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Study report 2023

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Headquarters Landscape in Austria: International HQs - Study Report 2023

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Headquarters Landscape in Austria: International HQs

Study Report 2023

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H i A

HEADQUARTERS IN AUSTRIA

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Executive Summary

In this report, we describe the results of our study on the current international headquarters (HQ) landscape in Austria. The study represents a follow-up to our previous study on the overall HQ landscape in Austria¹. It is based on a data collection combining information from the database "Orbis" (Bureau van Dijk) and other publicly available data from companies' annual reports and previous reports.

These are our main conclusions:

- 1. Austria, and particularly Vienna, is an attractive location for international HQs, hosting both regional and divisional HQs.** Overall, Austria hosts 412 HQs of international corporations. Almost half of those international HQs are located in Austria's capital city, Vienna. This confirms Austria's and Vienna's attractiveness as locations for HQs among foreign multinational corporations (MNCs). Of the 412 international HQs, 126 HQs possess a clear divisional mandate, while 96 have a regional mandate. Hence, Austria is an appealing location for both regional and divisional HQs. Moreover, since DHQs are often a consequence of acquisitions, this finding might suggest that Austria's HQs are attractive acquisition targets.
- 2. International HQs in Austria have privileged access to Germany and Eastern Europe.** International HQs based in Austria take advantage of the country's strategic position to get access to Eastern European countries. In fact, Czech Republic, Hungary, Slovakia, and Romania are among the first five subsidiary countries for international HQs in Austria. However, the most common subsidiary country is Germany, with 144 international HQs owning at least one subsidiary in Germany.
- 3. Austria's international HQs operate in a broad variety of industries.** International HQs in Austria operate primarily in the manufacturing as well as wholesale and retail sectors. HQs in the manufacturing industry are especially represented by HQs from Germany and Switzerland, while the wholesale and retail sector is more prevalent among HQs from Germany and the U.S. This hints at the fact that, in Austria, HQs from different countries specialize in certain industries.
- 4. Several international corporate parents belong to the financial and insurance industry.** 24.3% of the corporate parents of international HQs in Austria operate in the financial and insurance industry, hinting at the existence of MNC conglomerates with a holding company abroad and an operational HQ in Austria.
- 5. Germany, Switzerland, and the U.S. are the top 3 countries for Austria as an HQ location.** Austria is often selected as a location from MNCs based in neighboring countries, such as Germany and Switzerland. However, Austria is considered a strategic location not only by firms from European countries but also by non-European firms, as testified by the presence of the U.S. among the top 3 countries-of-origin of international HQs.
- 6. Austria attracts HQs of large MNCs from all over the world.** The corporate parents of international HQs in Austria employ on average more than 36,000 employees and have a yearly turnover of more than €13bn. Hence, Austria is able to attract intermediary HQs of several large international conglomerates.

¹Fabrizi, C., Schmitt, J., & Nell, P. C. (2023). *Headquarters Landscape in Austria: An Overview – Study Report 2023* Retrieved October, 19 2023 from <https://research.wu.ac.at/de/publications/headquarters-landscape-in-austria-an-overview-study-report-2023>.

Headquarters in Austria (HiA) - About us

The project "Headquarters in Austria" (HiA) is an "umbrella project" for different projects and activities, with the aim to support companies in the development of their organization and in particular of their HQs, but also to help Austria to remain an attractive location for HQs. The pronunciation of the acronym HiA is reminiscent of the word "here" and emphasizes the focus of the research project on Austria as an HQ location.



The HiA research project was launched in 2021 and has its origin in a collaboration between *eXplore!* as a funding partner and the WU Vienna University of Economics and Business (WU).

Our objectives are to:

- generate valuable theoretical and practical knowledge around HQs, their roles, functions, activities, and locations,
- share insights from research to a broader (non-academic) audience and thereby promote interest in HQs and an understanding of their importance,
- provide a platform that stimulates discussions for research, education, business practice, and policymakers.

Our core team consists of internal and external researchers at the WU Institute for International Business and is led by Prof. Dr. Phillip C. Nell. Each group member focuses on specific aspects related to HQs.

