electric and electronics industry (around ATS 7 bio in 1989, ATS 9 bio in 1994). The **Association of Austrian Subcontractors** is a representative association of subcontractors (founded with the support of the Ministry of Economic Affairs) and publishes annually the "Austrian Subcontractor Handbook", a comprehensive handbook on Austrian manufacturing firms.

## **5.4 Ministry of Economic Affairs**

The Ministry of Economic Affairs is active in the field of advertising for foreign and domestic investors and providing information for location decisions in Austria.

Also some other institutions are concerned with the internationalization of SMEs. A scheme for the promotion of internationalization of small- and medium-scaled enterprises through provision of guarantees is managed by BÜRGES.

The Federal Chamber established a fund of ATS 100 mio. The proceeds of that fund can be used to cover eventual losses. The scheme is designed to strengthen competitiveness of small- and medium-scaled enterprises in their activities abroad. The guarantees provided may be related to projects (project guarantees) or to financing (financing guarantees).

A further support activity of the Ministry of Economic Affairs is the "subcontractor exchange". It administrates and updates on the one hand lists of foreign enterprises in the field of car manufacturing and office machinery which could be possible principals for Austrian SMEs and lists potential Austrian subcontractors on the other hand.

Organising barter agreements with foreign enterprises in cooperation with other federal institutions is yet another activity of the Ministry of Economic Affairs. From 1978 to 1994 the amount of these barter agreements reached ATS 14.7 bio, with a large number of SMEs benefitting from these agreements.

## 6 FINANCING OF START-UPS AND GROWTH

### 6.1 BÜRGENS Förderungsbank m.b.H.

The BÜRGENS Förderungsbank m.b.H. is 100 % owned by the Republic of Austria. Its obligations include the administration of promotional measures for SMEs by the Ministry of Economic Affairs. It guarantees loans, provides subsidies on interest payment or grants for the establishment or expansion of SMEs. All subsidies/grants supplied in 1994 amounted to ATS 696 mio.

The amount of obligations of BÜRGENS within the credit guarantee scheme increased from ATS 5.1 bio at the beginning of 1993 to ATS 6.4 bio at the end of 1994.

BÜRGENS carried out several programmes for business promotion of SMEs in the year 1994 applying to all branches of industry: e.g. programme for small enterprises, programme for structural improvement of SMEs, programme for internationalisation and a programme supporting young entrepreneurs.

The programme supporting young entrepreneurs for example consists of grants of 10 % of investment of up to ATS 2 mio. A second instrument are guarantees (maximum 80 %) for loans of up to ATS 2 mio. In 1994 1,331 entrepreneurs (815 starting a new venture, 516 taking over an already existing enterprise) received funding or guarantees. Most of the young entrepreneurs belong to the sector of services, tourism and manufacturing.

The various forms of BÜRGENS services have evolved gradually during the years, in response to the needs and to the new approach adopted to assist small and medium-sized enterprises. Each form of activity has a special purpose and some special conditions of assistance, such as:

- measures according to the 1969 Law to improve the production structure of small business ("Gewerbe"); since 1982 the scheme can be applied to start-ups as well; in 1994 a credit volume of ATS 5.1 bio for 2,589 cases was supported by BÜRGENS.
- the small business loan scheme which started in 1955; it was connected with the creation of BÜRGENS itself. The scheme is designed to enable "companies which do not have sufficient collateral" to obtain loans from banks by providing guarantees (80 %) for credits up to ATS 1 mio and also grants of 8 % of credits. These credits can be used for material and immaterial (industrial design, marketing, innovation) investments. Obligation of BÜRGENS within this scheme: ATS 3.8 bio (for 25.877 guarantee contracts, 31 December 1994). 4,197 new contracts were established in 1994 and in 31 cases BÜRGENS had to pay a total of ATS 4.4 Mio as liability loss.
- joint schemes (starting 1983) to assist regional development (provincial government together with BÜRGENS) where the provincial governments (with the exception of Vienna) offer additional grants to projects approved by BÜRGENS.

- the programmes for supporting young entrepreneurs (established 1977) supports enterprise start-ups as well as enterprise takeovers with the objectives to make it easier for young persons to become an entrepreneur and to conserve the substance of enterprises by facilitating their transmission.
- support towards the internationalisation of Austrian SMEs. BÜRGES gives guarantees to minimize the risk for the Austrian company in case of failure of the investment. The Federal Economic Chamber established a trust with the purpose of covering the losses incurred by international projects with interest returns. A limit of ATS 10 mio also provides a clear cut-off point to the guarantee scheme of the East-West Fund. The East-West fund is directed at larger industrial projects, while BÜRGES supports SMEs.
- furthermore BÜRGES also provides support for tourism enterprises, which are almost exclusively SMEs.

## 6.2 Innovation Agency

The "Innovation Agency" acts as agent for the innovation-related "Seed-financing Programme". The Agency assists the project from its conception to the creation of the new enterprises (in cooperation with the ITF-Fund) and is closely related to BÜRGES insofar as the director of BÜRGES at the same time director of the "Innovation Agency".

## 6.3 Österreichische Investitionskredit A.G.

The Österreichische Investitionskredit A.G. ("Investkredit") is a special bank for long-term financing. Founded in 1957, the bank is considered "neutral" in the sense that all major Austrian commercial banks are shareholders of Investkredit.

The Investkredit is an important instrument in the implementation of public support programmes carried out by the Republic and the states. The main instruments are:

- "TOP - FÜ" - schemes to support structural improvement (since July 1981), with special emphasis on industrial use and application of results of research and development (loans between ATS 2.5 mio and ATS 70.0 mio, grace period for repayment up to 5 years, subsidized interest rates);
- "TOP 2" - to support non-material investments (systems and softwares for production and storage, industrial design, development and applications of standard softwares). Repayment within 5 years, from ATS 2.5 mio to ATS 30 mio.
- "TOP Eurofit-Aktion" - new since May 1994 its objective is to facilitate the integration of Austrian manufacturing and marketing enterprises in the EU market.

The supportive element of these programmes are interest subsidies (financed with the federal budget) to interest loans granted by Investkredit and the "homebank" of the enterprise. The "homebank" (Hausbank) is the bank which has closest contact to the enterprise. It is very common for Austrian enterprises to have a "Hausbank" which is used for the majority of the enterprise's financial transactions.

In the TOP programmes (1981-1994), loans of ATS 26.9 bio (to 928 companies) were approved; 237 benefitting companies had less than 100 employees, 379 companies had between 100-499 employees.

- Innovation financing scheme "IFA"; this scheme was introduced 1984 by Investkredit together with FFF (Austrian Industrial Research Promotion Fund). (See also Chapter 8!).

#### 6.4 ERP Fund

A special feature within the broad spectrum of financial schemes represents the loans provided from funds and proceeds of the **European Recovery Program (ERP)** dating from 1948-1953. The fund which became a legal entity 1962 is administered by the Federal Ministry of Public Economy and Transport. The conditions of the ERP loans are redefined annually. The ERP places emphasis on the "Technology Programme" with special attention to the small and medium-sized enterprises, on regional development within Austria and activities abroad, with special regard to Eastern and Central Europe. The SMEs (up to 499 employees) represent the largest group of beneficiaries of ERP loans (1.7.1988 to 30.6. 1992: volume of loans ATS 11.7 bio of a total of 14.4 bio).

A special regional support scheme (in the 80es called SFA, later RIP Regional Investment Premium, a combination of federal and provincial funds, 1:1) of grants and subsidies has been administered by the ERP. This programme was thoroughly evaluated<sup>2</sup>. The extent of investment promotion was at the beginning tied to the number of work places established by the venture (a per capita premium), which tended to have maximum incentive for weak projects with low capital intensity. In the course of the programme incentive was divided in two parts: an innovation premium and a smaller work place premium.

A second support scheme using federal and provincial funds (1:1) administered by the ERP is the "technological and structural offensive". Restricted to SMEs (maximum 250 employees, ATS 270 Mio. turnover, ATS 135 Mio. balance sheet total) this programme aims at improving international competitiveness, at supporting and accelerating the process of enterprise restructuring and at new strategic orientation of enterprises.

#### 6.5 Finanzierungsgarantie Gesellschaft m.b.H.

Some new activities of the "Finanzierungsgarantie Gesellschaft m.b.H."(FGG) (i.e. financing guarantee corporation) regard small and medium-sized enterprises. FGG is a financial institution fully owned by the Republic of Austria. It was founded in 1977 to provide guarantees to support long-term investments, the introduction of new products and processes (innovations) resulting from research and development, to improve the financial structure of enterprises, to protect the environment, etc. In the last years, financing of young small- and medium-scaled

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<sup>2</sup>Gernot Hutschenreiter, Die Regionale Innovationsprämie, Vienna, 1993

companies has been on the increase. Some 70 % of the supported loans were lower than ATS 10 mio. Since 1987, a new simplified procedure has been introduced to provide guarantees for loans up to ATS 6 mio.

### **6.6 Regional level: Business Promotion Funds**

On a regional level Business Promotion funds offer help for SMEs in a variety of fields. They exist in all states offering support according to the needs of their enterprise clientele.

An example of regional support is given for Vienna:

#### **Wiener Wirtschaftsförderungsfonds (WWFF - Vienna Business Promotion Fund)**

Some programmes, apart from the support for start ups which is mainly directed at offering business premises and/or supporting the search for adequate location and site in Vienna, are:

##### *C-Tech*

A programme administered by the Vienna Business Promotion Fund (WWFF) to stimulate the use of computer programmed technology in SMEs (maximum 250 employees, and they have to exist at least for two years). Investment stimulation is possible in two steps : 40 % of cost for research, development and planning of introduction of new technologies like CAD/CAM, roboters, etc. and 30 % of cost for actual technological equipment.

##### *INNOVA*

The aim of this programme by the WWFF is to stimulate basic and applied research aiming at product or process innovation. For SMEs (up to 250 employees) 30 % of cost, for larger enterprises 20 % of cost for the research phase can be contributed. Another 15 % are possible for the actual economic application by small enterprises (up to 50 employees), and 7,5 % for application by medium sized enterprises with 50 to 250 employees.

##### *Initiative "Qualified Employee"*

This is a programme by the WWFF for enterprises with a maximum of 100 employees, supporting employment of qualified employees for organization-, information, R&D or marketing projects (introduction of CAD/CAM systems, product innovation etc.). For two years a share of the salary is paid by the Fund.

### *Programme "PC"*

The WWFF supports small enterprises (less than 20 employees) by contributing 20 % of their expenditures for personal computers, photocopiers, faxes, installation and training expenditures for such equipment.

### *Improvement of Technologies in Small and Medium Printing firms*

In order to take measures to improve productivity by introduction of new technologies in printing enterprises with a maximum of 50 employees they may be eligible to 10 % of their investment as subsidy, enterprises with more than 50 up to 250 employees 7,5 %.

### *Programme "Quality"*

Product development and quality certification (ISO 9000) are the objects of this programme. It combines funds of the state of Vienna and the Federal State. This programme is limited to SMEs with a maximum of 250 employees. There are three steps of funding

- 1) phase 1 - Training: 30 % of external training cost for employees may be funded
- 2) phase 2 - setting up of a quality system and a handbook, lump sum contribution to the internal costs (labour costs)
- 3) phase 3 - certification: 30 % of auditing and certification costs.

For products internal costs for personnel are funded up to 30 % and counselling costs up to 50 %. At least 50 % of cost have to be paid by the enterprise.

## **6.7 Regional level: Public Venture Capital Agencies**

In Vienna a public agency (KABAG, Kapitalbeteiligungsaktiengesellschaft) provides venture capital to finance investment for structural change and innovative activities. A silent partnership lasting from 10 to 20 years is established. Agencies like this also exist in other states.

## **6.8 Regional level: Credit Guarantee Institutions**

Another agency (WKBG, Wiener Kreditbürgschaftsgesellschaft) provides guarantees for credits by commercial banks. Guarantees are possible for credits from ATS 250,000 up to ATS 7.5 mio with a duration of up to 10 years. These credits have to be used for investments into the productive structure (rationalisation, enlargement), R&D, foundation, take-over or change of place of enterprises. The firm has to pay a fee to cover administrative costs and as current guarantee fee. Guarantee organisations on a regional level like this also exist in other states.



## **7 INFORMATION, COUNSELLING AND TRAINING**

### **7.1 Ministry of Economic Affairs**

The Ministry of Economic Affairs provides information services for SMEs, manages an information point for foreign investors, and publishes a handbook for investors information (Handbuch für Investoreninformation, 5th edition, Vienna, 1994).

Further activities of this ministry in the area of information are the support of the association of Austrian subcontractors in order to increase Austrian subcontracting exports by information activities, the citizen service also serves SMEs (e.g. by brochures on construction regulations). The Austrian Patent Office is also part of the Ministry of Economic Affairs and offers information services. It is dealt with in Chapter 8.

### **7.2 Joint Action - Ministry of Economic Affairs - Economic Chamber**

Based on the biannual joint-support programme carried by the Ministry of Economic Affairs and the Economic Promotion Institute ("Wirtschaftsförderungsinstitut" of the Economic Chamber), detailed information is disseminated on the availability of information services, counselling and training programmes to make these programmes. This shall increase the visibility of these programmes in public and to encourage their use by potential beneficiaries.

### **7.3 Economic Chamber - Economic Promotion Institute**

As regards counselling, more and more SMEs are making use of consultancy services, provided at low cost. These services are part of the joint programme of the Ministry of Economic Affairs and the Federal Economic Chamber, implemented by the Economic Promotion Institute the federal state pays part of the costs and the chamber another part. In the year 1994/95 two specific topics were short distance supply in retailing and young entrepreneurs.

Apart from classic problem areas like accounting, organisation and financing more future oriented topics of technology and management are also offered to SMEs. Enterprise survival and growth are further focal points.

In the field of technologies specific programmes focus on the use of roboters, automatisisation, new materials, flexible production systems using C-technologies (e.g. CAD-CAM: computer aided design- computer aided manufacturing, CIM: computer integrated manufacturing) and environmental technologies.

In the year 1994 19,887 consultancies were made by the Economic Promotion Institute.

The services offered encompass a broad range of consultancy, such as:

- counselling "on short notice" ("Sofortberatung") to deal with problems emerging unexpectedly (central financing) but also meant for start-ups; these are the task of the provincial departments of the Economic Promotion institute
- "branch-level counselling" strength and weaknesses, motivation and image analyses, development of the enterprise. In cooperation with branch institutions; the Federal Economic Promotion institutes deals with the organisation of national consulting activities for certain branches or problem areas (enterprise development programmes increase in importance)
- "problem-oriented actions" - in response to specific requests, but also with due regard to experiences gathered in the branch;
- innovation and value analyses - product improvements, searching for new product ideas, application of creativity techniques;
- "strategic planning" and "marketing"; particularly because of changes with the membership to the European Union this consultancy focus aims at establishing an enterprise concepts and export concepts
- "technical organisational consulting" such as quality control, CAD/CAM, plant lay-out, etc.
- "focussed activities":

**Eurofit:** from 1990 to 1994 the Economic Promotion institute concentrated on the improvement of competitiveness and adjustment changes because of EEA (European Economic Area) and EU law. In the beginning the focus was more on improvement of the internal organisation of enterprises but was shifted more to EU specific problems. The offer consisted of brochures, work shops and seminars and consulting. After the referendum the Eurofit scheme was relaunched and now offers the following 8 activities:

1. EU check: checking chances for the individual enterprise in the internal market
2. eurofit intensive workshop: information of all changes due to EU membership and development of strategies for the EU together with other enterprises
3. consulting scheme "strategies for the European market: development of strategies for one individual firm
4. eurofit enterprise development programme: development of an enterprise concept and help with its realization by a consultant
5. consulting programme "the new VAT system": answering questions in relation to EU VAT system, for tax, organisation, statistics, computer problems
6. consulting programme CE: consulting in the enterprise for the EU security norm CE

7. service of foreign trade organisation of the Economic Chamber: for the development of plans for export in cooperation with Austrian trade delegates
8. eurofit brochures: "The new VAT", "VAT information for carriers and forwarders", "Sample letters for applying for a UID number" (VAT identification number in the EU), "The CE identification", and "Successful in the European Market".

Technology offensive 2000: this programme was started in 1990 by the Economic Promotion Institute to create problem awareness and a positive attitude towards technological change. This offensive has been intensified in cooperation with the Ministry of Economic Affairs and is called "Technology and Quality" now and focusses also on ISO 9000 certification.

Design offensive: initiative by the Ministry of Economic Affairs and by the Federal Economic Chamber to inform about the advantages of product design by public relation activities, events and information material but also design consulting supported by the Economic Promotion Institute.

Environmental offensive: aim of this offensive is to support a more ecological economy by sector specific research and surveys e.g. avoidance of waste material, introduction of energy and environmental management systems

#### **7.4 Information on EU programmes**

Information on EU programmes for SMEs are offered now by a number of institutions. The BIT (Bureau for International Research and Technology Cooperation) offers help for enterprises intending to participate in EU, EUREKA or COST technology programmes. It further produces a monthly newsletter, helps in the search for partners for projects and organises information seminars. Further information is provided by emerging Euroinfo centers supported by funds from the European commission.

#### **7.5 Training**

As far as vocational training in Austria is concerned a regular report by the Ministry of Economic Affairs (Bericht über die Berufsausbildung in Österreich, Report on Vocational Training in Austria, Vienna, 1993) gives detailed information on vocational training.

The vocational training in Austria is based on a "dual system". Practical training is carried out in the enterprise, theoretical training is furnished by the vocational school (off-the-job classroom training). The vocational training is regularly adjusted to new requirements and to the changing character of the industrial work, to the educational level of the new generations (high school graduates with "Matura"), to the enlargement of qualifications in view of the needs of the economy.

A broad range of training programmes is available for adults.

Management Training Institutes offer all kinds of training courses. New ("young") entrepreneurs can attend courses on legal, economic and technical (technological) aspects of creating new enterprises as well as on business administration and management techniques.

### **7.5.1 Economic Promotion Institutes**

The Economic Promotion Institute is one of the largest institutions. It offers a great variety of courses for all fields of vocational training or management: 260,607 persons attended its 16,767 seminars, courses etc. In the year 1991/92 professional academies of the Economic Promotion Institute were introduced. These are courses for persons who have finished their apprenticeship. The successful completion of the programme opens the way to further university education.

