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*Study Report 2023*

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# Austria: A Prime Location for Headquarters in the Digital Age?

Study Report 2023

**WU**  
WIRTSCHAFTS  
UNIVERSITÄT  
WIEN VIENNA  
UNIVERSITY OF  
ECONOMICS  
AND BUSINESS

**H i A**

HEADQUARTERS IN AUSTRIA

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# Study Overview

## Executive Summary

In this report, we illustrate the results of our study examining how Austria is perceived as a headquarters (HQ) location in times of digitalization. This study represents an update to our previous study on HQ digitalization<sup>1</sup>. Our main conclusions are as follows:

- **Austria as a location for HQs will remain attractive.** Austria's attractiveness as a hub for HQs will not change in the digital age. The majority of study participants thinks that Austria will be able to retain or even attract more HQs due to digitalization in the future (only 10% of the participants believe that Austria will lose some of its HQs). Furthermore, the results show that Austria seems particularly well prepared in terms of availability of technological infrastructure and digitalization expertise (e.g., suppliers of technical solutions, startups, incubators or accelerators).
- **Potential for improvement still exists in the area of digitalization talent.** While the results seem to draw a positive picture so far, they also suggest that access to "digitalization talent", such as data scientists or digital marketing experts, could be further improved in Austria. We encourage policy makers as well as representatives of universities and universities of applied sciences to further step up their training and educational efforts in the relevant areas. The digitalization strategy of WU Vienna<sup>2</sup> is a step in this direction. However, given the sharp increase in demand and the ongoing fast-paced technological evolution, we argue that also firms will need to invest much more into training and development.

## Study Motivation

Austria has been a hub for HQs from multinational corporations (MNCs), which represent an important contribution to a country's economy (ABA, 2022; Schmitt, Fabrizi, & Nell, 2022; Bloom & Grant, 2011). Previous studies have highlighted the wide-ranging impact of digitalization not only on business models and operations, but also on the role of HQs (e.g., Nell, Schmitt, Preveden, & Hauska, 2018). These digitalization technologies include for example big data analytics, automation, artificial intelligence, and Internet of Things. Despite valuable research on HQs and their (re)location decisions (e.g., Valentino, Schmitt, Koch, & Nell, 2019), more research is needed on how digitalization will affect HQ location choices.

## Goal of the study

With this exploratory study, we investigate:

- How do HQ managers assess Austria as an HQ location in times of digitalization?
- Will this attractiveness change in the future?
- Are there different perceptions between corporate HQs (highest unit within the entire corporate group), divisional HQs (units positioned between corporate HQs and subunits) and across industries?

## Data collection

The study involves HQs located in Austria. Data was collected via an online survey and via face-to-face interviews. We received 140 usable responses in total.

The main part of data collection took place between May and August 2022. Our responses come from highly diverse companies in terms of HQ type and industry<sup>3</sup> across different regions:

- HQ type: 73% CHQ, 27% DHQ managers
- Industry: 55% services, 29% manufacturing, 16% finance
- Region: 53% Vienna, 13% Upper Austria, 11% Lower Austria, 9% Styria, 5% Salzburg, 4% Tyrol, 5% others

## Key variables

The questionnaire consists of seven single items. We conducted a factor analyses and formed the following key variables:

- **Availability of technological infrastructure:** degree to which Austria provides appropriate technological infrastructure to digitalize HQs.
- **Availability of digitalization talent:** degree to which sufficient digitalization talent such as data scientists or digital marketing experts is available in Austria.
- **Access to digitalization expertise in Austria<sup>4</sup>:** degree to which Austria offers access to digitalization expertise in the following areas: consulting/law firms, supplier firms (e.g., of technical solutions), startups/incubators/accelerators, universities (of applied sciences).

## Limitations

While the study yields a broad understanding of Austria's location attractiveness for HQs and the impact digitalization may have on it, we acknowledge some limitations. First, we rely on self-reported, subjective data. Nonetheless, we argue that these personal anticipations and beliefs of our participants are valuable, as these managers are also responsible for location decisions in their HQs. Second, our study is based on a country-level analysis and not all regions are fully represented. Third, our sample procedure is not random. However, we tried to mitigate this bias by using multiple sampling approaches.

**"Now is the right time to set the course for our future; digitalization is the backbone of any strategy to strengthen Austria as a business location."**

Hermann Erlach,  
General Manager Microsoft Austria

<sup>1</sup> Nell, P. C., Schmitt, J., & Hauska, L. (2019). *Austria's competitiveness in times of digitalization: Still a prime location for HQs? Study Report 2019*. Retrieved May 31, 2023, from <https://epub.wu.ac.at/6789/>

<sup>2</sup> <https://www.wu.ac.at/en/digitalization/digitalization-strategy/>

<sup>3</sup> We clustered the industries according to SIC codes in manufacturing (01-39), services (40-59 & 70-99), and finance (60-69).

<sup>4</sup> Factor loadings are all >0.67 and Cronbach Alpha is >0.85.