Due to the HiA project's focus on Austria, we also collaborate with relevant local partners, such as *eXplore!*, *Oesterreichische Nationalbank* (OeNB), *Austrian Business Agency* (ABA), and *Vienna Business Agency* (among others).

More information about HiA's projects can be found on the project's [website](#) and [LinkedIn page](#).

Study Design & Motivation

Study motivation and goal

Austria's economy is characterized by a **large number of HQs**. In order to foster continuous growth and maintain its competitiveness as an HQ location, Austria cannot rely exclusively on domestic HQs. Instead, Austria should implement strategies to **retain existing international HQs** and **stimulate investments from foreign companies** in Austria to attract additional international HQs.

This report represents a **follow-up study** to our report on "Headquarters Landscape in Austria: International HQs" (2022). We **deep dive into the international HQ landscape in Austria** and describe its main characteristics. The result of the study are **equally important for international firm managers** who are considering Austria as a potential HQ location, **and for policy-makers** who aim at retaining existing international HQs in Austria, while attracting new ones.

HQ definition

Building on the widely established research on HQs (e.g., Chandler, 1991; Menz, Kunisch, & Collis, 2015), we define **HQs as hierarchically superior firm units**. To identify the hierarchical superiority of HQs, we follow other studies (e.g., Belderbos, Du, & Goerzen, 2017; Voget, 2011) and adopt **an ownership perspective on HQs** (i.e., HQs need to have an ownership of at least 50.01% in another foreign corporate entity). This ownership perspective on HQs usually coincides with the seat of the top management team as well as of central staff functions (such as HR, IT, or finance) and the legal seat.

For the purpose of this report, we only consider **international HQs** (i.e., HQs owned by a foreign corporate parent) **located in Austria that own subordinate units in at least one foreign country** and that have **recent company information in "Orbis"**.

Hence, for this report we consider intermediary HQs of foreign corporations. Based on prior literature (e.g., Goold & Campbell, 2002; Zhou, 2015), **intermediary HQs (IHQs)** are defined as follows: units hierarchically positioned between the CHQ and other subunits with region-bound ('regional HQs') or product-/function-bound ('divisional HQs') mandates.

Following this definition, we exclude:

- firms as well as startups that **purely perform exporting activities** to foreign countries without any legal entities in those countries,
- firm entities that **do not hold a clear HQ mandate**, even if they perform activities for foreign firm entities,
- IHQs that are **owned by another IHQ in Austria**, to limit the risk of an over-representation of some firms in the list.

For the purpose of our study, we include only HQs with a minimum turnover of more than 1m€, in at least one of the last years in which this information is available.

Data collection and key variables

The data collection was conducted in **2023** and involves HQs based in Austria. However, in this study, we focus on **international HQs based in Austria**, which represent a **subsample of the original data collection**.

Our **primary data source was the "Orbis" database** (Bureau van Dijk). Since this report serves as an **update to the 2022 edition**, we used the initial dataset as a starting point and supplemented it with the most recent data from "Orbis".

For each HQ, we collected variables on several levels: **general information on the HQs** (e.g., name, location, year of establishment, CEO), **hierarchical information** on its corporate group (e.g., level in the hierarchy, subsidiaries owned), information on the **industry, geographical footprint, size** (i.e., employees, turnover), and similar information for its **corporate parent**.

Analysis and interpretation

We applied **descriptive statistics techniques** to analyze our collected dataset and provide a detailed overview of the international HQ landscape in Austria. We interpret the results to **elaborate on some potential implications**. In some instances, we refer to the data from our previous report to compare the numbers of all types of HQs in Austria with the international HQs in Austria.

Note: Due to rounding error, the percentages indicated in the output of the analyses may not always sum up to 100.0%.

Limitations

The study provides valuable insights into the HQ landscape in Austria. However, it is important to acknowledge certain limitations in our approach. First, our **data collection heavily relies on a single source, i.e., "Orbis"**, which is a reputable database for firm-level information. Nonetheless, it is possible that not all HQs in Austria are captured in this database, or that some data is outdated. We attempted to compensate for this by referring to other sources such as company reports. Second, our analysis **focuses mainly on the current state of Austria's HQ landscape**. To address this limitation, we intend to continually update the study and track longitudinal developments. This report represents the first update of the initial 2022 report. Thirdly, due to our data collection approach, our analysis **primarily centers around larger HQs in Austria**. As a result, we might not have included smaller HQs.