### **7.5.2 Institute for Vocational Advancement**

Another institution of vocational training is the "Berufsförderungsinstitut" (BFI, Institute for Vocational Advancement), established 30 years ago, with training centers in the states. Courses are offered sometimes specific for branches and professions, to develop new skills and obtain new know how.

### **7.5.3 Others**

The Hernstein-Institut für Unternehmensführung (International Management Institute of the Economic Chamber Vienna) offers courses in strategic management, leadership, communication, management techniques, professional training like financing etc, a special programme for entrepreneurs of small scale enterprises (management, business ratios, marketing, sales, and motivation in SMEs) and courses on East-West management.

Further training institutions are for instance:

1. ÖPWZ (Austrian Center for Productivity and Efficiency)
2. Austrian Industrial Association
3. Management Development Institute
4. The Controller Institute
5. Trade Union
6. Chamber of Labour
7. Individual consulting enterprises and groups of trainers offering single courses or even programmes
8. Language teaching institutes and institutions (British Council, Latin America Institute, etc.)

9. University institutes (also offering extracurricular programmes as for example a two year evening course on marketing, etc.) and University extension centers (for example specialized courses at the University of Technology)

### **7.6 IBW (Institute for Vocational Research)**

The IBW (Institut für Bildungsforschung in der Wirtschaft) was founded as a society 1975 by the Austrian Federal Economic Chamber and the Federation of Austrian Industrialists. Since then, the IBW conducted about 500 projects und published many reports on education and training-related topics. Many studies are concerned with apprenticeship training and labour market analysis and qualification research. Other activities embrace research and documentary work on educational counselling, vocational guidance and carreer planning.

## **8 RESEARCH AND DEVELOPMENT, INNOVATION, SME-RESEARCH**

Austrian enterprises spend relatively little of their turn-over on research and development. 1994 only 1.65 % of the Austrian gross domestic product were spent for R&D, about half of it by private enterprises, which is below European Union average. Improving this situation is the aim of most of the technology programmes which are overlapping with regional development, start-up and other programmes.

### **8.1 Technology, Innovation and R&D centered programmes and institutions**

#### **8.1.1 Innovations- und Technologiefonds (ITF, The Fund for Innovation and Technology)**

This fund was created to stimulate innovations and to strengthen the competitiveness of Austrian enterprises abroad, but also to support environment protection measures. It is financed by the state, the Austrian electricity sector and other sources. 73.3 % of ITF/ERP allocations between 1987 and 1992 went to SMEs. The focus of this fund was shifted from microelectronics (finished 1990) to industrial laser technology, flexible computer integrated manufacturing for SMEs and energy technology.

#### **8.1.2 Forschungsförderungsfonds für die gewerbliche Wirtschaft, FFF, Austrian Industrial Research Promotion Fund**

Existing since 1967 the FFF is financed and supervised by the Ministry of Economic Affairs. 1994 ATS 1.5 bio flowed to enterprises developing new technologies. The most important areas are environmental protection (155 projects) and microelectronics (91 projects). The FFF supports scientists to develop new products together with enterprises. The FFF is cooperating with the Austrian National bank and the ITF (Innovations- and Technology Fund) as far as projects with a predominantly R&D part are concerned.

In 1994 subsidies and grants totalled ATS 1,486.3 mio for 636 projects. Total project costs being ATS 4.9 bio. ATS 608,8 mio were allocated from the Federal Government. ATS 26.7 mio were advance utilization of 1995 funds. ATS 698.3 mio were loan returns and income. In addition ATS 79.9 mio were financed by the Austrian National Bank (OENB), further ATS 600.000 were other contributions. In the same year ATS 570.2 mio were used as grants by the Research Promotion Fund, ATS 79.9 as grants by the Austrian National Bank and ATS 600,000.- as grants by other contributions. ATS 835.6 mio were allocated as loans to the enterprises.

As partial manager of the Innovation and Technology Fund (ITF) the FFF reviewed and submitted proposals to the Federal Ministry of Science and Research. Subsidies and grants amounted to ATS 148.5 mio to 65 projects with total projects costs of ATS 744 mio.

### 8.1.2.1 Evaluation

On behalf of the Fund for the Promotion of Research ("Forschungsförderungsfonds der Gewerblichen Wirtschaft", FFF), the effectiveness of research projects is regularly evaluated. The projects are analysed according to branches and to size-distribution of the enterprises. In the years 1986 to 1989, 46.0 % of the projects, but only 25.1 % of the financial resources allocated benefitted enterprises (and institutions) with less than 100 employees. The branch with the highest share (32.3 % of the projects and 29.3 % of the resources) was Engineering, Metals, and Transport equipment, followed by Chemicals and Plastics (13.0 % and 18.9 %). The "weakest" branch was Textile and Apparel (3.4 % and 1.7 %). For projects finished 1989 a success quota of 58.4 % was reached. (The evaluation was conducted by the Institute of Small Business Research (IfG) in Vienna)

### 8.1.2.2 Scheme for innovation financing (*Innovationsfinanzierungsaktion, IFA*)

This scheme for financing of innovations aims at the transfer of R&D results to the actual manufacturing process (pilot production, start-up costs). Loans of at least ATS 3 mio, amounting to no more than 75 % of total costs, are supplied at subsidized interest rates. The FFF decides on the basis of economic and technical criteria, the Investkredit A.G. executes the project (volume of loans, at the end of 1988: ATS 520 mio).

### 8.1.2.3 FFF-Pilot schemes

#### "Scientists for Business"

Junior university personnel ("adjuncts") can be released for practical work in the economy for 1-2 years. After completion of this period, they may stay with the enterprise or rejoin the university. Enterprises with less than 1,000 employees receive under this programme a onetime premium of ATS 100,000 (tax free).

#### "Scientists create firms"

The Ministry of Science and Research supports the establishment of new firms which try to apply results of scientific research, with a grant of ATS 170,000. If particularly justified, the grant can be doubled.

### 8.1.3 Innovationsagentur Ges.m.b.H., (Innovation Agency)

In its actual form, the agency exists since 1984. It acts as go-between for existing institutions and coordinates and advises companies on innovation-management and organization. The "Innovationsagentur" works in following areas:

- support of technology oriented enterprise start-ups: it acts as agent for the innovation-related "Seed-financing Programme". The Agency assists the project from its conception to the creation of the new enterprise (in cooperation with the ITF-Fund); the programme has two phases: a concept phase and a

realization phase with the particularly interesting feature that interest and paying off are dependent on profits earned.

- It supports applications for patents abroad, in cooperation with Investitionskredit A.G., especially in intricate cases (approximately 15 contracts per year);
- It supports project teaching in schools for increased cooperation of school and business
- It acts as secretariat for the Association of Technology Centers of Austria which is a network for about 26 technology transfer centers, innovation centers, enterprise start up centers and technology parks
- It administrates the National Prize for Innovation
- It cooperates in the incentive programme "industrial design" with the Innovation and Technology Fund (ITF)

#### **8.1.4 Austrian Science Foundation (FWF)**

This fund is largely dedicated to scientific research. 1993 its budget amounted to ATS 548.3 mio, 53 % of which were dedicated to natural sciences, 18 % to human medicine, and 16 % to human sciences. Together with the FFF (Austrian Industrial Research Promotion Fund) the FWF initiated a "technology focus" in order to promote the application of scientific competence and resources at universities and research institutes with in new or existing enterprises. The **Forschungsförderungsrat** (research promotion council) is a council of the heads of the Austrian Science Foundation and the FFF (Austrian Industrial Research Promotion Fund) in order to coordinate their activities.

#### **8.1.5 Österreichisches Institut für Formgebung (Austrian Design Institute)**

Founded in 1958, the Österreichisches Institut für Formgebung, financially supported by the Federal Ministry of Economic Affairs and the Federal Economic chamber, organizes seminars, study tours, information programmes.

#### **8.1.6 Energieverwertungsagentur, Agency for the Use of Energy**

It is concerned with optimization of the use of energy . Results of experience and research are made available to users.

#### **8.1.7 Association of Cooperative Research Institutes**

About 35 research institutes have joined the association. Particularly small- and medium-scaled companies are beneficiaries of their low-cost services.



### 8.1.8 Forschungszentrum Seibersdorf, Research Center Seibersdorf

Balance total 1994 ATS 661 mio, 517 employees.

This research center for applied and research is divided in five operational units which can be contracted by individual enterprises. Its research areas are technical and natural sciences on the one hand and on the other hand economic research as far as technology innovation and R&D are concerned.

Together with Joanneum research and the research center Arsenal (two other Austrian research centers with similar objectives like Seibersdorf) the Research Center Seibersdorf started the **working group "Forschung Austria"** (Research Austria) in order to be able to supply the critical mass for larger scale projects and use synergy effects.

### 8.1.9 Universities and "Außeninstitute der österreichischen Universitäten", University Extension Centers

#### *Attitudes of universities towards SMEs*

The attitudes of universities towards SMEs are generally positive. There are several cooperations between university institutes and SMEs. An interesting example of cooperation with small firms is the offer of an institute of the Vienna technical university to send students writing a diploma paper for their MSc to "real" enterprises. This cooperation serves several purposes: the student gets to know "real economic life" and the firm gets expertise it can afford. The student generally works alone but is supervised by an assistant teacher/ professor.

Universities usually have an institute for external relations (extension centers) which facilitates easier contacts for SMEs with particular institutes which could provide solutions for their problems. This concerns mainly technical, natural and economic universities.

Universities as cooperation partner for research projects are more frequently used by medium and large scale enterprises than by small firms, which on their side rely more to other firms of the same branch. A survey of technological cooperation of Austrian firms covering 676 largely technology oriented firms<sup>3</sup> shows though that only 7 to 8% of firms with 200 employees and less work together with universities, as compared to 34 % of firms with more than 200 employees. A further result was that high technology firms cooperate much less with extra-university research institutes than firms in fields of established technology.

The University Extension Centers were created to improve the relations between university and its environment (i.e. enterprises), by improving and facilitating access to university research, at technical universities as well as at others. Of particular interest for SMEs are technical universities which can provide their

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<sup>3</sup>Vereinigung der Technologiezentren Österreichs, Österreichische, nationale Belegprogramme zu den EG-Forschungsprogrammen und zur Stimulation internationaler Technologiekooperationen, Vienna, 1993.

resources for small scale projects. E.g. The University Extension Institute of the Vienna University of Technology for example publishes a handbook comprising university institutes of several universities in Austria including names, addresses and focus of research<sup>4</sup>. The University of Economics in Vienna does the same but limited on its own institutes.

The extension center of the Technological University of Vienna may serve as example. It has about 20 employees and its objectives are knowledge and technology transfer, scientific information, training for enterprises and international affairs. An agreement between the extension center and the Economic Chamber of Vienna offers subsidized access to the research potential of the Technical University (i.e. 1200 scientists in about 106 institutes). It organizes about six presentations of institutes, 10 information meetings about specific scientific areas and one technology transfer conference per year. At the same time it helps university teachers to use their R&D results commercially and to cooperate with firms. Extension centers of universities are common practice in Austria.

A study by ICD (Industrial Cooperation Development, a state owned company to attract foreign firms) and Seibersdorf on 377 university institutes showed that the top ten cooperative research oriented university institutes work in the field of microelectronics, machinery and materials at the Technical Universities in Vienna and Graz, and at the University of Vienna. Altogether they had 71 cooperation contacts per year. 3 institutes had more than 30 projects per year with a duration of several weeks up to 10 years.

#### **8.1.10 Österreichisches Patentamt, Austrian Patent Office**

The Austrian Patent Office is a part of the Ministry of Economic Affairs. It informs enterprises about existing patents as well as helps them to apply for own patents. It also publishes several brochures on patenting (e.g the patent report on special areas). Within the scheme "test inquiry" enterprises get their first patent inquiry for free. Apart from technical information also a legal service is provided by the patent office. In cooperation with Regional Economic Chambers the Patent Office organised several information days in the federal states. The Patent Office also organized seminars for pupils and students in technological and commercial education branches about its services.

#### **8.1.11 Vereinigung der Technologiezentren Österreichs, Association of Austrian Technology centers**

This is a network of about 26 technology transfer centers, innovation centers, enterprise start up centers and technology parks. It provides information on its members and their activities by a handbook on technology and innovation centers (VTÖ: Technologie- und Innovationszentren in Österreich 1993/1994)

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<sup>4</sup>Aupeninstitut der TU Wien; Handbuch der Forschung in Österreich, Vienna, 1995

## **8.2 SME Research Institutes**

### **8.2.1 Institut für Gewerbe- und Handwerksforschung (IfG), Institute of Small Business Research**

Its activities are focused on the small- and medium-scaled enterprises, especially crafts (Gewerbe): data refer to short-, medium- and long-term economic development, economic and institutional conditions, analytical use of the databanks established and updated by the institute.

The databases of the Institute for Small Business Research ("Institut für Gewerbe- und Handwerksforschung") offer a broad range of information on sectoral (branch) developments, economic indicators (based on balance sheets), branch structure and regional density of small enterprises, comparative data on structural characteristics of small business in various countries, SMEs in Europe and particular problems.

The institute cooperates with other university institutes, assists candidates working toward academic degrees; it also cooperates with the Economic Chamber in various subjects related to the SME sector (e.g. evaluation of the impact of R & D), and recently developed a Manual on how to prepare feasibility studies for SMEs (in cooperation with UNIDO).

### **8.2.2 Institut für Betriebswirtschaftslehre der Klein- und Mittelbetriebe an der Wirtschaftsuniversität Wien, (Department of Small Business Management at University of Economics Vienna)**

Its creation goes back to 1936. Beyond teaching, the institute does research and practical work in all SME-related fields.

Particular research focusses are: cooperation and management in SMEs, marketing, innovation management, public SMEs, entrepreneurship research, development of start-ups, technology transfer to SMEs.

### **8.2.3 Institute für Handelsforschung (IfH, Institute for Retail Research)**

This private institute, founded 1952, deals with research on distribution. It produces enterprise data for wholesalers and retailers. Other fields of activities are structural analysis in distribution, industry analysis as well as analysis referring to particular merchandise groups. Furthermore, it holds seminars, maintains a databank on commercial data and publishes a monthly journal.

### **8.2.4 Institut für Absatzwirtschaft an der Wirtschaftsuniversität Wien**

This university institute does research in marketing and retailing employing a decision and behaviour oriented approach. Research projects are e.g.: theoretical and empirical investigation of marketing in retailing, marketing modelling, cooperation between manufacturing enterprises and distributors, distribution logistics, information and communication technology in distribution logistics.

### 8.2.5 Industriewissenschaftliches Institut

This institute concentrates on industrial policy, internationalisation, producer services/immaterial investment, pharma economics, educational economics. Apart from research in the above mentioned field it carries out pilot studies, maintains a databank, and produces regularly publications on technology and economics, internationalisation, industrial economy, etc.

Other research institutes providing economic information on SMEs are "Österreichisches Institut für Wirtschaftsforschung (WIFO)" (the Austrian Institute of Economic Research WIFO, which reports more on the macroeconomic level providing sectoral information by size class and researching technology and innovation by enterprises), university institutes and a range of other institutes which do not have their focus on SME but on other specific topics like technology (e.g. research center Seibersdorf) or tourism (institute for tourism research).

## 9 BROAD ECONOMIC AND SOCIAL POLICIES

### 9.1 Government ministries and departments with prime responsibility for SME policy

As far as government ministries and departments and their responsibilities are concerned the "Österreichische Amtskalender"<sup>5</sup> provides the most detailed and coherent information (including telephone numbers, addresses, persons in charge). This source also provides detailed information on other (public) institutions.

#### The Federal Ministry of Economic Affairs

The Federal Ministry of Economic Affairs bears particular responsibility SME related policies. In cooperation with the social partners it designs legislation for the promotion of SMEs and controls the implementation of promotional measures. It submits a biannual report on the situation of small- and medium-scaled enterprises to the National Assembly (parliament).

The Federal Ministry of Economic Affairs is organized in ten sections plus the Austrian Patent Office plus the Presidential Section.

Particular importance for SMEs has Section III dealing with "Gewerbe" (which term corresponds to Crafts and services), Engineering and Tourism. Also of importance for SMEs are Section IV Industry (generally large scale enterprises and enterprises in the primary sector) and Section IX Technology and Innovation which covers large enterprises as well. Section I, dealing with European integration and multilateral foreign economic policy, Section II for bilateral foreign economic policy and Section X, economic policy, are also of importance for SME policies.

The Section III "Gewerbe", engineering and tourism is further divided in **group A** consisting of **5 departments**:

- Department 1: "Gewerbepolitik and logistics", labour and social law
- Department 2: environmental regulations of the "Gewerbe"-law , consumer protection, plant installation
- Department 3: professional training within the firm, social and labour market policy, international legal affairs for "Gewerbe"
- Department 4: "freie Gewerbe" (no proof of proficiency needed), "gebundene Gewerbe" (proof of proficiency needed), crafts and markets

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<sup>5</sup>Österreichische Staatsdruckerei, Österreichischer Amtskalender 1995/96, Österreichische Staatsdruckerei, Vienna 1995.

- Department 5: "bewilligungspflichtige Gewerbe" (proof of proficiency and specific permission needed)

**3 general departments** which do not belong to any group:

- Department 6: technology in "Gewerbe", technical affairs of professional education and training
- Department 7: engineers and civil-technicians
- Department 8: SME-policy and law of the Economic Chambers

**and Group B (tourism), consisting of 3 departments.**

In Austria federal promotion activities for SMEs are mainly coordinated and funded by the Federal Ministry of Economic Affairs. Means of this activities is the "BÜRGENS Förderungsbank" which is 100 % owned by the state. it administers a good part of the promotional activities for SMEs by the Ministry of Economic Affairs.

The ministry also awards several prizes, for innovation, for good quality, for crafts, for advertisement, for advertisement films, for radio advertisement, for design, for marketing of wood, for jewellery made of noble metal, for the book with the best technical quality (paper, binding etc.), for consulting, for public relations and for buildings (in the industrial and touristic sector).

### **Federal Ministry of Public Economy and Transport**

Another substantial part of economic promotion activities is administered or/and supervised by the Ministry of Public Economy and transport.

The ERP fund is the most important instrument of the Ministry of Public Economy and Transport for these activities. The fund, which became a legal entity 1962, represents the loans provided from funds and proceeds of the European Recovery Programme (ERP) of the years 1948-53. It is subject to the control of the government but independent of the federal budget. Within several programmes investment credits with favourable conditions are offered. Between 1.7.1990 and 30.6.1994 ATS 15.4 bio were used for SMEs (covering industry, "Gewerbe", tourism and transport) of a total of ATS 18.2 bio.

