



HEADQUARTERS IN AUSTRIA

RESULTS OF THE 2008/09 SURVEY

EXECUTIVE SUMMARY

Austria is *the* pre-eminent CEE business interface and an internationally sought after business location for regional headquarters. This is the conclusion of the first comprehensive survey of corporate headquarters carried out by *Headquarters Austria* in cooperation with the *Austrian Federal Ministry of Economic Affairs, ABA-Invest in Austria, Vienna Region* and the *American Chamber of Commerce* in the period November 2008 – July 2009.

Approximately 300 regional headquarters of multinational companies are responsible for coordinating cross-border Group business operations. Accordingly, the study confirmed previous estimates. The top 500 companies in Austria alone in terms of annual revenues include 84 regional head offices. The parent companies originated in Europe, followed by North America and Asia. Vienna is the preferred domestic business location, ahead of the provinces of Lower Austria and Upper Austria. In addition to the regional hubs established by foreign companies, hundreds of Austrian firms have also been transformed into headquarters within the context of their international expansion efforts, and thus have comparable requirements.

85% of the foreign companies which were interviewed coordinate their business in Central and Eastern Europe from their Austrian facilities on the basis of selected management competencies. 10% are responsible for their Western European business, and 14% are in charge of other regions. The majority of Austrian firms (50%) do not limit their activities to a specific geographical region. 40% of the Austrian firms participating in the study are responsible for Central and Eastern Europe, 25% for Western Europe and 10% for other regions.

Companies managing their Central and Eastern European activities from Austria are primarily granted regional competence for strategic planning, accounting and controlling, communications and human resources. Foreign companies consider marketing and sales to be the primary task assigned to their Austrian-based CEE headquarters, whereas domestic firms only rank marketing and sales as the sixth most important area of responsibility. 23% of the multinational companies are also responsible for conducting research and development activities in Austria.

The companies consider the top five positive competitive advantages of Austria as a business location to be “geographical proximity and affinity”, “location and infrastructure”, “human resources”, “stability” and the “tax system”. However, three of these factors can also be found on the list of disadvantages. The five most frequently named weaknesses are “human resources” and the “tax system”, followed by “education”, “bureaucracy” and “infrastructure”. The three areas categorized as both strengths and weaknesses of Austria apparently involve key success factors for headquarters which were initially decisive reasons for selecting Austria, but which the companies now believe require improvements.

The aforementioned results are based on a survey implemented from November 2008 to July 2009, incorporating the input of several thousand firms. 1,040 selected companies were contacted by phone, and 178 firms also provided information on management competencies and key locational factors by filling out questionnaires or participating in interviews. On balance, the study actively identified 258 regional headquarters. However, the actual figure is assumed to be more than 300.

Austrian headquarters were not intentionally targeted. Instead, these firms represent a huge complementary group in addition to the intended identification of regional headquarters set up by multinational companies. As a consequence, the number of regional headquarters determined by this study actually amounts to 349.