Overview, Location, & Sector of HQs

Overview

Overall, **Austria hosts 412 international HQs**. Among them, 30.6% have a clear divisional mandate, holding responsibility for a certain product or function, while 23.3% can be classified as regional HQs since they are responsible for a certain region (e.g., CEE). Consequently, Austria emerges as an attractive choice for both regional and divisional HQs.

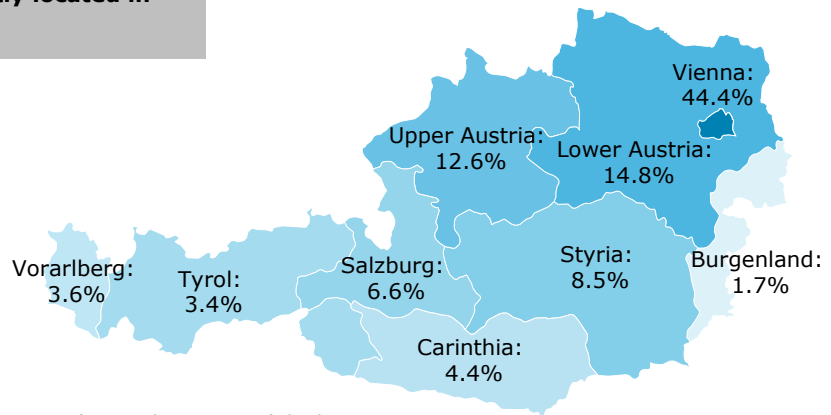
412

international HQs are currently located in Austria

Moreover, given that DHQs often arise as a result of acquisitions, this could indicate that Austria's HQs hold appeal as international acquisition targets.

Location within Austria

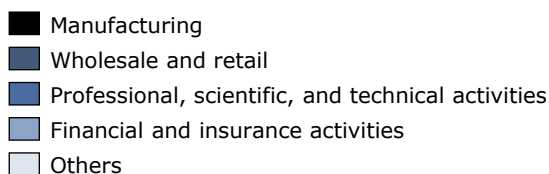
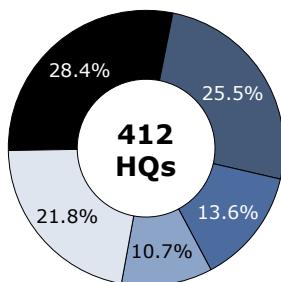
Almost 45% of all **international HQs are located in Vienna**, the capital city of Austria. Vienna is followed by Lower Austria, which is presumably chosen for its proximity to Vienna, and immediately after by Upper Austria and Styria. The **top 3 cities for international HQs are Vienna (183), Linz (13), and Salzburg (10)**.



Note: Darker blue shades indicate a higher concentration of HQs in the respective federal state.

Industry belonging of international HQs

Austria attracts a **wide range of international HQs, operating in different industries**. The majority of international HQs based in Austria belong to the **manufacturing** and to the **wholesale and retail sectors**, followed by HQs that perform financial activities, as well as professional, scientific, and technical activities (e.g., management and consultancy, engineering, and architecture). Therefore, the **international HQs involved in the production and sale of goods account for 54% of the overall international HQs in Austria**, followed by HQs operating in the service industry (24%).



Industry belonging of the top 5 countries

A closer look at the international HQ sectors of the top 5 countries for HQs in Austria shows heterogeneous preferences of these countries for Austria as an HQ location. This suggests imitative behaviors of companies with the same nationality.

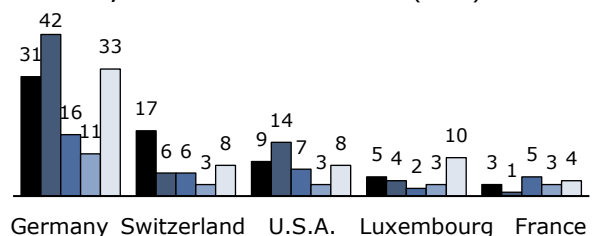
German corporations locate in Austria a considerably high number of **wholesale & retail HQs (32%) and manufacturing HQs (23%)**.