The fund also supports agricultural and development aid projects. The most important programmes are the ERP- Technology and Innovation Programme (including a focus on SMEs), ERP-Regional Programme and ERP-Internationalisation and ERP-Eastern European Programme. The ERP fund itself administers also the Innovation and Technology Fund as far as innovation projects near to the market are concerned. Projects concentrating on R&D are administered by the FFF (Austrian Industrial Research Promotion Fund). One department of the Ministry is charged with the coordination of regional promotion and the Innovation and Technology fund.

## **9.2 Other government departments with small business development roles or programmes**

Other ministries concerned are the Federal Ministry of Labour and Social Affairs, Federal Ministry of Environment, Youth and Family and the Federal Ministry of Science and Research. They have special responsibilities within their respective areas of competence.

### **Federal Ministry of Labour and Social Affairs**

This Ministry provides promotional measures related to SME to secure and create jobs. This may consist of loans, guarantees, grants and interest rate subsidies. All these measures are based on the law for promotion of the labour market. Specific areas are investment and restructuring particularly for SMEs and problem regions (high structural unemployment, little productive capacity). According to this Ministry the prosperity of SMEs is an essential factor for the Austrian labour market. Key elements in the area of SME policy are to increase the willingness of enterprises to employ apprentices and the support of apprenticeship employment for disadvantaged young people, promotion of women in professions with a low share of women and support of mobility to increase chances of employment. Nevertheless the main focus of this Ministry is the labour market and not SMEs. Operational labour market activities and some of the promotional activities are separated from the Ministry's organisation and subsumed in the **Arbeitsmarktservice** (labour market service).

### **Federal Ministry of Environment**

Since 1993 environmental promotion measures have been completely changed when the law of environmental promotion entered into force. Preparation and administration of applications are handled by the "Österreichische Kommunalkredit AG ÖKK". The minister then decides about grants, consulted by a commission.

Important promotional measures are in favour of the reduction of environmental damage by firms (air, noise, hazardous waste), waste water treatment, cleaning up of contaminated sites and the promotion of immaterial environmental protection measures in Central and Eastern Europe.

### **Federal Ministry of Finance**

The Ministry of Finance has departments particularly concerned with export financing and promotional measures (department V/3 and V/15) and with general guarantees (parts of departments V/2 and V/8). These departments are supervising some guarantee funds and funds established for the promotion of exports. Also Section IV, tax policy, is important for SMEs. This section does not offer any particular promotional measure but its tasks include simplification of tax law and administrative reform (department IV/14).

One important fund with particular importance for SMEs supervised by this ministry is the **Finanzierungsgarantiefonds** (FGG) (to facilitate financing by providing

security and guarantees). It provides: 1) securities for long term credits for financing of investments, translation of innovations into processes and environmental protection measures and 2) junior and long term credits and share holder capital improving the financial structure of enterprises. Conditions are the expectance of substantial improvement of the enterprise income, in the case of share holder capital the influx of additional risk capital. A simplified procedure for SMEs which was introduced in 1987 was abolished in 1992 in order to avoid that FGG and Bürges provide the same service. With the introduction of the ESA-rules (procedural and substantive rules of the EFTA surveillance authority in state aid cases) in fact the EU rules for grants and subsidies were taken over. The East-West fund is a guarantee facility of ATS 10 bio which partially protects against risks resulting from joint-ventures, establishment of a subsidiary or capital investment in a foreign country (projects with a value of ATS 10 mio and more).

Export promotion measures to improve competitiveness of SMEs are the export risk guarantees by the state according to the foreign trade promotion law 1981, which has been amended 1993. Within a frame of ATS 370 bio the Minister of Finance is authorised to assume liabilities in favour of Austrian exporting enterprises. Means for this are export risk guarantees and credit facilities and cash advances by the Austrian Export Fund Ltd. Criteria for size is not the number of employees but the export turnover.

The Austrian Export Fund (a limited company with the state as shareholder) is competent for firms with up to ATS 100 mio export turnover (i.e. mainly SMEs). In 1994 99 % of the total credit volume were so called "Rahmenkredite". These are revolving credits which are at the disposal of exporting enterprises, until further notice. The enterprise has to have export orders or export claims at least of the same amount as the credit frame. Financing thus is continous and unbureaucratic. Single credits are for enterprises with only occasional export activity. They are used to prefinance exports already contracted before production starts or delivery of goods and service for up to 18 months. The credit volume for the firm is usually limited by 20 % of export turnover of the last business year, but includes also export expectations for the current business year. Per individual debtor the credit maximum is ATS 20 mio.

One promotional effect of the Austrian Export Fund is that interests charged for related credits have lower than market interest rates. 1993 the number of debtors decreased to 2,136. It increased again 1994 to 2172. Credit volume for small and medium sized exporters increased from ATS 7.1 bio (1993) to ATS 7.2 mio (1994).

Tabelle

Number of creditors and credit volume of the Austrian Export Fund (1990 - 1994) .

Year	Number of debtors	Credit volume (mio. ATS)
1990	2,208	6,912
1991	2,244	7,235
1992	2,243	7,293
1993	2,136	7,126
1994	2,172	7,236

Source: Ministry of Economic Affairs, Wien 1995



The "Österreichische Kontrollbank" has the task to administer certain guarantees against economic and political risks, according to the Export promotion law. These guarantees also comply with the OECD "Arrangement on Guidelines for Officially Supported Export Credits" and EU regulations. Further activities are the administration of federal guarantee for bills for enterprises with more than ATS 100 mio export turnover.

The "Exportfinanzierungsverfahren" (export financing scheme) is also administered by the "Österreichische Kontrollbank".

The "Österreichische Kontrollbank" also has a department to evaluate projects and enterprises, which is generally more important for larger enterprises.

In the course of the adaptation of the Austrian export promotion system to EU regulations the state withdraws from short term export insurance within the OECD area. Insuring exports in this field is increasingly taken over by private export-insurance companies.

### **Federal Ministry of Science and Research**

An explicit aim in favour enterprises of the Ministry of Science and Research is to improve transfer of research results and to strengthen the link between universities and economy.

Section II of the ministry is particularly concerned with research and technology. Department II/4 is dedicated to economy related research (applied), department II/5 deals with the financial ITF (Innovation and Technology fund) administration. Section IV is in charge of international affairs and EU research and development.

Department I/16 administrates the programme "Wissenschaftler für die Wirtschaft" (scientists for business). It was established 1982 (pilot phase 1982-1987) in cooperation with the Economic Chamber and the Federal Conference of Scientific and Arts personnel. Its objective is to facilitate for university assistant teachers to gather practical experience in their field of expertise. By this programme new contents shall be brought to university research and education. At the same time the potential of universities shall be opened up for enterprises of all sectors and size classes. The university teachers are freed from their tasks for one to two years, without payment. They can go back after this time to their original university job or remain with the enterprise. The enterprise receives a one time grant of ATS 100,000. Until April 1995 216 contracts were closed. Results showed that the majority of the participants came from technical, social, economic and natural sciences university institutes. Two thirds of participating enterprises had less than 500 employees.

Another programme administrated by this department is "Wissenschaftler gründen Firmen" (Scientists create firms), which supports the establishment of new firms applying results of scientific research with a grant of ATS 100,000 (in special cases up to ATS 350,000). This programme was started 1986 as extension of "scientists for business" and is administrated by the Federal Ministry of Science and Research, the Federal Economic Chamber and Federal Conference of Scientific and Arts personnel. Also representatives of the Industrial Research Promotion

fund, the Austrian Research Center Seibersdorf, the Economic Promotion Institute of the Federal Economic Chamber and the rectors' conference cooperate in this project. The grant shall be used for rent, leasing, etc by the enterprise founder.

Individual conselling by experts is also offered. Since 1992 also participation in fairs and commercial training can be subsidised. This programm is not restricted to high tech enterprises but any innovative start-ups. An evaluation after 6 years showed a success rate of the start-ups above average. It is prolonged until 1996. The number of firms to be supported is limited with 15 per year. Until April 1994 88 start ups have been supported employing 350 persons; 13 % in manufacturing, 82 % in specialized services (software, environmental technologies).

### **9.3 Degree of coherence and cooperation between different government departments**

Coordination between ministeries is on the one hand provided by the federal chancellery but also by departments of the ministries themselves. Coherence and cooperation also comes automatically as actors in the field of SME policy know each other quite well. Interministry commissions are established as a further possibility of institutionalized cooperation for certain problem areas.

### **9.4 Government economic and social policy and priorities**

One source for such a statement of government economic and social policy is the government agreement 1994 of the two parties which formed the coalition government (Social Democrats and Conservatives). The agreement of 1994 indicates the general direction of policy development.

One priority is an information offensive as telecommunication and media are seen as important for the securing of the competitiveness of the Austrian economy. This includes liberalization of telecommunication marekts by excorporating the telecommunication of the postal services, privatization of TV and radio, restructuring of the Austrian public radio and TV.

Economy and infrastructure were further important areas of the agreement. Focus of economic policy are the provision of a competitive economic framework and a productive infrastructure. An Important target was to offer new job opportunities and create new job particularly in the field of communication, financial services, environment and application of new technologies and materials.

Federal promotion programmes have been oriented towards the support of economic rehabilitation and restructuring. Competition by countries with low wage costs on the one side and by technologically advanced competitors, request a concentration of support efforts on innovation, education and training, environmental protection, improved infrastructure and well balanced regional development. Administration was to be excorporated of Ministries and concentrated in two support institutions. In order to improve efficiency the aim was to concentrate economy related promotion in two institutions adhering to the Ministry of Economic Affairs and the Ministry of Public Economy and Transport.

Clear statements are also that private research expenditure should increase and competitiveness of enterprises improve. However, budget consolidation which remains a priority, now even more so than in 1994, limits the possibilities for the creation of new support programmes.

### **9.5 Specific references to SME development**

Specific references were made in the government agreement 1994 to SME policy. SMEs are seen as important factor of the Austrian economy.

Innovative economic policy shall support entrepreneurial persons. Incentives shall promote entrepreneurial activities in existing enterprises as well as in new enterprises. One idea was to establish a scheme of "start-up saving".

The "Gewerbestrukturverbesserungsgesetz 1969" (SME structure improvement law) should be replaced by an EU-oriented and flexible law for SME support.

Clear legal regulations, standardized execution, concentration of administrative procedures, their simplification and acceleration shall improve the quality of the location Austria while conserving high social and ecological standards.

### **9.6 Industrial development policies**

The government agreement 1994 also contains statements on industrial policy and export economy. Austrian industry and manufacturing enterprises are important for Austrian export. A environmental framework had to ensure favourable conditions for growth and competition as put forward by the WTO (world trade organisation).

The Austrian export financing and guarantee system has to be adapted to the level of other comparable European countries and concentrating means of export support on strategically important markets for Austrian enterprises.

Active advertising to attract foreign investors and measures to form Austrian image shall be taken. This shall create new jobs. Locational support shall be linked to existing Austrian clusters to improve synergy effects and be carried out in close cooperation between the federal and state governments.

## **Technology policy**

Technology policy is an important cross sectional matter in Austrian policy. Main objectives are to establish material and immaterial infrastructure to support the innovative capacity of economy. Cooperation between science, business and policy has to be intensified and the translation of research results to application fostered. Means for this are technology centers and regional training institutions for SMEs, enlargement and prolongation of ISO programmes to improve quality. The core of innovation and technology policy has to be the expansion of applied research.

### **9.7 Specific targets or roles for SME development within industrial policy**

No specific targets have been set out in the government agreement 1994. The chapter on industrial policy stipulates that barter agreements and industrial cooperations in connection with public procurement shall be used more intensively to support SME and industrial structural change. Following aims shall also be pursued: establishing technological competence, improving access to international research cooperations, international research financing and improvement of market opportunities for Austrian technologies.

### **9.8 Austrian regional policy**

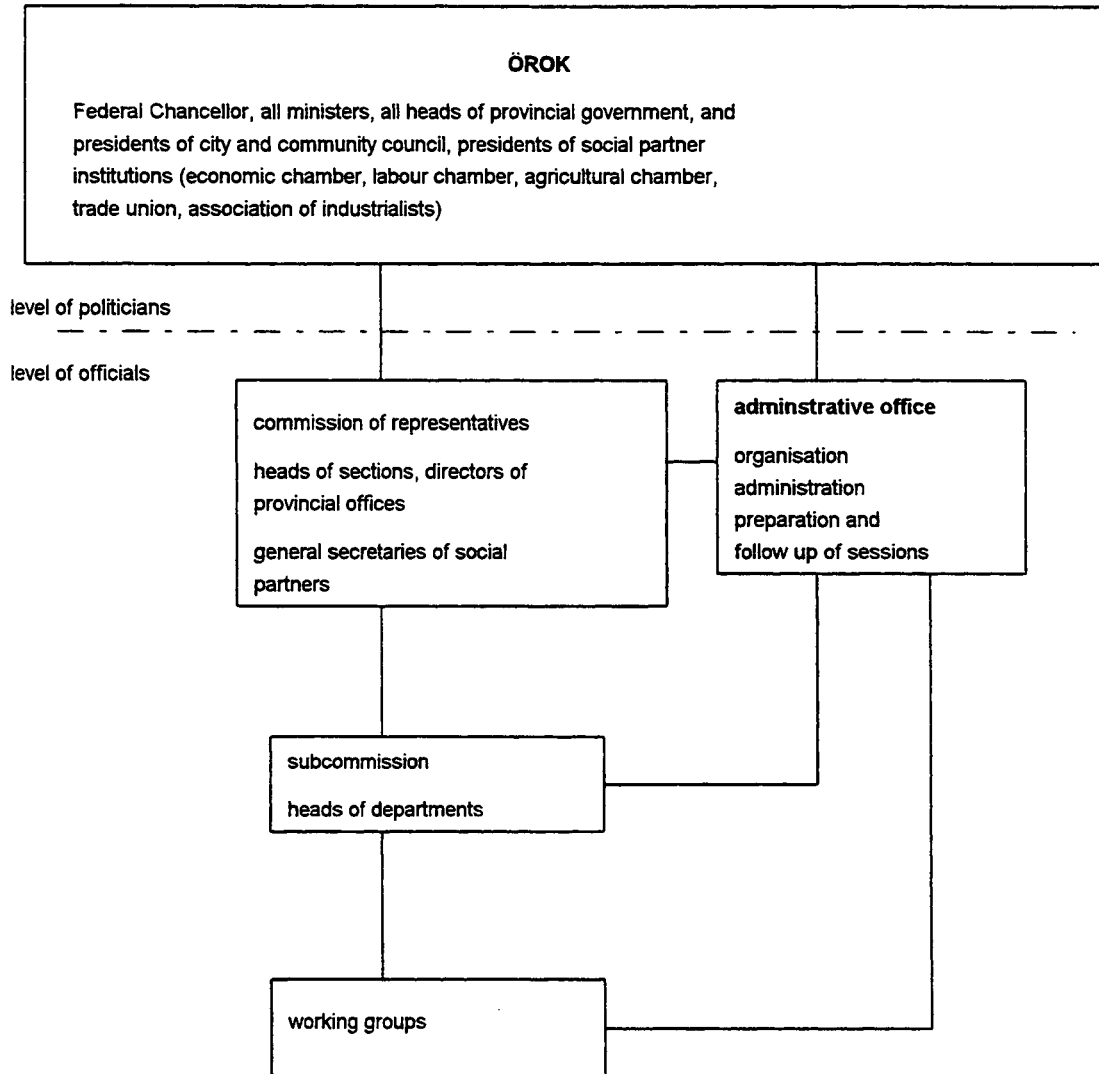
In order to understand Austrian regional policy some details have to be explained.

The distribution of tasks between federal state, states and communities is based on constitutional law. The federal provinces, but also communities, are autonomously responsible for their budget. This means that expenditures are decided on the local or provincial level.

The distribution of income between governmental units of different levels on the income side is determined by the financial constitutional law, which provides the basis for a plain law on concrete distribution of public income (taxes etc) to the governmental units for several years (law of financial balancing, every to 3 to 6 years).

The Österreichische Raumordnungskonferenz (ÖROK, Austrian Council on Regional Planning, founded 1971) acts as coordinating body of national, regional and local policy actors. It is financed by the national government (48 %), the provinces (48 %), the Austrian association of cities (2 %), and associations of communities (2 %). Members of this council entitled to vote are the federal chancellor, all ministers, the heads of provincial governments and 2 representatives of the Austrian association of cities and 2 of the Austrian association of communities. Consulting members with no right to vote are the social partners: the president of the federal Economic Chamber, the president of the Council of Austrian Labour Chambers, the president of the presidential conference of agricultural chambers, the president of the Austrian labour union and finally the president of the association of Austrian Industrialists.

The ÖROK makes cooperation and coordination possible. It has no authority to decide regional matters. Decisions are taken on the respective level but usually following the concepts, reports and advice of the ÖROK.



General objectives as stated in the Austrian regional planning concept 1991 are:

- an offensive protecting the existing infrastructure by strengthening innovative, adaptive and competitive capacities. This includes also the shutdown of structures - like enterprises, establishments - which are not competitive.
- additional impulses in areas with weak economy
- a well dosed reduction of structures that are not competitive anymore
- support for economically particularly burdened or disadvantaged population groups
- and particular targets for certain types of regions

Regional policy aims on the federal level are the levelling of income disparities.

Regional support increased strongly from 1990 to 1991. Support though often developed into sectoral promotion causing structural conservation. Forced region industrial location policies frequently did not work because of insufficient interrelations between new and old firms. In order to support location of enterprises on the federal level the ICD Austria (Industrial Cooperation and Development) was founded whereas on the regional level several provincial societies were founded. Within the concept of endogeneous regional development, local enterprises, projects and cooperations are promoted by financial support, consulting and information. The (about) 16 innovation and technology transfer centers are expected to stimulate regional structural change.

### **9.9 Targets or roles for SME development within regional policy**

The Austrian regional planning concept 1991 sets different targets for SMEs for 4 types of regions:

#### **Objectives for peripheral rural areas**

Already existing SMEs shall be protected and their competitiveness secured- if needed by modernisation and structural improvement. Tendencies to grow shall be promoted or triggered in existing firms and by the way of indigeneous new firms and location of new enterprises. In the areas near to the Czech, Slovak and Hungarian border development opportunities shall be taken as far as possible. By spatial concentration of industry in areas with infrastructure (either already developed or easy to be developed) synergies between enterprises and the creation of a favourable "industrial climate" shall be facilitated. By enterprise start up centers (eventually with information transfer services) these approaches can be additionally supported. The existence of SMEs which cater for local demand shall be protected, particularly in extremely peripheral areas.

The supply of services shall be increased in district centers, particularly business services. A sufficient telecommunication structure is also considered important.

#### **Objectives for peripheral touristic regions**

Here the short distance supply by SMEs providing products and services for local demand is considered as an important complementary function which has to be conserved and developed.

In order to avoid a touristic mono-structure and thus being too dependent on tourism, already existing manufacturing SMEs shall be developed. But in these areas special care has to be taken that production and sectors entailing environmental damage are avoided.

**Objectives for regions of medium sized towns (in Austria 20-60 000 inhabitants) and areas of industrial concentration with comparable locational quality**

Comprehensive industrial restructuring in the direction of new competitive, technology oriented and environmental feasible production areas and flexible enterprise structures shall protect the industrial substance or at least large parts of it in recessionary times. The selective location of firms and support of indigenous start ups shall facilitate restructuring particularly in problem areas of traditional old industry. A devaluation of the locations has to be avoided by using strict selection criteria. In areas with industrial mono-structure diversification strategies shall be followed.

Dispositive functions of enterprises (strategic planning, research) shall be kept in the region and further strengthened. The supply of business services (research institutions and financial services) shall be improved.

The diversity of SMEs has to be conserved, in monostructured industrial areas it has to be increased.

**Objectives for metropolitan areas**

Metropolitan areas do have the highest economic performance niveau in Austria. Metropolitan regions do though show structural weaknesses. These weaknesses are caused by the old industrial structure which is centered on internal markets and by a large share of formerly protected industry sectors with hardly any international competitive orientation.

A sufficient stock of efficient, technology intensive, global market orientated industrial enterprises has to be conserved and (particularly in Vienna) created by restructuring existing industry and start ups. High ranking dispositive functions (R&D department and centers, planning staff, head quarters) have to be increased in these centers. At the same time a diversified enterprise structure (oriented to local demand) has to be conserved.

Start up and development of business services (R&D institutions, engineering bureaus, financial services) shall be forced. The regional function of Vienna as capital seems to be in this field.

**Example: regional programmes to support start ups and technology promotion in Vienna**

R&D expenditures of provinces 1994 are estimated to amount to about ATS 2.1 bio. This is an increase by 9.5 % in comparison to 1993, 73.7 % to 1989, and 118.1 % to 1985. Further, measures of regional policy are the setting up of innovation centers on regional level to counsel SMEs in technology matters. A lot of regional programmes for R&D or technology stimulation are also organized by regional governments.

A public agency (KABAG) provides venture capital by silent partnerships. (see also Chapter 6.7)

Another agency (WKBG) provides guarantees for credits by commercial banks. (see Chapter 6.8).

Programmes by the Vienna Business Promotion Fund (WWFF) are for example: "C-Tech" to stimulate the use of computer programmed technology in SMEs; "INNOVA" a programme to stimulate basic and applied research aiming at a product or process innovation; the initiative "Qualified Employee" supporting employment of a qualified employees in SMEs; Programme "PC" supporting the use of personal computers, photocopiers or faxes; the programme for "Improvement of Technologies in Small and Medium Printing firms" and the programme "Quality" for product development and quality certification. (For a detailed description see Chapter 6.6).

### 9.10 Overall statement of policy for SMEs

The legislation adopted in 1986 represents a comprehensive act regarding objectives and principles of the government policy aimed at strengthening small- and medium-scale enterprises and enhancing their competitiveness. The act stipulates measures concerning consultancy, information services, inter-firm cooperation, rationalization, research, development and innovation.

In view of competitiveness, measures such as subsidies, risk guarantees, special measures, guarantees for starting businesses, etc. are implemented to level out institutional or structural disadvantages.

The Austrian regional planning concept 1991 (see also above) proposes several policy measures for economic promotion of considerable importance for SMEs. These are:

- a stronger regional differentiation of financial support programmes

This means that regional aspects shall be more taken into consideration by policy makers and includes a further improvement of regional statistics as base for regional planning.

- improvement of information transfer to SMEs and persons interested to start up enterprises

This comprises increased cooperation of education, science and business (stronger practical orientation of universities, public-private partnerships in research, increase contacts of vocational schools with business, research centers with industry orientation). Regional innovation and start ups centers supplying qualified information (specialised consulting, search for cooperation partners, access to research data bases and institutions) particularly in centers of industrial concentration shall be further pursued and if necessary additional centers added.

- reduction of administrative burdens



This measure shall facilitate the start up phase which is - even though a lot of improvements were made in the last years - particularly burdened by administrative burdens, like easier permission to start operating plants, less restriction to market access for some professions. Existing competition restrictions are already partially reduced, not only but also due to EU membership. This process will be further pursued.

- the last proposed measure by the regional planning concept particularly directed at SMEs is active business premises policy.

This means to optimize locational decisions on a local level (enterprise start-ups, expansion, dislocation) This can be supported by an active policy for business premises (buying of estate, infrastructural development, business oriented measures in urban areas, c.f. activities of the Vienna Business Promotion fund) as well as the establishment of industrial parks and enterprise start up parks.

### **9.11 Setting policy and SME development strategic goals**

Policy and small business strategic development goals are usually set after discussion and agreement of the social partners (workers' representatives and entrepreneurs' representatives) on national but also on regional and local level. These social partners do also have the experts to consult politicians when new laws are drafted. Before an act is passed to the legislative authority an accord between the social partners is usually reached.

### **9.12 Implementation and reporting of strategy for SMEs**

Strategies in Austrian economic policy are usually implemented by local or regional governments to assure that implementation corresponds to local and regional needs and is able to deal with peculiarities of these levels.

The Federal Minister for Economic Affairs has to submit a report on the situation of small- and medium-scaled enterprises bi-annually to the National Assembly. ("Mittelstandsbericht").

### **9.13 Information available to policy makers concerning the health of the SME population**

Information for policy makers on the health of the SME population is sufficiently partly. Several institutions do provide information on SME development and structure. The most important institutions and what they provide are:

**Austrian Statistical Office ( "Österreichisches statistisches Zentralamt";  
(ÖSTAT))**

"Gewerbestatistik": Number of companies, number of employees, profits, turnover, operating expenses, investments, net- and gross production, depreciations, labour

costs, stocks, energy- and water consumption by region, industry, size-class (employees and gross production value).

"Statistik der gewerblichen Wirtschaft. Hauptergebnisse der Nichtlandwirtschaftlichen Bereichszählung": Number of companies, number of employees, labour costs, investments, gross production by region, industry, sector, size-class and legal-forms.

"Arbeitsstättenzählung": local units and number of employees by size-class, industry, region.

"Statistische Nachrichten": periodical with different statistical information, such as consumer price index.

Regular information about the numbers of SMEs produced by the Austrian Central statistical office which includes all non-agricultural enterprises (Nichtlandwirtschaftliche Bereichszählung every ten years).

### **Statistical Department of the Economic Chambers of Austria ("Wirtschaftskammern Österreichs")**

"Mitgliederstatistik": member statistics by legal form, sector, industry, region

"Meisterprüfungsstatistik": statistics of "master-craftsmen-examination"

"Lehrlingsstatistik": statistics of apprentices

Annual reports of the local chambers with information on different topics

### **Federal Ministry of Economic Affairs ("Bundesministerium für wirtschaftliche Angelegenheiten")**

The Ministry produces in cooperation with research institutes every two years the report on the situation of Austrian SMEs (Ministry of Economic Affairs: Bericht über die Situation der kleinen und mittleren Unternehmungen der gewerblichen Wirtschaft. Vienna, 1993 last ed.). This report is presented to parliament and debated.

#### **Other Institutes:**

- Austrian Institute of Economic Research ("Österreichisches Institut für Wirtschaftsforschung" (WIFO)): This institute reports more on the macroeconomic level. It provides sectoral information by size class and does also research in technology and innovation of enterprises (e.g. Leo, H./ Palme, G./ Volk, E.: Die Innovationstätigkeit der Österreichischen Industrie, Vienna, 1992)
- Institute for Small Business Research ("Institut für Gewerbe und Handwerksforschung" (IfG)) The Gewerbestrukturbericht (Report on the

structure of SMEs, by the IfG) as well as Mittelstandsbericht ("Report on the situation of SMEs", with contributions by the IfG and published by the Ministry of Economic affairs) provide information on the health of the SME population to policy makers in all fields. The institute also provides information on a contract basis for the needs of public and private organisations (e.g. IfG, Study on the use and importance of telecommunication and environmental protection measures, Vienna, 1995); quarterly reports on the economic development in the crafts and services sector.

- Institute for Trade Research, Ltd. ("Institut für Handelsforschung GmbH") This Institute provides information on retailing and wholesaling enterprises of different size classes.
- Institute for Tourism Research ("Österreichische Gesellschaft für angewandte Fremdenverkehrswissenschaft") This institute does research in the tourism sector whose development is relatively more important for SMEs than in other countries.
- Institute for Regional Planning ("Österreichisches Institut für Raumplanung") This institute is specialized in regional research of all kinds providing information for regional development planners and politicians.

#### **Various university institutes:**

e.g.: Institute for SME's of the University of Economics and Business Administration Vienna ("Institut für Betriebswirtschaftslehre der Klein- und Mittelbetriebe an der Wirtschaftsuniversität Wien") This institute is specialized in management issues, entrepreneurship and start ups. It also does research in certain SME sectors.

#### **Private enterprises**

Private enterprises like the KSV (Kreditschutzverband, trade protection society) also provide information on SMEs, e.g. the number of enterprise failures by sectors and size class.

#### **Economic Departments of Austrian banks**

Information on the economy (for banks and investors) is also provided by the economic policy departments; e.g. the "Branchendienst der österreichischen Girozentrale" provides industry reports, industry economic development reports and industry ratios reports. Austrian leading banks provide a variety of periodically published information.

#### **9.14 Needs policy makers seem to think that SMEs have**

The insufficient capital endowment of SMEs is obvious to policy makers (as to be seen in the number of programmes to support SME financing); technology and

innovation are of particular importance (this can also be seen by programmes offered in this field), the reduction of administrative burdens for SMEs is a further well noticed subject area. Finally sector specific problems as for Austrian tourism or food producers are known to policy makers.

### **9.15 Sustainability of small business policy and programme development**

Austrian small business policy and programme development is targeted at sustainable structures. Changes in the decision process (the social partnership) in which representatives of entrepreneurs (Economic Chamber, Association of Austrian Industrialists) meet and discuss with labour representatives (Labour Chamber, Austrian trade union) and also work together with government are not to be expected in the near future. Changes in SME policy happen mainly in connection with Austrian EU membership in a way that topics current in EU SME policy are also relevant for Austria. Further EU activities have already influenced the Austrian landscape of SME support. On the one hand that certain support schemes had to be adapted to EU regulations (limits of support depending on the region) on the other hand that EU programmes have to be taken into consideration when support schemes are planned.

## 10 REGULATORY POLICY

### 10.1 Priorities needed for changes in the regulatory environment

The reduction of administrative burdens is a clear priority of the Austrian government. The government agreement 1994 has a special chapter on "de-bureaucratization" calling for revision of all laws and directives checking their adequacy and relevance, including setting up a list of all laws and directives which are to be abolished. Economic law has to be adapted to new circumstances in the course of increasing economic integration and thus increased global competition. All obstacles to competition which are not based on consumer and environmental protection or reasons of security policy shall be abolished.

It is well understood, that SMEs are comparatively more burdened by administrative regulations than large scale enterprises which benefit from economies of scale in administration and the possibility to employ specialized personnel.

One set of strategies refers to **information** of SMEs on requirements and procedures as well as providing single contacts in order to reduce the number of offices to which an enterprise has to relate. A good example for the latter strategies are changes incorporated by the tax law revision 1994. It reduced on the one hand the number of institutions to which payments have to be made and tried to harmonize due dates of the different payments.

When **starting up a firm** in Austria the entrepreneur has to register the firm with the municipal or community authorities. More correctly, one has to apply for registration submitting all necessary documents comprising birth certificate, proof of nationality, proof of proficiency (if required in a specific trade), corporate agreement and proof of registration with the book of firms if required for the particular legal status of the new firm. These documents are further presented to the Economic Chamber who has the right to object. The governor of the state, however, as the highest authority has the right to overrule objections by the Economic Chamber. If there are no objections, applicants have to pay a registration fee to the Economic Chamber as well as fees for the registration itself in order to obtain the registration. (cf. Chapter 2.3)

Dependent on the legal form of the enterprise, the corporation contract needs to be certified by a public notary and registered in the enterprise register. In many cases corporation contracts are drawn up by lawyers, although that is no legal requirement.

The entrepreneur needs for specific production plants or machinery which could have a negative impact on neighbours or the public interest need a plant operating permission ("Betriebsanlagengenehmigung") before he is allowed to construct or operate them. If water and sewage systems might be substantially disturbed or damaged he needs the permission of the water authorities. Depending on the locational situation, public authorities may request specific constructional

provisions. Particularly in densely populated areas where enterprises are located in the vicinity of apartments etc. such permits may be difficult to obtain for manufacturing firms and the use of such locations may be restricted to certain hours of the day.

After the firm is registered, it should obtain a tax number from the tax authorities. Since EU membership firms trading with EU countries also have to obtain a UID ("Umsatzsteueridentifikationsnummer", a number to identify enterprises within the EU internal market).

If the firm plans to train apprentices it needs a special permit. This can be obtained if the firm is in a position to train the apprentice in all necessary skills and if personal, pedagogical, and skill requirements are met by the potential trainer.

Presently all procedures for **licensing** are coordinated in one process, as well as licensing for small firms was facilitated. Instead of a master's diploma the licence can also be achieved with the successful completion of a vocational school or study, if it was relevant for the craft concerned combined with a practical experience over a specific time. For trade-crafts the compulsory commercial experience was shortened (to usually 1 year). Graduates from trade academies or economic studies do not have to prove a commercial experience. Relationships between different crafts are fixed by law and have recently been expanded. For the right of the business owner to carry on a related craft, it is necessary that the character of the original business is maintained.

A **tax reform** was made in 1994 which resulted in the abolition of some taxes (e.g. "Gewerbe" tax, property tax) as well as some administrative burdens. An extreme administrative burden is the obligation of the employer to calculate the wage tax for the employees. Although the wage deduction card and the annual wage adjustment have been abolished, wage accounting is still very time- and cost-consuming.

When **hiring an employee** in Austria firms are obliged to open a "wage account" which contains all necessary information such as personal data of the employee, social security number, type of job and working time. Until 1994 employees had to submit a tax card as well as a so-called family support card within the first few days of their starting a new job. These cards provided the employer with all necessary information for the calculation of wage tax, etc. Since 1994 these cards have been abolished and are no longer necessary.

Within three days after start of work the employee should be registered with the social security.

Employees have a right to a written service contract which should again contain all necessary information as e.g. on the duration of employment, terms of notice, place of work, type of work, starting salary, holidays.

In the case of terminating a working contract, the employer again has to inform the social security within three days.

Through new **environment laws** additional burdens for firms were created. The packaging directive ("Verpackungsverordnung") which entered into force 1993

states, that, in accordance to the polluter-pays-principle, producers and the distributors of packages are obliged to take back the packages without charge and to recycle 80 % of the material.

Regulations which oblige the enterprise to prove what happened with their waste material can be a particular burden for SMEs. The system became increasingly problematic as more and more waste material was coded hazardous. But also obligations to "waste accounting" (i.e. keeping records of hazardous material used and waste produced) and notification of authorities of change of volume of hazardous waste constitute a considerable burden to SMEs.

## 10.2 Specific account taken of SME problems

Strategies, policies and measures to reduce administrative burdens in Austria are research (very little until now), increasing information and advice, reduced reporting requirements e.g. for taxation (one objective was lump sum taxation for SMEs specific to branch), reduction of administrative procedures and a partial replacement of existing laws (a commission for administrative reform was installed but not only for SMEs), some special regulation for SMEs and evaluation of new laws (partially implemented, e.g. Ministry of Economic Affairs).

Especially in the area of taxation there are special measures for small and medium-sized enterprises, like lump sum taxation. E.g. enterprises with less than ATS 5 mio. turnover do not need to have double-entry bookkeeping. For enterprises with a turnover of less than ATS 3 mio. and certain types of enterprises lump sum tax payments are possible; such firms have reduced obligations of documentation. Special provisions are made for various branches, where the turnover limit for the possibility of lump sum tax payments is raised to ATS 5 mio. Analogous to the establishment of a lump sum wage taxation for the same group of tax payers a lump sum taxation for the deductible value added is possible. The deductible value added amounts could be determined by an average rate of 1,8 % of the total turnover. The limits of turnover when VAT has to be paid by the SME was raised from ATS 40.000,- to ATS 300.000.

Abolishing of income tax card and year-end-adjustments.

Actions to alleviate administrative burdens are included extensions of the working time law (Arbeitszeitgesetz) in case of a flexible formulation of working time (increase of the period for time allowance, in connection with bank holidays, increase of weekly normal working time for shift working to a maximum of 42 hours, legal regulation of flexible working hours etc.).

Specific provisions for SMEs were also made in regard to workers-health regulation, e.g. regulation on the availability of a medical doctor in the enterprise, which depends on the size of the enterprise.

Efforts to simplify wage accounting are made by harmonizing due dates of the different payments (not only taxes), e.g. for payment of the social insurance premiums ("Sozialversicherungsbeiträge", part of social insurance is paid by the entrepreneur, part by the employee) and for income tax.

### **10.3 Small business advocacy by the government**

There is no particular part of government which has this responsibility only for SMEs, but simplification of already existing laws is one general aim. A set of strategies which has been proposed (but which is not yet implemented) concerns evaluation of new laws or regulations as to their impact on public administration. A similar regulation for SMEs does not yet exist.

There is though a governmental commission that is charged with administrative reforms in general comprising representatives of different ministries, e.g. the Federal Chancellery Department I/7. Furthermore department 7 of the Presidential Section of the Ministry of Economic affairs deals with general legislative and other regulatory matters. It also is in charge of the advisory statements of other sections to draft laws and draft directives by other institutions. Department 10 of the Presidential Section deals with coordination and matters of administrative reform constituting the informational link to the Federal Chancellery.