Swiss corporations, typically holding companies, locate a relatively high number of **manufacturing HQs in Austria (43%)**.

U.S. corporate groups have a preference for Austria as a location for **wholesale and retail trade HQs (34%)**. Interestingly, they also choose Austria for the **information and communication sector (12%)**.

Companies from Luxembourg have a preference for Austria as a location for **manufacturing HQs (21%) and wholesale and retail trade (17%)**, but also for **real estate activities (17%)**.

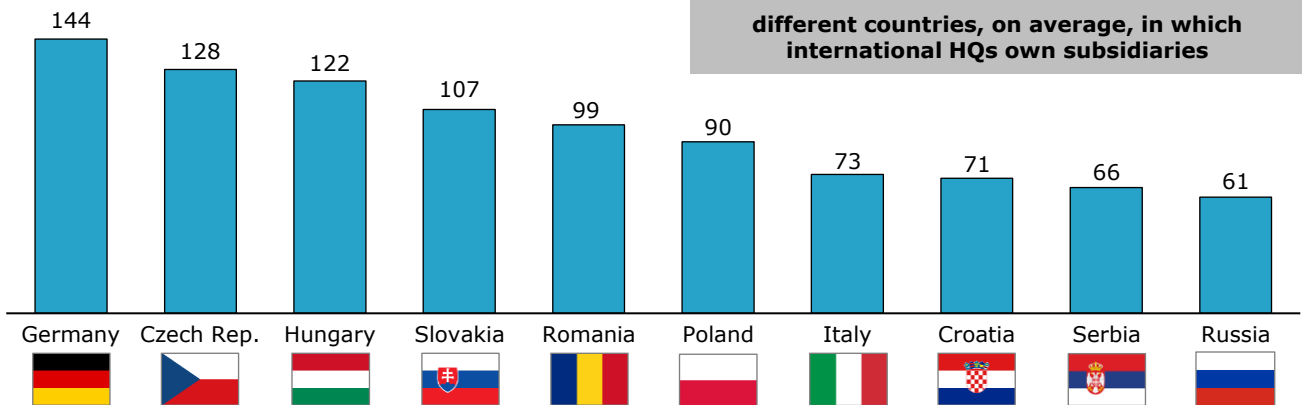
France corporations have a slight preference for locating HQs in Austria conducting **professional, scientific, and technical activities (31%)**.



Geographical Footprint & Size of HQs

Geographical footprint of international HQs

International HQs located in Austria own several subsidiaries in Germany, Eastern European countries, and other neighboring countries (e.g., Italy). Germany is not only the top country-of-origin for corporate parents of international HQs, but also the most popular foreign country for subsidiaries. However, in the case of international HQs, the distance to the second most popular country for subsidiaries (Czech Republic) is less considerable. This is probably due to the fact that a high number of international HQs (133) are German. Therefore, they have little or no interest in establishing an Austria HQ owning German subsidiaries.

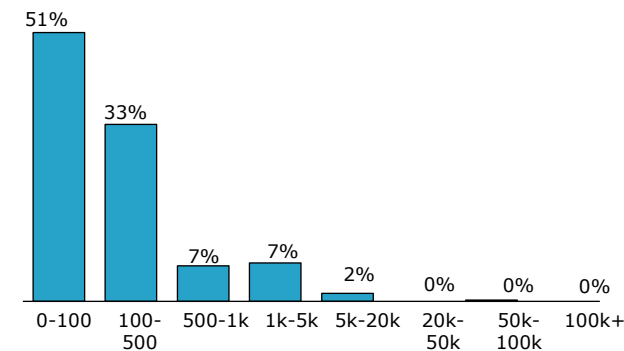


Note: n = 412

Employee and turnover of HQs (consolidated numbers)

Among international HQs in Austria, there is a **strong prevalence of small and medium-sized enterprises (SMEs)**. 84% of them have less than 500 employees, with 51% employing less than 100 people. On average, **the number of employees in international HQs (505) is lower than the average number of employees in all HQs in Austria (878)**. This is due to the fact that international HQs are IHQs, with a corporate parent located abroad. However, they generate an average turnover (€278m) that is only 30% below the overall average for HQs (€392m). Hence, **the international HQs in Austria are productive and relevant to the economy**.