### **10.4 Communication with SME representative associations about problems**

The social partnership is the instrument that ensures enterprises' interests are regarded in the process of legislation as well as implementation of laws. The sectoral structure of the Austrian economy is reflected in the organization and institutional setup of its economic chambers. Obligatory membership – in the economic chambers for entrepreneurs, and in the labour chambers for employees - - guarantee that the interests of all partners are well represented in the social bargaining process. The chambers in Austria are also obliged by law to fulfill various public services. There are a wide variety of institutions such as advisory boards in which both social sides are represented and where the social bargaining process but also the information flow on problems of both sides takes place.

### **10.5 Research studies of problems of SMEs in respect of regulatory environment**

There is little research on problems with the regulatory environment by the economic chamber. Studies available are e.g. on wage accounting (Schmidt, 'Personalverrechnung', Personnel accounting, series of the SME institute at the Economic University, Vienna, 1989.)

It is part of all political declarations by the representatives of the SMEs, that administrative burdens need to be reduced for SMEs: Filling in detailed and hard to understand forms is perceived as a particular burden by SMEs. This also includes statistical information requested by the various statistical offices. (All enterprises are obliged by law to provide this information.)

Political recommendations are mainly targeted at avoiding collection of duplicate information. Requests of the various institutions should be harmonized and data



should be exchanged in order to reduce administrative burdens of the SME, at least as long as there is no danger of violation of data protection laws.

A recent survey concerning licensing for plants showed that the administrative procedure to obtain the licence took 398 days on average. 43 % of all cases were finished within six months, 62 % within a year, but in some cases it took up to 5 years. (Institute for constitutional and administrative law, University of Economics and Business Administration, Vienna, 1995)

#### **10.6 Problems of small firms to confirm with regulations and priorities for change**

The Austrian regional planning concept 1991 (see Chapter 9.8) proposes several policy measures for economic promotion of considerable importance for SMEs. One of these is:

- reduction of administrative burdens for start-ups

This measure shall facilitate the start up phase which is - even though a lot of improvements were made in the last years - particularly burdened by administrative burdens. Permission to start operating plants shall be easier to get and restrictions to market access for some professions reduced. Existing competition restrictions are already partially reduced, not only because of but also due to EU membership. This process will be further pursued.

Some problems partially already solved are different due dates for filing documents with different authorities. Further major problems are the complexity of forms and just personnel cost for complying with administrative regulations.

## **11 SPECIFIC SUPPORT POLICIES FOR SME DEVELOPMENT AND THEIR RATIONALE**

### **11.1 Definition of small and medium enterprises**

There are several definition of SME for different purposes like when lump tax rates apply or labour law regulations. For the area of subsidies the definition of SMEs has to follow EU legislation. There is no common legal definition for SMEs in Austria but different definitions according to the field of regulation. (c.f. Chapter 2.1)

### 11.2 Specific problems, policies and programmes are focused upon SMEs

a.) special finance schemes (grants)	Name of Programme	objective of the scheme	target groups	eligibility criteria	budget
	<b>Gewerbestruktur-verbesserungsgesetz 1969, programm according to the law on structural improvement of the SME sector</b>	improvement of structure of existing SMEs and start ups by supporting material and immaterial investments (industrial design, marketing, innovation) by interest rate subsidies and guarantees	SMEs and small enterprises	projects with sustainable improvement of competitiveness of the enterprise and important contributions to focal areas of economic policy, SME	means of support ATS 187 mio, total supported credit volume ATS 5 bio for 2,589 cases (1994)
	<b>BÜRGES - Kleingewerbkredit (BÜRGES Small business credit scheme)</b>	maintaining or improvement of the competitiveness of small enterprises by facilitating investments through guarantees and interest rate subsidies	small enterprises (less than ATS 15 mio balance sheet total, turnover < ATS 30 mio)	investments must not have been started when applying for support, not for premises, not for used investment goods, not for repairs and maintenance	means of support ATS 103 mio, total supported credit volume ATS 1.5 bio for 4,197 cases (1994)

	<b>BÜRGES - Jungunternehmer- förderungsaktion</b>	support start up or takeover of SMEs by investment cost grant and guarantee	persons taking over or starting up, young entrepreneurs	persons who were not entrepreneurs before and give up their employment, material and immaterial investment in relation to start up or take-over, to close market gap or use market niche	means of support ATS 56 mio; total supported credit volume ATS 596 mio for 853 cases (1994)
	<b>support according to the environmental protection law</b>	improvement of situation of the environment	enterprises	measures taken have to be state of the art, improvement has to be much more than obligatory legal regulation	means of support ATS 495 mio, total supported investment volume ATS 1.9 bio for 254 cases (1992)
<b>b.) special finance schemes (lending)</b>	<b>The ERP fund runs several programmes (technology programme, internationalisation programme, regional programme, Eastern Europe Programme, infrastructure programme, and credits for special sectors) see also under the respective chapter</b>	contribution to the sustainable improvement of the Austrian Economic structure and competitiveness in industry by credits from ATS 5 mio to max ATS 100 mio for projects with a maximum duration of 2 years	domestic manufacturing enterprises and producer services		ATS 600 mio (1992)

	ERP Regional programme	support industrial investments in areas with structural and development weakness (e.g. old industrial or peripheral regions) to counteract the economic and social drifting apart of regions	SMEs in specific regional promotion areas as notified		supported credit volume ATS 1.1 bio, total investments ATS 2.7 bio for 43 cases (Year 1994)
	loans by the Austrian Kommunalkredit AG	support of investment projects of communities and enterprises (via communities) with a positive impact on local and regional economic structure	communities, the community can also pass the loan to the enterprise	projects like location of enterprises, support of industrial premises, technology parks, infrastructure investments, environmental investments	
c.) special finance schemes (venture or seed capital)	seedfinancing programme of the innovation and technology fund	support of enterprise start ups in new technology areas by financial means and consulting	new firms in high tech areas, starters	exceptional product or process know-how and above average growth potential	means of support ATS 351 mio, total supported investment ATS 1.4 bio for 158 cases (Year 1994)

	share financing company (Beteiligungs-finanzierungsAG, BFAG)	provision of equity in form of limited (usually 10 years) shareholding in high potential enterprises, minimum share of ATS 3 mio	Austrian enterprises	no management problems, modern accounting, comanagement by BFAG for measures exceeding day to day business, concerning the structure of the enterprise	
d.) special finance schemes (loan guarantees)	Bürges programmes see a)				
	Finanzierungs-garantie-gesellschaft (financing guarantee society)	support of long term investment, transfer to production process, environmental investments, improvement of financing structure by share holding, guarantees and long term financing	domestic enterprises in production and research, tourism and transport	high probability that credits will be paid back, no sufficient collateral available	guarantees for total amount of ATS 776 mio for 20 cases (1993)
	guarantees by the East-West fund (FGG)	to facilitate internationalisation of Austrian enterprises the FGG (see above) offers direct guarantees and risk sharing agreements for joint ventures of Austrian firms in foreign countries	Austrian industrial production, service and research enterprises, foreign enterprises where the joint venture benefits the Austrian venture partner	improvement of performance and market position of the Austrian enterprise	guarantees for total amount of ATS 989 mio for 26 cases (1993)

	<p>loan guarantees by regional loan guarantee institutions of the provinces (e.g. Vienna, WKBG, Wiener Kreditbürgschaftsgesellschaft)</p> <p>Guarantee organisations on a regional level like this also exist in other states</p>	<p>provision of guarantees for credits by commercial banks.</p>		<p>Guarantees are possible for credits from ATS 250,000 up to ATS 7.5 mio with a duration of up to 10 years. These credits have to be used for investments into the productive structure (rationalisation, enlargement), R&amp;D, foundation, take-over or change of place of enterprises.</p>
	<p>federal export risk guarantees (administered by the Kontrollbank)</p>	<p>support of export enterprises</p>	<p>Austrian export enterprises</p>	<p>risk for which private insurances exist are excluded</p>
	<p>financing of exports and foreign interests (export financing scheme, Exportfinanzierungsverfahren)</p>	<p>refinancing of goods and services exports with medium and long range terms of payment and refinancing foreign interests by credits (consisting of a fixed and variable interest part)</p>	<p>Austrian export enterprises</p>	<p>existence of an export contract, a financial credit or a shareholders agreement</p>

<p>e.) special fiscal tax incentives</p>	<p>contributions supporting art and science can be deducted from income tax if the receiving institutions are included in a specific list published by the BMWF.</p>	<p>18 % of actual R&amp;D expenditures can be deducted from income tax, if only the enterprise itself benefits from the results of R&amp;D, this rate is reduced to 12 % if also other enterprises benefit from the results.</p>	<p>support contribution to art and science</p>	<p>all physical and legal persons</p>	<p>tax paying entity</p>
		<p>support R&amp;D expenditures</p>	<p>enterprises</p>	<p>enterprises</p>	<p>tax paying entity</p>
<p>f.) incubators (special premises or workshops)</p>	<p>regional development agencies provide low cost premises in the individual provinces (e. g. Vienna Business Promotion Fund)</p>		<p>locate firms in the province and in certain areas</p>	<p>enterprises</p>	



g.) science parks and innovation support schemes for SMEs	<b>ERP Technology programme</b>	support of transfer of research into production processes and of innovation projects by low cost credits (including a redemption free period and variable interest rates)	Austrian enterprises, particularly cooperation projects of Austrian firms e.g. in the relation to EUREKA and the EU framework programme	enterprises with projects: in the area of applied research, with the objective to introduce new or substantially improved products production processes and services, development of prototypes projects to change to environmentally sustainable products and production processes, projects to establish or enlarge the enterprises' R&D infrastructure, projects for a substantial improvement of the internal information, logistics and planning process	supported credit volume ATS 2.7 bio, total supported investment volume ATS 7.1 bio for 81 cases (1994)
	<b>ERP SME technology programme</b>	support of transfer of research into production processes and of innovation projects by low cost credits (including a redemption free period and variable interest rates)	SMEs only, investment projects without own F&E contribution can be supported if a "technology leap" can be reached by new machinery and equipment	SMEs introducing new production processes or products, or substantially improving their processes or products	supported credit volume ATS 732 mio, total supported investment volume ATS 1.6 bio for 31 cases (1994)

	<p><b>ERP infrastructure programme</b></p>	<p>to promote the establishing of an infrastructure for start ups in high-tech branches, as contribution to structural renewal and improvement of the industrial structure in regional problem areas and improvement of the environment for the participation of Austrian SMEs in international research programmes</p>	<p>legally independent companies as carriers for infrastructure and extrauniversity cooperative research organisations with substantial participation of SMEs</p>	<p>infrastructure projects to establish or enlarge: start up centers, technology parks, science parks, non-university cooperative R&amp;D organisations and economic parks crossing Austrian borders</p>	<p>supported credit volume ATS 56 mio, total supported investment volume ATS 116 mio for 4 cases (1994)</p>
	<p><b>TOP 2 programme</b></p>	<p>promotion of immaterial investments which support innovation</p>	<p>enterprises which are members of the Economic Chamber</p>	<p>projects as introduction of systems to monitor the enterprise environment, for controlling and planning, software for production, industrial design</p>	
	<p><b>TOP FÜ programme</b> (credits by a consortium of INVESTCREDIT and the enterprises home banks)</p>	<p>promotion of development and investment projects to support the translation of R&amp;D into products</p>	<p>enterprises being members of the Economic Chamber's sectors industry or crafts and services</p>	<p>R&amp;D projects with emphasis of improvement or innovations in the production process</p>	
	<p><b>credits and grants by the FFF (Austrian research promotion fund)</b></p>	<p>support of particular R&amp;D projects including transfer to production, from prototype to start of production</p>	<p>craft enterprises, industrial enterprises, research institutes, single researchers, entrepreneurs' associations</p>	<p>qualified staff of the applicant newness of the project idea, efficiency on enterprise level and also on sector level</p>	<p>means of support ATS 1.1 bio (1992)</p>

	ITFG support (support according to the innovation and technology fund law)	support of projects in R&D, translation of research to production process, application of new technologies	members of the economic chamber, physical and legal persons founding an enterprise, Austrian and international research institutions planning projects in favour of the Austrian economy	according to the focus programme of the ITFG: flexible computer-integrated production, energy technology, industrial design, environmental technology, software technology and national and international R&D cooperations; particularly industrial R&D, translation of R&D to production processes and products and starting up of high-tech enterprises (seed financing)	ATS 640 mio (1992)
	FFF programme for preparatory work for participation in COST and EUREKA programmes	support firms to take part in international R&D projects like COST and EUREKA by a grant to cost of preparation	SME	conformity of the project with EU programmes, enterprises smaller than 500 employees	
	FFF programme for international research cooperations	support of Austrian enterprises for R&D projects with foreign partners	Austrian enterprises	working groups for EU programmes, foreign research partner, benefit for Austrian firm	

	<p><b>programme for R&amp;D projects with high investment share (FFF financed from the federal budget and Österreichische Investskredit financed from capital market)</b></p>	<p>improvement of infrastructure equipment of R&amp;D in Austrian SMEs and cooperative research institutes</p>	<p>SMEs in the sector craft and services or industry of the economic chamber</p>	<p>membership in the economic chamber (sections craft and services or industry) projects for the transfer of R&amp;D into products with high R&amp;D risk, R&amp;D projects with high research investment</p>	
	<p><b>patent credit programme by the Innovations Agentur (Innovation Agency)</b></p>	<p>support Austrian patent application in foreign countries</p>	<p>small enterprises (turnover ATS 30 mio, balance sheet total ATS 19 mio) and individual inventors</p>	<p>economic benefit of the patent for the enterprise, technology content and national economic benefit</p>	
	<p><b>technology transfer support</b></p>	<p>support technology transfer to SMEs by grants</p>	<p>institutions of innovation and technology transfer in Austria (e. g. cooperative research institutes) proposing modell transfer projects</p>	<p>particular modell character</p>	
	<p><b>quality management support (by the Ministry of Economic Affairs, section IX technology and innovation)</b></p>	<p>investment support for education and training of quality managers, internal cost for quality management activities, cost for consulting and certification</p>	<p>focus on enterprises in trade, tourism, transport and services</p>	<p>membership in the Economic Chamber</p>	

	<b>technology and structural offensive</b> (provinces in cooperation with the Ministry for Public Economy and Transport) comprising several actions (like quality offensive, product definition)	1) improve international competitiveness of Austrian enterprises 2) support and accelerate the process of enterprise restructuring 3) strategic new orientation of enterprises	SMEs (maximum 250 employees, turnover not more than ATS 270 mio, balance sheet total not more than ATS 135 mio))	the enterprise has to be economically healthy	
<b>h.) special training programmes</b>	<b>training programmes offered by the Economic Promotion Institute of the Economic Chamber cover all fields. They are open to all enterprises</b>				
	<b>training programmes are also offered by the labour market service concentrating on employees and usually open to everyone</b>	improve the chances of the employee on the labour market, offering new additional qualifications	with EU membership persons of some endangered sectors receive training to change their qualification (e.g. food producing)		
<b>l.) special counselling/consulting schemes</b>	<b>supported consulting by the Economic Chamber</b>	offer supported consulting to new firms	new enterprises		

<p>i.) special advice and information schemes</p>	<p>advice and information schemes are usually directed to all size classes of enterprises, the main institution for are advice and information schemes for enterprises is the federal economic chamber and its promotion institute</p>				
<p>h.) special promotion activities</p>	<p>support of the participation of Austrian enterprises at trade fairs and activities by the Economic Chamber in foreign countries</p>	<p>support of participation of Austrian firms at trade fairs</p>	<p>SMEs</p>		
<p>export internationalisation</p>	<p>BÜRGEN FÖRDERUNG der Internationalisierung von KMU durch Garantien (promotion of internationalisation of SMEs by guarantees)</p>	<p>promotion of internationalisation projects (foreign investment) of Austrian SMEs by guarantees</p>	<p>SMEs until 500 employees</p>	<p>project size maximum ATS 10 mio, improvement of competitiveness and direct or indirect positive effect on balance of payments</p>	

	<b>ERP internationalisation programme</b>	support of direct investments to improve strategic position of the enterprise in Austria, only for the first step of the Austrian enterprise in the foreign country and if positive effects on the Austrian economy are to be expected	within the European Economic Area: only SMEs	projects like the establishing of distribution or production facilities, enlargement of a distribution office by a production facility, establishing of distribution or production joint ventures	supported credit volume ATS 1.3 bio, total supported investment volume ATS 4 bio for 40 cases (1994)
	<b>ERP Eastern Europe programme</b>	support of direct investments in Central and Eastern European Countries to improve the strategic position of the Austrian enterprise in Austria to reduce risk and to support Central and Eastern European Economy and Austrian border regions by credits (including a kind of risk sharing, i.e. an additional redemption free period in the case of failure)	Austrian enterprises	projects like the establishing of distribution or production facilities, enlargement of a distribution office by a production facility, establishing of distribution or production joint ventures	
	<b>start credit programme</b> (financing of export supporting investments of Austrian Enterprises in Developing Countries, administered by Österreichische Kontrollbank)	support of projects according to OECD and UNDP definition	Austrian enterprise	project by Austrian firms to open up or maintain markets in developing countries	

	credit programme to support distribution facilities of Austrian export enterprises in industrialized countries (administered by Österreichische Kontrollbank)	facilitate projects in foreign countries which support the distribution of Austrian products	Austrian enterprises	projects that facilitate the distribution of Austrian products	
	export fund credits	support of Austrian exports by special credits	export enterprises with a maximum of ATS 100 mio export turnover	Austrian firms	total supported credit sum ATS 7.3 bio for 2,243 cases (1992)
	credits for bills of exchange with federal guarantee without rediscount by the Austrian National Bank	refinancing of export contracts	Austrian exporters	existing export contracts	
	credits for bills of exchange with federal guarantee with rediscount by the Austrian National Bank	refinancing of export contracts	Austrian exporters with a minimum export turnover of ATS 100 mio and a maximum of ATS 700 mio	existing export contracts	



### 11.3 Resources of regional and local authorities for local development

Resources of regional and local authorities are very different according to their financial strength as they decide autonomously over their budget. The distribution of tax revenues is a complicated issue. On a regular basis there are negotiations between federal and regional government about the distribution of revenues only. The distribution of tasks is fixed by a constitutional law.

The number of regional business related programmes (here only hard support: credit, loans, guarantees) and some examples in the provinces indicate the importance of such programmes for state policies:

- Vienna: 25 (innovation and technology, environment, short distance supply, tourism, export)
- Lower Austria: 24 (e.g. 3 start up programmes, 3 tourism, 2 innovation and technology, 1 location programme, 1 short distance supply programme)
- Burgenland: 13 (e.g. 1 tourism programme, start up premiums, credit guarantees)
- Upper Austria: 15 (e.g. 3 tourism programmes, 3 technology and innovation, location programme, short distance supply)
- Salzburg: 14 (e.g. 4 tourism, 2 innovation and R&D, 3 start up programmes)
- Styria: 10 (e.g. 2 tourism, start ups)
- Carinthia: 20 (about 10 programmes for tourism; 2 for start ups, short distance supply, credit guarantee, technology and innovation)
- Tyrol: 15 (e.g. 3 tourism, start up, environmental protection)
- Vorarlberg: 12 (start up, environment, energy saving)

A further indication is the distribution of expenditure and revenues Federal state, states and communities.

**Public Revenue and Expenditure Structure**

level	share of expenditure	share of total revenue
federal state	70	65
states	14	17
communities	17	19

Source: c.f. OECD (1994), OECD Economic Survey: Austria, (p.62.), Paris 1995

### Regional Policies aimed at subsidizing technology

There are a lot of programmes on national as well as on regional level stimulating innovation and technology. R&D expenditures of provincial governments 1994 are estimated to amount to about ATS 2.1 bio. This is an increase by 9.5 % in comparison to 1993, 73.7 % to 1989, and 118.1 % to 1985. Further, measures of regional policy are the setting up of innovation and technology centers on regional level to counsel SMEs in technology matters.

## 11.4 Regional and local initiatives for small enterprise development

### Science parks

The first innovation center was opened in 1986 in the city of Graz, the capital of Styria. 1993 the association of technology centers in Austria comprised 28 innovation centers in which 350 technology oriented firms and 45 research institutes are located. The majority of Austrian technology centers are members of this association. In 1993 seven new high tech centers became members of this association.

1993 about 2800 employees were working in the high tech centers; the number of employees increased in the years since 1986 by about 40 % per year. An important side effect of these high tech centers is that all in all about 500 firms in benefitted from technology and innovation counselling.

A survey of the R&D expenditures in technology centers in 1988 and 1990 showed the following results:

R&D expenditures of enterprises in technology centers

R&D (in % of turnover)	share of enterprises	
	1990 (N=34)	1988 (N=45)
none	5.9	22.2
< 10 %	26.5	8.9
10 - < 25	29.4	42.2
25 - <50	17.6	17.8
=> 50	20.6	8.9
total	100.0	100.0

Source: Hohendanner, Vienna 1993.

### Reasons to establish technology parks

Some reasons for setting up technology parks in Austria can be illustrated by the following example. A technology park for Vienna is presently planned with particular emphasis on improvement of Viennese innovation performance which does not keep up with the rest of Austria. Particular problems to overcome are:

- An only average share of innovative enterprises
- Lack of concentration on innovation with a higher degree of "value-added" and international newness
- A low share of products in early life-cycle phases
- Insufficient use of external innovation sources
- A low export quota

Explicit aims are the overcoming of locking-in suboptimal trajectories and the reduction of communication barriers between enterprises and universities, as well as between enterprises themselves.

### **Technology centers**

As far as the structure of enterprises in technology centers is concerned a non-published study in 1991/1992 carried by the VTÖ (Association of Technology Centers) on its members for internal purposes showed the following results:

#### **Structure of enterprises in technology centers:**

- 96 % of the enterprises do have less than 20 employees
- Average enterprise size is 6 employees
- Two third of the enterprises use between 50 and 200 m<sup>2</sup> of business premises, the average is 115 m<sup>2</sup>
- Firms in the area of computer technology and electronics are slightly dominant
- 62.5% are limited liability companies; 32.1 % are sole traders
- The average age of entrepreneurs starting is 34 years
- More than 50 % of the enterprise founders do hold a university degree, further 25 % finished a secondary school
- 65 % of enterprise founders are technicians

There is though no further statistical data on Austrian science parks available that goes beyond information on single science parks.

Therefore some cases will be described:

#### **Case 1, Salzburg**

An example of a rather successful technology park is the Techno-Z Salzburg. It was founded 1987 for NTBF (New technology based firms) concentrating on computer and communication technology integrating also university buildings in its premises. Techno-Z developed into a system of several "technology and enterprise start-up" centers. 4 of these centers are located in the province of Salzburg (eg. Techno-Z Bischofshofen concentrating on environmental technology), one in the neighbouring region of Upper Austria, and most interesting another one in neighbouring Bavaria in Germany (Techno-Z Freilassing, founded 1991) to improve cross border cooperation and use interregional synergies. Altogether these centers comprise: 15 buildings, with 156 firms with 765 employees (1995). Furthermore 9 research institutes and a technical school for telecommunication are located in these centers. The technology centers do also constitute a regional seed crystal for telecommunication. Via a 2 Mbit/s network maintained by Techno-Z Salzburg the peripheral technology centers of Techno-Z are connected to the "info-highway". Internet etc. thus becomes available at the local telephone rate even for remote

areas. Central objects of Techno-Z are to promote the location of technology oriented firms in the region but also helping to market their products which resulted in the establishing of a service office in Vienna.

## **Case 2, Styria**

Another example are technology parks in the province of Styria. The establishing of technology parks started in 1986 in Graz. Until 1994 about 650 work places were established by firms originally (and partially still) located in technology parks.

One technology park is in the capital of Styria, the "Technology and Innovation Center Graz, making use of the (technical) university facilities and other research institutions (mainly Joanneum Research). It comprises to a large extent enterprises of the electronics sector. (since 1986 74 firms were located there, presently there are 29 enterprises with about 200 employees on 2900 m<sup>2</sup>)

Another "technology and training" park founded 1990 is located in Niklasdorf (Upper Styria, a region with a strong orientation towards industries providing raw materials for e.g. steel production) comprising mainly firms active in laser technology (with close relation to Joanneum research, an extra university research center with close contacts to the university Graz) and new materials, but also a training center of the Austrian economic chamber. (since 1990 26 enterprises were located there, presently: 14 enterprises with 55 employees on 1630 m<sup>2</sup>).

Construction of the technology center Kapfenberg was started in 1992. Being near to the montanistic university of Leoben its oriented towards materials technology, laser technology and industrial equipment engineering. This center was also established to offer firms which have "outgrown" Niklasdorf, improved possibilities for further development.<sup>6</sup> (since 1993, 4 enterprises are located there, presently there are 4 enterprises with 58 employees on 5200 m<sup>2</sup>)

The most recent technology center still in construction in Styria is the "technology and marketing center Grambach". Its focal areas are marketing, design, product development, automation technology and logistics and should provide space for about 20 enterprises and 300 employees. (since 1994, 7 enterprises are located there with 67 employees on 1600 m<sup>2</sup>).

## **Summary**

Regional considerations are usually important reasons to establish science parks or technology centers. Also the initiative to establish a technology park usually comes from the regional level and not from the national level.

### **11.5 Specific policies focused on particular stages of SME development**

Generally the provision of a favourable infrastructure for the development and improvement of competitiveness of SMEs (as major job creators) is seen as the most important aim. This is to be accomplished through appropriate legislation but

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<sup>6</sup>cf OECD, Local responses to industrial restructuring in Austria, OECD, 1995.

also information, counselling and training. Grants and programmes for individual enterprises are only seen as the second best alternative.

Programmes are focussing on start-ups, growth (not on survival), innovation, technology, R&D, exporting. Background to all this programmes is the EU membership and for some programmes also the opening up of Central and Eastern Europe.

Emphasis of specific policies and support programmes is on start ups and growth, and innovation and technology, but also on exporting.

These areas are thought to be most important to secure competitiveness of the Austrian economy and to stimulate local development.

## 12 INSTITUTIONS

### 12.1 Support Typology, General

The following table shows in which fields institutions are active. A detailed description of the institutions is to be found in Chapter 1:

	Information Signposting	Promotion	Lobbying	Advice counselling	Training and Education	Premises Incubator	Finance Loan/Equity/ Guarantees	Other
Government Departments	x	x				x	x	x
Regional Government	x	x				x	x	x
Local Government	x	x				x	x	
Regional Development Agency	x			x	x			
Local Development Agency/SME Advice Centre	x			x	x			
Chamber of Commerce/Craft	x	x	x	x	x		x	
Unions/Associations of Entrepreneurs	x	x	x	x	x			
Consultant Group/Associations	x	x		x	x			
Education & Training Institutions	x			x	x			
	Information Signposting	Promotion	Lobbying	Advice counselling	Training and Education	Premises Incubator	Finance Loan/Equity/ Guarantees	Other

Foundations/Co-operatives/Charities	X	X	X	X	X	X					X	
Profession Service Groups	X	X	X	X	X				X			
Bank & Specialist Finance Agencies	X	X	X	X	X						X	X
Business Incubators	X	X	X	X	X				X			
Industrial Estates	X											
Technology Centers	X	X	X	X	X				X			X

## 12.2 Specific Programmes

### 12.2.1 Start-ups and survival

	Information Signposting	Promotion	Lobbying	Advice counselling	Training and Education	Premises Incubator	Finance Loan/Equity/Guarantees	Other
Government Departments	x	x				x		
Regional Government	x	x				x		
Local Government	x	x				x	x	
Regional Development Agency	x		x	x		x	x	
Local Development Agency/SME Advice Centre	x	x		x	x			
Chamber of Commerce/Craft Unions/Associations of Entrepreneurs	x	x	x	x	x		x	x
Consultant Group/Associations								
Education & Training Institutions	x			x	x			
Foundations/Co-operatives/Charities				x				
Profession Service Groups Bank & Specialist Finance Agencies	x			x	x		x	
Business Incubators	x	x		x	x	x		



Industrial Estates	X							X			
Technology Centers	X		X		X				X		

## 12.2.2 Growth and business development

	Information Signposting	Promotion	Lobbying	Advice counselling	Training and Education	Premises Incubator	Finance Loan/Equity/Guarantees	Other
Government Departments	x	x					x	
Regional Government	x	x				x	x	
Local Government	x	x	x			x	x	
Regional Development Agency	x	x		x	x	x	x	
Local Development Agency/SME Advice Centre	x	x	x	x		x		
Chamber of Commerce/Craft Unions/Assoc. of Entrepreneurs	x	x	x	x	x		x	
Consultant Group/Association				x	x			
Education & Training Institutions	x				x			
Foundations/Co-operatives/Charities							x	
Professional Service Groups				x	x	x		
Bank & Specialist Finance Agencies				x			x	

Business Incubators					X								X				
Industrial Estates				X										X			
Technology Centers										X			X				

## 12.2.3 Exports

	Information Signposting	Promotion	Lobbying	Advice counselling	Training and Education	Premises Incubator	Finance Loan/Equity/Guarantees	Other
Government Departments	X	X					X	
Regional Government		X						
Local Government	X	X						
Regional Development Agency	X	X		X				
Local Development Agency/SME Advice Centre	X	X		X				
Chamber of Commerce/Craft Unions/Assoc. of Entrepreneurs	X	X	X	X	X		X	X
Consultant Group/Association	X			X	X			
Education & Training Institutions	X				X			
Foundations/Co-operatives/Charities	X			X			X	
Professional Service Groups	X	X	X		X			
Bank & Specialist Finance Agencies	X	X		X			X	



Business Incubators									X			
Industrial Estates												
Technology Centers	X					X						



Business Incubators	X	X	X	X															
Industrial Estates													X						
Technology Centers	X	X	X	X					X				X						

### 12.3 Small firms assistance in Austria

This table only gives an overview and provides some examples. A detailed description of important institutions can be found in chapters 4-8, and Chapter 9.1

	Name of the Organisation	Nature of organisation Field of Activity	Information Advice	Counselling Consulting	Training Education	Financing
<b>General</b>	<b>Bundesministerium für wirtschaftliche Angelegenheiten (BMWA)</b> <b>Federal Ministry for Economic Affairs</b> 1011 Vienna, Stubenring 1, 711 00-0	The Federal Ministry of Economic Affairs bears particular responsibility for SME policies, prepares legislation and controls the implementation of promotional measures (c.f. Chapter 9.1)	It submits biannually a report on the situation of small- and medium-scaled enterprises to the parliament. It also provides information services to SMEs, e.g. for investors ("Handbook for Investors")			Promotional measures of the Ministry of Economic Affairs are administered by the Bürges Bank (See there). A further program of the Ministry is run together with the provincial governments and the economic chambers.



Name of the Organisation	the Field of Activity	Nature of organisation	Information Advice	Counselling Consulting	Training Education	Financing
<p>Bundesministerium für öffentliche Wirtschaft und Verkehr (BMÖWW)</p> <p>Federal Ministry of Public Economy and Transport</p> <p>1030 Vienna, Radetzkystraße 2 711 62</p>	<p>Economic promotion measures are also a task of this Ministry; particularly important for SMEs are technology and innovation related programmes</p>					<p>For SMEs the ERP fund, which is part of this ministry is the most important instrument for economic promotion activities (see ERP fund)</p>
<p>Bundesministerium für Arbeit und Soziales (BMAS)</p> <p>Federal Ministry for Labour and Social Affairs</p> <p>1011 Vienna, Stubenring 1 711 00-0</p>	<p>This Ministry provides promotional measures related to secure and create jobs. Operational labour market activities are organised in the labour market service of this Ministry (c.f.Chapter 9.2)</p>				<p>Training and education programmes of this ministry are also administered by the labour market service</p>	<p>Financing programmes are also administered by the labour market service</p>

	<p>Provincial governments Ämter Landesregierung Salzburg 5010 Salzburg, Chiemseehof (0662) 80 42; Styria Steiermark 8011 Graz, Landhaus (0316) 877; Tyrol Tirol 6020 Innsbruck, Landhaus (0512)508; Vorarlberg 6900 Bregenz, Landhaus (05574) 511-4000; Vienna Wien 1082 Wien, Lichtenfelsgasse 2 + 43 1 40 00</p>	<p>On a regional level the provincial governments implement specific measures for SMEs within their provincial budget. These governments are also responsible for regional economic policy</p>				<p>One programm is run together with the Bürges Bank and the economic chambers, Provincial governments have established funds to administrate financial support programmes and support SMEs in general (c.f. Vienna Business Promotion Fund, Chapter 6.6)</p>
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	<p><b>(Burgenland</b>          7000 Eisenstadt,          Landhaus          (02682) 600;  <b>Carinthia</b>  <b>Kärnten</b>          9020 Klagenfurt,          Landhaus          (0463) 577 57-0;  <b>Lower Austria</b>  <b>Niederösterreich</b>          1014 Wien,          Herrengassen 13          + 43 1 531 10;  <b>Upper Austria</b>  <b>Oberösterreich</b>          4010 Linz, Landhaus          (0732) 77 20-0;</p>					
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Name of the Organisation	Name of the Organisation	Nature of organisation Field of Activity	Information Advice	Counselling Consulting	Training Education	Financing
	<p><b>Gemeinden und Städte</b></p>	<p><b>Communities - City Councils and its offices</b>            On the local level, the community or city council supports the economic development of SMEs using the budget disposable by the community authorities. Here e.g the "association of communities" (Gemeindebund) and the "association of cities" (Städtebund) act among others as policy coordinating elements.</p>	<p>Community offices also provide general information for enterprises e.g. on administrative regulations</p>			<p>some communities and also cities do have special programmes for SMEs</p>
<p><b>The Federal Economic Chamber</b>  <b>Bundeswirtschaftskammer</b>            1040 Wien,  <b>Wiedner Hauptstraße</b>  <b>63</b>  <b>+43 1 501 06-0</b></p>		<p>In Austria all Chambers (not only the Economic Chambers) are organizations under public law. Trade delegates who are employees of the Chamber run the export trade centers ("Außenhandelsstellen") Foreign Trade Delegations) (c.f. Chapter 4.6)</p>	<p>Consultancy services are part of the joint program of the Ministry of Economic Affairs and the Economic Chamber implemented by the Economic Promotion Institute</p>	<p>The Economic chamber (on national and regional level) provides counselling and consulting services by means of its economic promotion institutes (c.f. Chapter 4.6.4 and appendix)</p>		

Name of the Organisation	the	Nature of organisation Field of Activity	Information Advice	Counselling Consulting	Training Education	Financing
<p><b>BÜRGES</b> 1020 Wien, Taborstraße 2 + 43 1 214 75 74</p>		<p>The <b>BÜRGES</b> Förderungsbank m.b.H. is 100 % owned by the Republic of Austria. Its obligations include the administration of promotional measures for SMEs by the Ministry of Economic Affairs. (c.f. Chapter 6.1)</p>				<p>Programmes are administered by BÜRGES are generally benefitting SMEs. For an overview of the programmes see Chapter 6.1</p>
<p><b>ERP Fonds</b> 1010 Wien, Renngasse 5 + 43 1 534 64-0</p>		<p>This fund which became a legal entity 1962 is administered by the Federal Ministry of Public Economy and Transport (c.f. Chapter 6.4)</p>				<p>The fund supports several programmes including a special regional support scheme (c.f. Chapter 6.4)</p>

	Name of the Organisation	Nature of organisation Field of Activity	Information Advice	Counselling Consulting	Training Education	Financing
	<p>Österreichische Investitionskredit AG 1010 Wien, Renngasse 10 + 43 1 531 35-0</p>	<p>The Österreichische Investitionskredit A.G. ("Investkredit") is a "Spezialbank" for long-term financing, founded in 1957. (c.f. Chapter 6.5)</p>				<p>The Investkredit is an important instrument of public support programs carried out by the Republic and the Provinces (Länder), TOP programme etc New since May 1994 is the TOP Eurofit-Aktion, with the objective to facilitate the integration of Austrian producing and marketing enterprises in the EU market.</p>

Export	Name of the Organisation	Nature of organisation Field of Activity	Information Advice	Counselling Consulting	Training Education	Financing
	The Economic Promotion Institutes of the Economic Chamber	These institutes which are part of the Economic Chamber offer a broad range of services e.g. in connection with foreign trade (see Chapter 4.6.4 and Annex)	The Economic promotion Institutes offer a variety of courses and information for all fields of management including export matters			
	The Federal Economic Chamber	The Economic Chamber is a key player in export matters offering mainly non-financial export promotion and active help to its members in their foreign trade activities. There are about 90 Austrian Trade Centers in all important markets of the world.				