Employees



Note: Information on employees was available for 386 firms. The numbers refer to the last available year of information (mostly 2021).

48%

of all international HQs own at least one subsidiary in Austria

Interestingly, **international HQs based in Austria have a quite broad geographical footprint** (on average, they own subsidiaries in 5.4 countries). Moreover, 48% of them own other subsidiaries in Austria. These two considerations suggest that **international HQs in Austria find themselves at relatively high positions in the overall hierarchy of the corporation they belong to**.

5.4

different countries, on average, in which international HQs own subsidiaries

505

people on average employed by international HQs in Austria

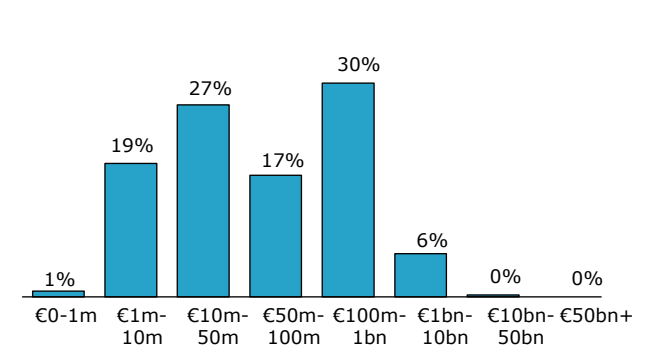
Note: This refers to the consolidated number of employees.

€278m

yearly turnover on average for international HQs in Austria

Note: This refers to the consolidated turnover.

Turnover



Note: Information on turnover was available for 363 firms. The numbers refer to the last available year of information (mostly 2021).

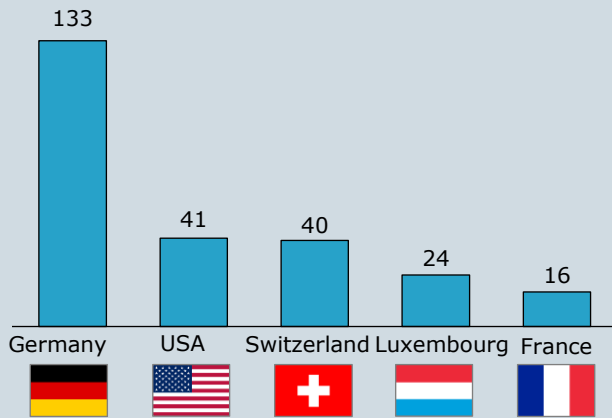
Corporate Parents of HQs

Nationality of corporate parents

A closer look at the nationality of corporate parents of Austrian HQs shows a **strong influence of Germany and Switzerland, the other two countries in the DACH region**, which share the language, culture, and boarder with Austria.

Luxembourg and France are also important home countries of international HQs in Austria. This suggests that Austria is an attractive location not only for German-speaking countries, but also for other strong European economies.

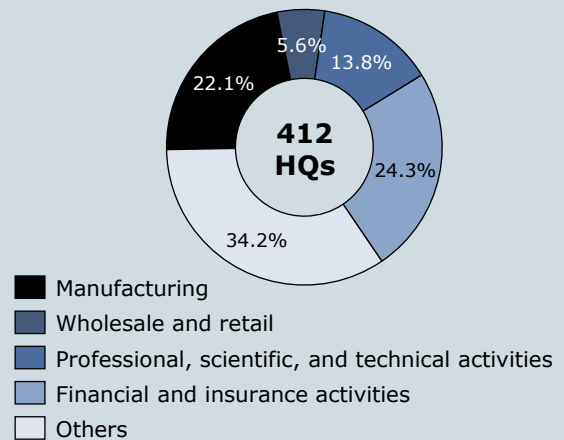
Additionally, Austria is considered a privileged location for non-European corporations, as indicated by the presence of U.S. corporate parents in the second position.



Industry belonging of corporate parents

International corporate parents mainly belong to the financial and insurance industry (24.3%), followed by the manufacturing sector (22.1%).