	Name of the Organisation	Nature of organisation Field of Activity	Information Advice	Counselling Consulting	Training Education	Financing
	<p>AOEM The Association of Austrian Subcontractors Vereinigung österreichischer Zulieferexporteure 1040 Wien, Schwindgasse 16 + 43 1 505 50 92</p>	<p>Association of subcontracting enterprises, founded with the support of the Ministry of Economic affairs</p>	<p>Austrian Subcontractors' Handbook subcontracting enterprises with detailed information on individual subcontracting enterprises and their market, lobbying and awareness actions</p>			
	<p>The Ministry of Economic Affairs is active in the field of advertising for foreign and domestic investors and providing information for location decisions in Austria. (see Chapter 5.4)</p>					
	<p>Austrian Export-Fonds GmbH Österreichische Exportfonds GmbH 1030 Wien, Neulinggasse 29 712 61 51-0</p>	<p>limited company owned by the state to support exports by credits (See Chapter 5.1.3)</p>				<p>This institution provides also financing of exports, single credits or framework credits with low interest rates and particular export risk guarantees to SMEs</p>



	Name of the Organisation	Nature of organisation Field of Activity	Information Advice	Counselling Consulting	Training Education	Financing
	Export Academy of the Economic Chamber 1040 Wien, Wiedner Hauptstraße 63 + 43 1 502 06-253				The "Exportakademie" of the Chamber offers courses in foreign trade, study of foreign languages, granting of scholarships in foreign countries	
Start ups	see BÜRGES (Chapter 6.1), Innovationsagentur (Chapter 6.2) and ITF (Chapter 8.1.1)					

<p><b>Technological Innovation and R&amp;D.</b></p>	<p>Name of the Organisation  <b>FWF Austrian Science Foundation</b>  <b>Fonds zur Förderung der wissenschaftlichen Forschung</b>          1040 Wien,          Weyringergasse 35          + 43 1 505 67 40-0</p>	<p>Nature of organisation  <b>Field of Activity</b>  <b>Austrian Science Foundation (FWF)</b>          This fund is largely dedicated to scientific research. Together with the FFF (Austrian Industrial Research Promotion Fund) the FWF initiated a "technology focus" in order to couple scientific competence and resources of universities and research institutes with economic exploitation.</p>	<p>Information Advice</p>	<p>Counselling Consulting</p>	<p>Training Education</p>	<p>Financing</p>
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Name of the Organisation	the Nature of organisation Field of Activity	Information Advice	Counselling Consulting	Training Education	Financing
<p>Forschungszentrum Seibersdorf 2444 Seibersdorf 02254 780-0</p>	<p>This research center for applied and research is divided in five operational units which can be contracted by individual enterprises. Its research areas are technical and natural sciences on the one hand and on the other hand economic research as far as technology innovation and R&amp;D are concerned. (see Chapter 8.1.8)</p>				
<p>Österreichisches Patentamt Austrian Patent Office 1014 Wien, Kohlmarkt 8-10 + 43 1 534 24</p>	<p>The Austrian Patent Office is a part of the Ministry of Economic Affairs. It informs enterprises about existing patents as well as helps them to apply for own patents.</p>	<p>It also publishes several brochures on patenting (e.g the patent report on special areas).</p>			

	Name of the Organisation	Nature of organisation Field of Activity	Information Advice	Counselling Consulting	Training Education	Financing
	<p>Österreichisches Institut für Formgebung The Austrian Design Institute 1070 Wien, Ulrichsplatz 4 + 43 1 523 87 82</p>	<p>Association founded in 1958,</p>	<p>The Österreichisches Institut für Formgebung organizes seminars, study tours, information programmes related to product design.</p>			
	<p>VTÖ Association of Austrian Technology Centers Vereinigung der Technologiezentren Österreichs 1020 Wien, Taborsstraße 10 + 43 1 216 52 93</p>	<p>This is a network of about 26 technology transfer innovation centers, enterprise start up centers and technology parks.</p>	<p>It provides information on its members and their activities by a handbook on technology and innovation centers (VTÖ: Technologie- und Innovationszentren in Österreich 1993/1994)</p>			
	<p>Österreichische Energieverwertungsgesellschaft Energy Agency for the Use of Energy.</p>	<p>Agency for the Use of Energy. It is concerned with optimization of the use of energy. Results of experience and research are made available to users.</p>				

	Name of the Organisation	Nature of organisation Field of Activity	Information Advice	Counselling Consulting	Training Education	Financing
	<p><b>ACR Austrian Cooperative Research Institutes</b> 1010 Wien, Eschenbachgasse 11 + 43 1 587 36 33-0</p>	<p>Association of extrauniversity research institutes (e.g. Austrian Textile research institute, Austrian wood research institute, Institute of Small Business research etc.) , member of FEICRO cooperation in R&amp;D Technology transfer</p>	<p>Booklet of all member research institutes and their activities target group: SMEs and groups of SMEs that cannot afford own R&amp;D but there are no limitation as far as size is concerned coverage: national but also strong regional relation to university research</p>	<p>Counselling and consulting by the individual research institute</p>		
	<p><b>BIT Bureau for International Research and Technology Co-operation</b> <b>Büro für internationale Forschungs- und Technologiekooperation</b> 1040 Wien, Wiedner Hauptstraße 76 + 43 1 581 16 16</p>	<p>Association</p>	<p>Particular information on EU programmes and all information on application procedures and the establishing of contacts for international cooperation</p>	<p>Workshops and Seminars on application for EU programmes etc</p>		

	Name of the Organisation	Nature of organisation Field of Activity	Information Advice	Counselling Consulting	Training Education	Financing
	<b>FFR</b> <b>Forschungsförderungsrat</b>	Consists of FFF and FWF, represented by their presidents and vice-presidents	Its task is the coordination of FFF and FWF support policy but also to counsel government in questions of R&D policy			
	<b>FFF</b> <b>Forschungsförderungsfonds der gewerblichen Wirtschaft</b> <b>Austrian Industrial Research Promotion Fund</b>  1010 Wien, Kärntner Straße 21-23 + 43 1 512 45 84	Exists since 1967 and is managed by the Ministry of Economic Affairs (c.f. Chapter 37 f)	A cooperation with the APA (Austria Press Agency) is well introduced. APA distributes information on industrial research projects supplied by the FFF, a similar agreement has been established with the press office of the federal economic chamber			Specific programmes see Chapter 8.1.2
	<b>BMWF</b> <b>Federal Ministry of Science and Research</b> <b>Bundesministerium für Wissenschaft und Forschung</b>  1041 Wien, Minoritenplatz 5 531 20	Federal Ministry (see Chapter 9.2)				The ministry runs several programmes like Scientists for Business and Scientists create firms (see Chapter 9.2)

Name of the Organisation	the Field of Activity	Nature of organisation	Information Advice	Counselling Consulting	Training Education	Financing
<p>Innovationsagentur Ges.m.b.H. Innovation Agency 1020 Wien, Taborstraße 10 + 43 1 216 52 93</p>	<p>Limited company established 1984, a non-profit organisation with the aim to support and encourage ideas; it assists in implementing projects advises companies on innovation-management and organization (see Chapter 8.1.3)</p>	<p>)</p>		<p>It is also active in Innovation consulting</p>		<p>It supports technology oriented enterprise start-ups, applications for patents abroad, cooperates in the incentive programme "industrial design" of the Innovation and Technology Fund</p>
<p>Außeninstitute der österreichischen Universitäten, University Extension Centers</p>	<p>These University Centers were created to improve the relations between university and its environment (i.e. enterprises), by improving and facilitating access to university research.</p>	<p>They provide information on university research institutes and their focus of research.</p>			<p>Some of these institutes e.g. the Vienna Technical University, also offer seminars on new technology</p>	

	Name of the Organisation	Nature of organisation Field of Activity	Information Advice	Counselling Consulting	Training Education	Financing
	<p>ITF Innovations- und Technologiefonds 1020 Wien, Taborstraße 10 + 43 1 216 52 93</p>	<p>The Funds for Innovations and Technology (Innovations- und Technologiefonds, ITF) created to stimulate innovations and to strengthen the competitiveness of Austrian enterprises abroad (see Chapter 8.1.1)</p>				<p>This fund has several programmes supporting technologybased enterprises e.g. for seed financing</p>



Training and Education	Name of the Organisation	Nature of organisation Field of Activity	Information Advice	Counselling Consulting	Training Education	Financing
	<p>BFI                      Institute of Vocational Advancement in Vienna                      Berufsförderungs-Institut                      1090 Wien,                      Kinderspitalgasse 5                      + 43 1 408 35 01</p>	<p>Established 30 years ago, with training centers in all provinces (Länder).</p>			<p>Courses are offered sometimes specific for branches and professions</p>	
	<p>IBW                      Institute for vocational research of the economy                      Institut für Bildungsforschung der Wirtschaft                      1050 Wien,                      Rainergasse 38                      + 43 1 545 16 71</p>	<p>Association funded by the federal economic chamber and the Federation of Austrian Industrialists</p>	<p>Collects and distributes information on research in education</p>			

	Name of the Organisation	Nature of organisation Field of Activity	Information Advice	Counselling Consulting	Training Education	Financing
	The <b>Hernstein-Institut</b> für <b>Unternehmensführung</b> (International Management Institute of the Economic Chamber Vienna)				Offers courses in strategic management, leadership, communication, management techniques, professional training	
	<b>WIFI</b> <b>Economic Promotion Institute of the Austrian Federal Economic Chamber Wirtschaftsförderungs- institut der Wirtschaftskammer</b> 1040 Wien, Wiedner Hauptstraße 63 + 43 1 501 05-0	The Economic Promotion Institute (see Chapter 7.5.1) of the Economic Chamber			It offers training courses for all fields of vocational training and management	

	Name of the Organisation	Nature of organisation Field of Activity	Information Advice	Counselling Consulting	Training Education	Financing
SME research	IWI Industriewissenschaftliches Institut 1030 Wien Reisnerstraße 40 + 43 1 715 37 90  Institut für Gewerbe- und Handwerksforschung Institute for Small Business Research 1040 Wien, Gulshausstraße 8 + 43 1 505 97 61	Private Association and Austrian representative of the European Network for SME research, which produces the European Observatory on SMEs (see Chapter 8.2.1)	This research institute concentrates on industrial internationalisation educational economics etc (see Chapter 8.2.5)  The databanks of the Institute for Small Business Research ("Institut für Gewerbeforschung") offer a broad range of information on sectoral (branch) developments, economic indicators (based on balance sheets), branch structure and regional density of small enterprises, comparative data on structural characteristics of small business in various countries.	Its activities are focused on the small- and medium-scaled enterprises, especially crafts (Gewerbe): data refer to short-, medium- and long-term economic development. It also developed a Manual on how to prepare feasibility studies for SMEs (in cooperation with UNIDO).		

	Name of the Organisation	Nature of organisation Field of Activity	Information Advice	Counselling Consulting	Training Education	Financing
	<p>Institut für Betriebswirtschaftslehre der Klein- und Mittelbetriebe an der Wirtschaftsuniversität Wien  Wirtschaftsuniversität Wien  1090 Wien, Augasse 2-6  Institute of Management for SMEs at the Vienna University of Economics</p>	<p>Its creation goes back to 1936. Beyond teaching, the institute does research and practical work in all SME-related fields.</p>	<p>Research focusses are cooperation, innovation management, entrepreneurship research, technology transfer to SMEs etc.</p>			
	<p>ONB  The Austrian National Bank  Oesterreichische Nationalbank  1090 Wien, Otto Wagner Platz 3  404 20-0</p>		<p>It finances studies on particular topics and issues, it issues a quarterly journal and a monthly report mainly dealing with finance and economics</p>			

Guarantee and Financing Institutions	Name of the Organisation	the Nature of organisation Field of Activity	Information Advice	Counselling Consulting	Training Education	Financing
	<b>BÜRGES</b>	see "general" in this table				
	<b>WKBG Wiener Kreditbürgschafts-gesellschaft</b> 1030 Wien, Am Modenapark 2 + 43 1 712 52 59	This institution is a regional guarantee institutions. Guarantee organisations on a regional level like this also exist in other Austrian provinces.				This agency provides guarantees for credits by commercial banks which have to be used for investments in the productive structure (rationalisation, enlargement), R&D, foundation, take-over or change of place of enterprises.
	<b>KABAG Kapitalbeteiligungs-AG</b> 1030 Wien, Am Modenapark 2 + 43 1 713 26 25	A public agency (KABAG) Agencies like this also exist in other provinces.				It provides venture capital to finance investment for structural change and innovative activities by acting as a silent partner.
	<b>Österreichische Kontrollbank</b> 1010 Wien Am Hof 4	The "Österreichische Kontrollbank" is authorized by the Federal Authorities to administer certain export guarantee schemes. (see Chapter 5.1.2)	It also has a department to evaluate projects and enterprises.			

	Name of the Organisation	Nature of organisation Field of Activity	Information Advice	Counselling Consulting	Training Education	Financing
	<b>FGG</b> <b>Finanzierungs-garantie</b> <b>Gesellschaft m.b.H.</b>  1040 Wien, Prinz Eugen Str. 8 + 43 1 501 75-0	FGG is a financial guarantee institution owned by the Republic of Austria. It was founded in 1977 to provide guarantees to support long-term investments, the introduction of new products and processes resulting from research and development, to improve the financial structure of enterprises, to protect the environment, etc. (see Chapter 6.5)				In the last years, financing of young small- and medium-scaled companies has been on the increase. Some 70 % of the supported loans were lower than ATS 10 million.
<b>Development agencies</b>	<b>WWFF</b> <b>Wiener Wirtschaftsförderungsfonds</b> <b>Vienna Business Promotion Fund</b>  1080 Wien, Ebendorferstraße 2 + 43 1 4000	Regional Business Promotion Funds like this also exist in all states offering help for SMEs in a variety of fields usually financed by the regional authority	The Vienna Business Promotion Fund publishes an information handbook for firms intending to locate in Vienna.			Apart from the support of start ups it offers also support for adequate location in Vienna and administers several programmes like the initiative qualified employee etc. (see Chapter 6.6)

<b>Representative organisations</b>	<p>as example:  <b>VÖI</b>  <b>Vereinigung</b>  <b>Österreichischer</b>  <b>Industrieller</b>  <b>Association</b>  <b>of</b>  <b>Austrian Industrialists</b></p> <p>1030 Wien,          Schwarzenbergplatz 4          + 43 1 711 35-0</p>		<p>Free membership organisation of large scale enterprises</p>		<p>provides information on all fields of economy with importance for large scale enterprises</p>								
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## **12.4 Major variations by region**

See Chapters 4.6.2, 9.8, 9.9, 11.3 and 11.4

## **12.5 Key SME representatives**

Description of Economic Chambers see Chapter 1.4.6

The Federation of Austrian Industrialists is a voluntary organisation of industrial enterprises. It has about 3,500 members accounting for a workforce for 383,000. Represents mainly larger enterprises.

Apart from that there are a great number of voluntary associations in specific trades, regional areas or for particular interests.

## **12.6 Foreign donors**

The only area where a foreign donor was involved is the ERP fund (European Recovery Programme).

## **12.7 Degree of integration**

Services are integrated insofar as there are a lot of these services available from the Economic Chamber and its regional departments. There is though a great variety of other actors. Thus, there is no further strategy to integrate services.

## **12.8 Coherence of support measures**

Some of the support measures are cooperative (depending on the actors), business location programmes are to a certain extent competitive. As support measures are carried out by a great variety of actors they overlap naturally, though putting emphasis on different aspects.

## **12.9 Sustainability of SME support**

SME support is sustainable and no major changes are to be expected, as far as institutions are concerned.

## **12.10 Sustainability of key specialist institutions without foreign donors**

This question does not apply to Austria.



### **12.11 Key future players in SME support**

See Chapter 12.9.

### **12.12 Central services provided to Business Advice Centres**

See Chapter 4.6 on Economic Chambers

As far as resources are concerned, financing of regional chamber by members amounts to about ATS 2.2 bio which are calculated from enterprises turnover. The Federal Chamber is financed also by membership fees and amounts to about ATS 1.6 bio. Specific programmes are also supported by federal funds.

### **12.13 Strength of local authority or regional authority support**

See chapter 11.3

### **12.14 Collaboration between institutions at a national level**

Chapter 1.1, 9.8

### **12.15 Arrangements to involve SMEs in support services**

Entrepreneurs who become representants in the economic chamber are deeply involved in the design and execution of such programmes.

### **12.16 Evaluation evidence and monitoring procedures on an ongoing basis**

Some evaluations were carried out (c.f. literature list Chapter 14). Evaluation is though no common practice in Austria. With EU membership this is expected to change.

### **12.17 Future shape of the institutional environment**

#### **12.17.1 Degree of standardisation at the local level**

No drastical change to be expected. Local Economic Chambers are dealing more with operational problems as far as they concern the regional level (e.g. help for tourism enterprises). The Federal Chamber deals more with strategic problems and operational problems exceeding the regional level (e.g. export financing, trade delegations)

### **12.17.2 Support on public basis and/ or private basis**

Support should be provided on a public as well as on a private basis and mainly concern the environment of the enterprises. For public programmes a (financial) contribution by the benefitting user of the service is considered sensible. (It reflects hir/her involvement and is an indirect evaluation of the value of such services.)

### **12.17.3 Membership**

The Austrian Chamber is a institution based on a specific law. The referendum held shows a clear vote in favour of obligatory membership.

### **12.17.4 Integration or specialization of institutions**

They should be specialised when the problem needs it. It is only partially the level that is the decisive factor but also the problem that is adressed. Practise shows that both solution are sustainable.

### **12.17.5 Profit or not-for-profit organisations**

General view is that institutions like the Chamber should remain a non-profit oragnization but the user of the service should contribute to the cost of it.

### **12.17.6 Bottom-up/ top-down pressures reflected in institutions**

Institutional environment in Austria is fairly stable and ist existence is to be explained historically. However, new developments are partly results of bottom-up and to-down movements.

### **12.17.7 Local enterprise development focus on small business or regions**

Frequently these are is not seen as opposite targets but is is realized that regional development can best be accomplished by SME development.

### **12.17.8 Institutions: competitive isolation or networking**

Networking is the rule in the case of institutions (e.g. Economic Promotion Institutes). In the execution of programmes, however, private, non-profit and profit organizations are very competitive.

### **12.17.9 Design of small business institutions**

There is a constant, sometimes rather fervent discussion as to the efficiency of institutions, extending more to the ways they are operating and less discussing the institutions existence. As in a normal enterprise there is a constant need for adjustments and respective oraganizational changes.

### **12.17.10 Resource issues in the development of institutions**

The subsidiary principle is not questioned. Thus, centralization only takes place, if problems cannot be adequately treated on a regional level.

## 13 ASSISTANCE

### 13.1 Development of the SME competency and training programmes

The ministry of economic affairs prepares, based a decision of the national assembly (parliament) every two years a report about the situation of vocational training in Austria (Bericht über die Berufsausbildung in Österreich). This report points out, that especially the information needs of SMEs should be taken into consideration. Measures which should be taken are the establishment of a EDP-based advanced training database, the promotion of the establishment of a advanced training consulting place, the training of trainers and training staff in the companies.

Also in the report on the situation of Austrian SMEs (known as "Mittelstandbericht") of the Ministry of Economic Affairs one chapter deals with training in SME's. This chapter gives a description of the two main training institutions of the Austrian social partners: The Economic Promotion Institutes of the Economic Chamber in Austrian ("Wirtschaftsförderungsinstitut der Wirtschaftskammer Österreich" (WIFI)) and the "Berufsförderungsinstitut Österreich" (BFI) of the Labour Chamber. For the training of master craftsman in Austria the WIFI provides a wide range of courses. Special seminars for managers and entrepreneurs of SMEs offers the Hernstein International Management Institute (also part of the Economic Chamber institutions).

Special training programmes for bankers are provided by the Bankacademy of the Austrian Society for Bank Research ("Österreichische Bankwissenschaftliche Gesellschaft" (BWG)), but is not specialised on SMEs.

"Train-the-trainer" trainings are provided by the following institutions:

- The WIFI offers to their educational counsellors and trainers own advanced training programmes. Training is also done by supervision of the daily educational work, exchange of experience with other trainers and dealing with the own role. It comprises the transfer of knowledge about professions, different training offers and last but not least communication.
- The Berufsförderungsinstitut Österreich provides a course for school leavers (Maturanten), for educational management and personnel development, as well as a (4 times 8 days) train-the-trainer seminar which leads to a trainer certificate (BFI-Trainerzertifikat).
- Organizations of the institutionalised education for grown-ups are the "Verband Österreichischer Volkshochschulen" (VÖV), the "Bundesarbeitsgemeinschaft der Katholischen Erwachsenenbildung" (BAKEB) and the "Verband Wiener Volksbildung" (VWV). These offer own internal trainings for their trainers.

- The "Bundesinstitut für Erwachsenenbildung" in Strobl/St. Wolfgang offers a two year management course (accompanying normal work) for leaders of education for grown ups and personnel developers in firms.
- Private Institutes provide also train-the-trainer-programmes.

### 13.2 Training institutions

Who is involved in training counsellors/consultants, trainers, bankers to deal with small businesses? What support do they need?

see Chapter 13.1

### 13.3 Outstanding models and manuals for small business training

Publications about small business training are available e.g. by the Institute for Vocational Research of the Economy and the Institute for Small Business of the Vienna University for Economics and Business Administration. In fact there is a great number of such manuals, however, no comparative evaluation has been performed (to our knowledge).

### 13.4 Outstanding institutions

- **Institute for Vocational Research of the Economy ("Institut für Bildungsforschung der Wirtschaft" (ibw)):** This is one outstanding institution for vocational Research in Austria. This institute was founded as a society 1975 by the Austrian Federal Economic Chamber and the Federation of Austrian Industrialists. Since this the, the ibw finished about 500 projects und published about 100 reports. Many studies are concerned with apprenticeship training and labour market analysis and qualification research. Other activities embrace research and documentary work on educational counselling, vocational guidance and career planning.
- **Economic Promotion Institutes of the Economic Chamber in Austria ("Wirtschaftsförderungsinstitut der Wirtschaftskammer Österreich" (WIFI)):** The leading training institute in Austria. This institute was founded 1946 by the Economic Chamber. It is the declared aim of the WIFI to assist the Austrian companies by providing counselling and advanced professional training for their workforce. WIFI has been attuned to the unique and changing needs of the Austrian economy with practicality as its objective and a stress on quality as opposed to quantity. While the regional WIFI's are autonomous, the WIFI at the Federal Economic Chamber is the coordinating force behind all local activities and sets the tone for monitoring trends and for developing new methodology.
- **Institute for Small Business (Institut für Gewerbe- und Handwerksforschung (IfG)):** The IfG has been founded in 1952 and is the outstanding institution for small Business research and counselling in Austria.

The Institute is a private, non-profit corporation affiliated with the University of Economics in Vienna, Austria. The objective of the institute is social and economic research and reporting to increase the knowledge base on "Gewerbe und Handwerk" in particular and small business in general. The efforts of the institute shall further facilitate entrepreneurial decisions and measures for the improvement of the efficiency and performance of firms as well as provide an objective basis for political decisions and related promotional measures concerning this sector of the economy. The institute has a large electronic database. Data and information relate to regionalized structural indicators, indicators on economic performance, comparative balance sheet data and comparative international data. It is open to the public and is used as basis for research, appraisals, consulting, media reports and political as well as entrepreneurial decisions. The institute cooperates closely with relevant units of the public administration and government and representants of the small business sector. Close cooperations also exist with many Austrian and foreign research-institutions which are working on small business related questions.

- **BÜRGES Förderungsbank m.b.H. :** This bank (100 % owned by the Republic of Austria) is charged with administrating promotional measures for SMEs by the ministry of economic affairs. It guarantees loans, provides subsidies on interest payment or grants for the establishment or expansion of SMEs. All subsidies/grants supplied in 1994 amounted to ATS 696 million (in 1990 ATS 822 million, 1985 and 1986, it amounted to more than ATS 1 billion p.a.). BÜRGES carried out several programmes for business promotion of SMEs in the year 1994 applying to all branches of industry: e.g. the programme for small enterprises, the program for structural improvement of SMEs, the programme for the internationalisation and the programme supporting young entrepreneurs. The various forms of BÜRGES services have evolved gradually during the years, in response to the needs and to the new approaches adopted to assist small-and medium-scaled enterprises.
- **Austrian Industrial Research Promotion Fund (Forschungsförderungsfonds für die gewerbliche Wirtschaft, (FFF)):** The FFF is the outstanding institution in the field of applied research support. It exists since 1967. 1994 ATS 1.5 billion flowed into enterprises developing new technologies. The most important areas are environmental protection (155 projects) and microelectronics (91 projects). The FFF also supports scientists to develop new products together with enterprises. The FFF is also managing the ITF (Innovations- and Technology Fund) as far as projects with a predominantly R&D part are concerned. As partial manager the Innovation and Technology Fund (ITF) the FFF reviewed and submitted proposals to the Federal Ministry of Science and Research.
- **Trade Centers of the Federal Economic Chamber ("Außenhandelsstellen der Wirtschaftskammer Österreich"):** These are key players in mainly non-financial export promotion and offer active help to its members in their foreign trade activities. There are about 90 Austrian Trade Centers in all important markets of the world. Professional Trade Delegates who are employees of the Chamber run these centers. The Department for Trade Policy and Foreign Trade of the Federal Economic Chamber with its country and area

departments complies in its diversity with the needs of the Austrian economy. One important area of promotional policies and activities is "soft aid", that is the offering of consulting services, information and training to SMEs at reduced rates. Such services are often designed for specific trades or restricted to a specific problem area, such as innovation or marketing. Technology policy in Austria, for instance, promotes cooperation between private enterprises and research institutions, transfer of information to the SME and trainings of entrepreneurs. Since 1991, the Economic Promotion Institute of the Federal Economic Chamber administered well above 20,000 consultancies per year. In the last few years, problem-oriented promotional policies comprising soft aid as well as financial support were targeted at improving technology diffusion, research and development, product design, quality management and certification (ISO 9000).

- **Kreditschutzverband von 1873 (KSV):** Is the leading institution in the fields of business information, protection of creditors and debt collection. The KSV was established 1873 and has more than 14,000 members. The KSV provides trade information worldwide, brief inquiries, on-line-links, automatic account solicitation, address and workplace inquiries, reminder and debt collecting in Austria and abroad, land registry data, information from the register of companies, credit ratings and reports about insolvencies. The KSV has the largest commercial database in Austria and has consistently pursued its cross-border activities. In the meantime the KSV has set up establishments in many foreign countries especially in Easteuropa either by itself or its affiliates.

### 13.5 Assistance methods evaluated

On behalf of the Fund for the Promotion of Research ("Forschungsförderungsfonds der Gewerblichen Wirtschaft", FFF), the effectiveness of research projects is being evaluated by the IfG, annually. The projects are analysed, inter alia, according to branches and size-distribution of the enterprises. In the years 1986 to 1989, 46.0 % of the projects, but only 25.1 % of the financial resources were allocated to enterprises (and institutions) with less than 100 employees. The branch with the highest share (32.3 % of the projects and 29.3 % of the resources) was Engineering, Metals, Transport equipment, followed by Chemicals and Plastics (13.0 % and 18.9 %). The "weakest" branch was Textile and Apparel (3.4 % and 1.7 %). For project finished 1989 a success quota of 58.4 % was reached.

## 14 LITERATURE

### 14.1 Surveys of SME needs

There are many studies, conference reports, and structure reports pertaining to this question. Thus, the following publications are only examples:

- IfG (1995) "Interstratos, Austrian report", Vienna 1994
- IfG (1986) "Werthaltungen und Strategien in Klein- und Mittelbetrieben STRATOS", Value Attitudes and Strategies in Austrian SMEs, STRATOS Study, Vienna 1986
- Ratz, K. (1988) "Innovationsfinanzierung für kleine und mittlere Unternehmen", Innovation Financing for SMEs, Vienna, 1988.

### 14.2 Policy articles on SMEs

There are many policy articles pertaining SMEs. Thus, the following publications are only examples:

- IfG (1993) Untersuchungen von Preissystemen im Einkauf der österreichischen Sanitär- und Heizungsinstallateurbetriebe Price System of Austrian Plumbers, Vienna 1993
- IfG (1989) Auslandsorientierung des österreichischen Tischlergewerbes Study of the International Orientation of Austrian Joiners as a Pilot Project for INTERSTRATOS, Vienna, 1989
- IfG (1992) Gewerbe und Handwerk 2000, ed by the Economic Promotion Institute of the Economic Chamber Publication about the perspectives of SME's in the future and scenarios, Vienna 1992
- IfG (1991) Klein- und Mittelbetriebe des Gewerbes und der Industrie in Österreich SMEs in Austria, Vienna 1991
- IfG (1993) Untersuchungen von Preissystemen im Einkauf der österreichischen Sanitär- und Heizungsinstallateurbetriebe Price System of Austrian Plumbers, Vienna 1993
- IfG (1994) Standortberatung, System zur Erkennung von Marktlücken und Marktnischen Development of a System for Detecting Regional Market Niches for Establishing SMEs, Vienna 1994
- Mugler, J. (1995) Betriebswirtschaftslehre der Klein- und Mittelbetriebe A systematic handbook about management, marketing, controlling, training, financing in SME's in Austria and Germany, Vienna 1995



- Kemmetmüller, W./Sertl, W. (1981) Klein- und Mittelbetriebe Chancen, Probleme und Risiken. Articles about chances, risks and problems in austrian SMEs especially in management, personal and training, marketing, financing, investment decisions, controlling etc., Vienna 1981
- Rößl, D./Aigner, W./Meyer, M. (1993) Marketing-Fallstudien für Klein- und Mittelbetriebe Case studies about marketing in SMEs, Vienna 1993
- Rößl, D. (1993) Entrepreneurship Education Principles and Consequences, in Klandt, H./Müller-Bölling, D. (Ed.) Internationalizing Entrepreneurship Education and Training, Köln/Dortmund 1993

### 14.3 Statistics on the growth and changes in the SME economy

- OESTAT (1988) "Statistik der gewerblichen Wirtschaft" (Hauptergebnisse der nichtlandwirtschaftlichen Bereichszählung 1988) Number of companies, number of employees, labour costs, investments, gross production by region, industry, sector, size-class and legal forms, Vienna 1988
- OESTAT (1979) "Verkehr; Nachrichtenübermittlung 1979" (Betriebe, Beschäftigte, Umsatz, Betriebsaufwand, Investitionen und Produktionswerte) Number of companies, number of employees, turnover, operating expenses, investments, net-production in goods traffic and transmission of news, Vienna 1979
- OESTAT (1994) "Groß- und Einzelhandelsstatistik 1994" (Umsatz, Wareneingang und Beschäftigte). As result of a monthly sample of retail companies, which is publicated annual and provides indices and absolute figures of turnover, incomming goods and employees by industries, month and Provinces, Vienna 1994
- ÖROK (1991) "Güterverkehr in Österreich 1991" (Ergebnisse zum Güterverkehr nach räumlichen Ebenen) Results of the road haulage by regions, Vienna 1991
- OESTAT (1993) "Gewerbestatistik 2. Teil" Results of a annual survey of SMEs with structural and performance data (Number of companies, number of employees, profits, turnover, operating expenses, investments, net- and gross production, labour costs, stocks, energy- and water consumption by region, industry, size-class), Vienna 1993
- OESTAT (1993) "Gewerbe- und Industriestatistik 1. Teil" Results of a quarterly survey of the "Gewerbe" (craft) with more than 20 employees, which is publicated annually. (Number of companies, number of employees, profits, turnover, operating expenses, onvestments, net- and gross production, labour costs, stocks, energy- and water consumption by region, industry, size-class), Vienna 1993
- OESTAT (1991) "Arbeitsstättenzählung" local units and number of employees by size-class, industry, region, Vienna 1991

- OESTAT "Statistische Nachrichten" periodical (monthly) with different statistical information, such as consumer price index, Vienna
- Wirtschaftskammer Österreich (Economic Chamber) "Mitgliederstatistik" member statistics by legal form, sector, industry, region, Vienna
- Wirtschaftskammer Österreich (Economic Chamber) "Meisterprüfungsstatistik" statistics of "master-craftsmen-examination", Vienna
- Wirtschaftskammer Österreich (Economic Chamber) "Lehrlingsstatistik" statistics of apprentices, Vienna

#### 14.4 Sectoral studies of relevance to SMEs

There are many sectoral studies of relevance to SMEs. Thus, the following publications are only examples:

- IfG Gewerbestrukturbericht Biannual Report on the Structure of Austrian SMEs, Vienna
- IfG Gewerbekonjunkturberichterstattung quarterly Study in the Business Cycle of Crafts and Services, Vienna
- IfG Branchenprofile Quantitative Profiles of Several Austrian Industries, 1989 - 1995
- IfG (1989) Auslandsorientierung des österreichischen Tischlergewerbes, Study of the International Orientation of Austrian Joiners as a Pilot Project for INTERSTRATOS, Vienna 1989
- Wirtschaftskammer Österreich (1994) Jahrbuch der österreichischen Wirtschaft (jährlich Informationen über die Entwicklungen in den einzelnen Sektionen) Yearbook about the sectoral development of the Austrian economy, Vienna

#### 14.5 Evaluation studies

- Frank, Hermann (1991) Der Modellversuch "Wissenschaftler gründen Unternehmen" (Scientists create firms), results of quantitative and qualitative Evaluation, Vienna 1991
- Frank, Hermann/ Wanzenböck, Herta (1994) Insolvenzquoten und Entwicklungslinien von geförderten Unternehmensgründungen, Insolvency quotas and development of supported enterprise start-ups, Vienna 1994
- Holzinger Elisabeth (1990) Analyse der Ziellerreichung und Effektivität der Steirischen Förderungsaktion Regional Eigenständiger Initiativen, Analysis of achievement and effectiveness of the Styrian Support Scheme for Regional autonomous Initiatives, Vienna 1990

- Hutschenreiter, Gernot (1993) Die Regionale Investitionsprämie, The regional investment premium, Vienna 1993
- Hutschenreiter, Gernot (1990) Evaluierung der Technologieförderungsprogramme der Bundesregierung 1985/1987, (Evaluation of Technology Support Programmes of the Federal Government), Vienna 1990
- IfG (1986) Die Abfertigungsregelung aus betrieblicher & volkswirtschaftlicher Sicht (Regulations on Paid Termination Benefits from a Micro and Macroeconomic Point of View), Vienna 1986
- IfG (Since 1983) Forschungsförderungseffizienzanalyse Evaluation of the Effectiveness of Research Projects Funded by FFF by Size Class and Branch, Vienna

#### **14.6 Strategic government documents**

There are many studies, conference reports, and structure reports pertaining to this question. Thus, the following publications are only examples:

- BMWA (1995) Bericht über die Situation der kleineren und mittleren Unternehmen der gewerblichen Wirtschaft, Biannual Report of the Ministry of Economic Affairs on the Situation of Craft and Services Enterprises as Part of a Handbook on the Austrian SME Economy, Vienna (biannual report, last ed. 1995)
- Austrian Conference on Regional Planning (1993) Siebenter Raumordnungsbericht, Seventh Report of the Austrian Conference on Regional Planning (ÖROK), Vienna 1993

#### **14.7 Banks and SMEs and of the regulatory authorities and SMEs**

There are many studies, conference reports, and structure reports pertaining to this question. Thus, the following publications are only examples:

- IfG (1981) Untersuchung des Entscheidungsprozesses bei Kreditaufnahme Study of the Decision Process of Raising of Credits of SMEs, Vienna 1981
- IfG (1995) Kapitalbedarfsrechnung Research on the Need of Capital of for SMEs, Vienna 1995
- Piskula (1991) Grenzen zulässiger Auflagen im gewerblichen Betriebsanlagenrecht (Limits of regulations for plant operating permissions) diploma paper at the University of Economics and Business Administration Vienna, 1991.
- Schmoll, A. (1990) Theorie und Praxis der Kreditprüfung unter besonderer Berücksichtigung der Klein- und Mittelbetriebe Theory and practise of credit assessment , Vienna 1990

- Schmidt (1989) Personalverrechnung, Personnel Accounting, Schriftenreihe des KMB-Institutes, Vienna 1989