Interestingly, **the distribution of foreign corporate parents in the industries does not mirror that of the international HQs.** For both of them, the manufacturing sector is dominant. However, the wholesale and trade sector – extremely present among international HQs (25.5%) – is not equally present among foreign corporate parents (5.6%). On the contrary, the financial and insurance industry is much more relevant for foreign corporate parents (24.3%) than for the international HQs (10.7%), thus testifying **the presence of several holdings, especially in Luxembourg and Switzerland, selecting Austria as the seat for their operational HQs.**



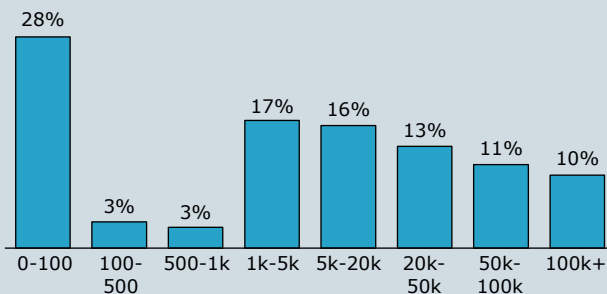
Employees and turnover of corporate parents (consolidated numbers)

Both in terms of employees and turnover, **foreign corporate parents are considerably larger than their respective HQs.** Moreover, they are also bigger than the Austrian corporate parents.

On average, foreign corporate parents have **more than 36,000 employees and generate a turnover of more than €13bn.** In comparison, their international HQs in Austria have an average of approximately 500 employees and a turnover of more than €250m.

This highlights that **Austria is able to attract huge and successful MNCs from all over the world.**

Employees



Note: Information on employees was available for 294 firms. The numbers refer to the last available year of information (mostly 2021).

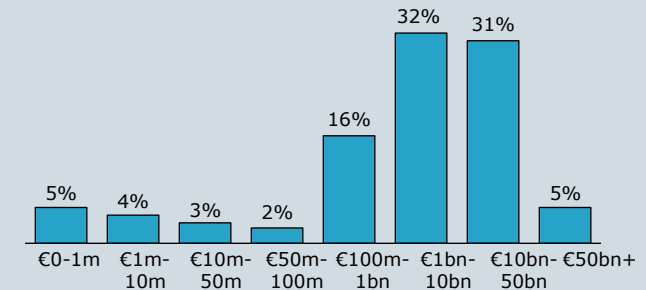
36,219
people on average employed by corporate parents of international HQs in Austria

Note: This refers to the consolidated number of employees.

€13.7bn
yearly turnover on average for corporate parents of international HQs in Austria

Note: This refers to the consolidated turnover.

Turnover



Note: Information on turnover was available for 256 firms. The numbers refer to the last available year of information (mostly 2021).

Appendix: New HQs in the 2023 Report

Change in the number of HQs

Since the current report updates the 2022 edition (Schmitt, Fabrizi, & Nell, 2022) with new information from Orbis, we briefly examine the changes in the HQ database. Compared to 2022, the **number of international HQs in the 2023 database has increased by 5.6%**, rising from 390 to 412 HQs.

+5.6% HQs

in the number of international HQs since 2022

86.7% of HQs from the 2022 database (338 HQs) are still included in the 2023 report. However, **52 HQs were excluded for the following reasons:**

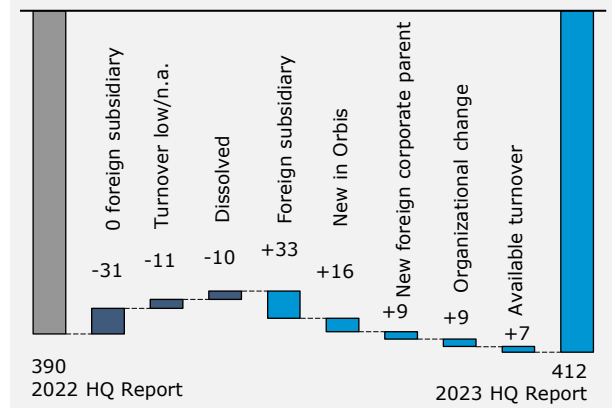
- No longer possess majority ownership in at least one foreign subsidiary (criteria previously satisfied): 31 HQs
- Low or missing turnover data: 11 HQs
- Dissolution/inactivity/liquidation: 10 HQs

74 new HQs have been added to the database, for the following reasons:

- New ownership of at least one foreign subsidiary (with direct ownership above 50%): 33

- HQs newly added to Orbis or previously lacked basic information: 16
- Now classified as HQs due to changes in the hierarchical structure of the corporate group: 9 HQs
- Switched from Austrian to international corporate parent, due to the establishment of a holding: 9
- Meeting the turnover criteria: 7 HQs

412 intern. HQs included in 2023 report



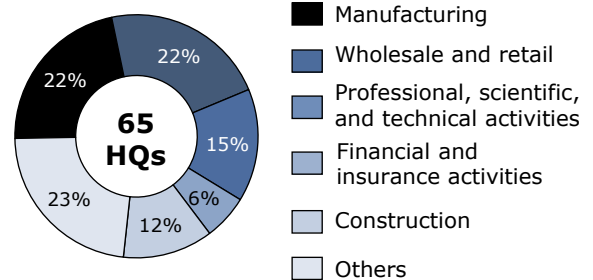
Industry, location, and country of newly added international HQs

There has been an increase in the number of international HQs **across all industries and sectors**. The **manufacturing and wholesale** industries account for the majority of the new HQs (14 newly added HQs in each), followed closely by the service sector (+10) and construction industry (+8), mostly from Germany.

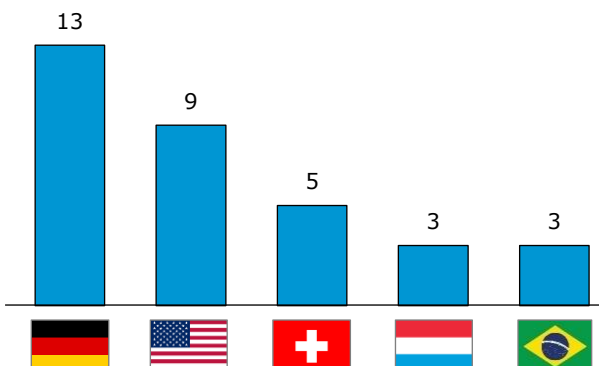
In terms of geographical distribution, **Vienna takes the lead** (+29). Following behind is **Upper Austria** (+15). The other federal states account for a lower number of newly included international HQs.

The **majority of newly included international HQs belong to German corporate groups** (+13), followed by the **U.S., Switzerland, Luxembourg, and Brazil**.

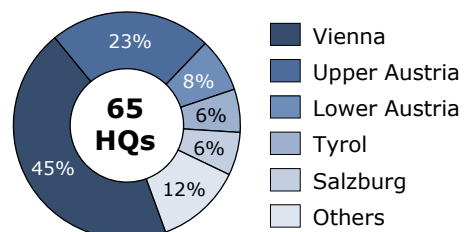
Industry of new international HQs



Countries of newly added international HQs



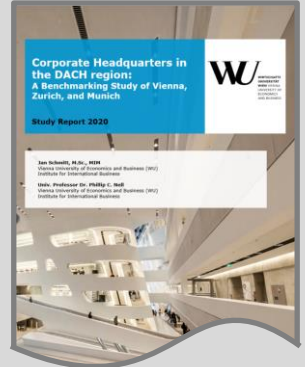
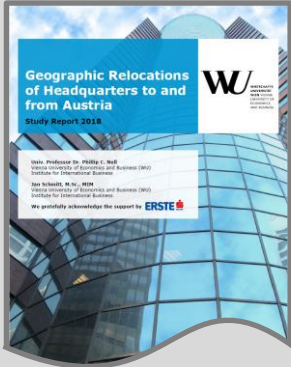
Location of new international HQs



Our Publications

Previous publications

In previous reports, we have already investigated a broad number of topics related to HQs in Austria, including geographic relocations of HQs, changing HQs in times of digitalization, and Vienna as an important location for corporate HQs in the DACH region:



From 2022, we have started a collection of reports on the HQ landscape in Austria, the landscape of international HQs based in Austria, and the population of HQs located in Vienna.



Recent publications

In 2023, we are releasing the 2023 version of the reports on the HQs landscape in Austria, generating new insights and contributing to an updated view of the HQ population in Austria.



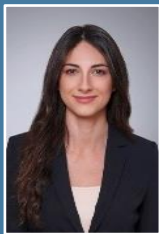


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