**“Digital transformation, in particular, demands and promotes an aggressive location policy focused on innovation. The interaction of automation, artificial intelligence, data-driven science, and the Internet of Things increases our growth opportunities and changes the logic of doing business in entire industries, markets, and companies. Innovative digital business models strengthen the innovative power of companies and locations. The foundation of our innovative strength is a skilled workforce.”**

Dr. Harald Mahrer,  
President of the Austrian Federal Economic  
Chamber

## Headquarters in Austria (HiA) - About us

The research project Headquarters in Austria (HiA) is an “umbrella project” for various projects and activities, which all have the goal to support companies in designing their organizations and especially their HQs, as well as to contribute to Austria remaining an attractive location for HQs. The pronunciation of the acronym HiA is reminiscent of the English word “here” and emphasizes the research project’s focus on Austria as an HQ location.

An important component of HiA is the project “Globalization, Digitalization, and the Location of Headquarters of Established Firms and Startups” sponsored by the [OeNB Anniversary Fund](#).

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.

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

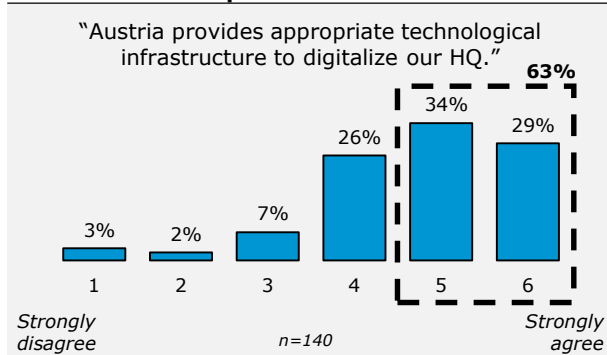


# Location attractiveness of Austria (I)

## Austria provides good technological infrastructure to digitalize HQs

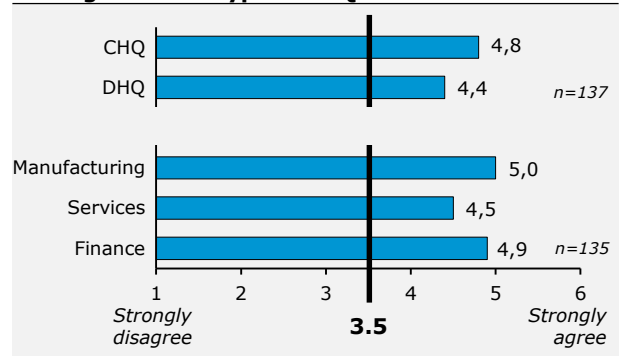
63% of managers agree that Austria provides appropriate technological infrastructure that is needed to digitalize the HQ (e.g., high speed networks or communication systems).

### Distribution of responses



This opinion is stronger for CHQ managers ( $\bar{x}$  4.8) than for DHQ managers ( $\bar{x}$  4.4). Furthermore, the Service industry regards technological infrastructure in Austria more critical than Manufacturing and Finance industries.

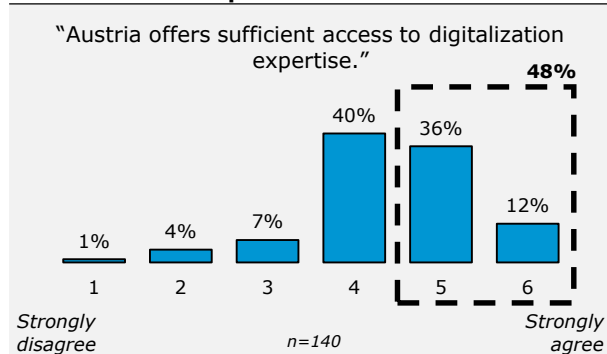
### Averages across types of HQs & industries



## Austria provides adequate access to digitalization expertise

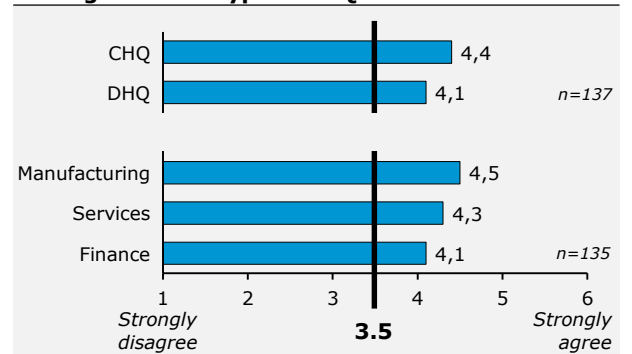
48% of our participants think that Austria offers sufficient access to digitalization expertise. This expertise can be found in different areas outside the HQ, such as services firms (consulting, law), supplier firms, universities or startups.

### Distribution of responses



This opinion is stronger for CHQ managers ( $\bar{x}$  4.4) than for DHQ managers ( $\bar{x}$  4.1). Furthermore, the finance industry regards technological infrastructure in Austria more critical than the Manufacturing and the Service industries.

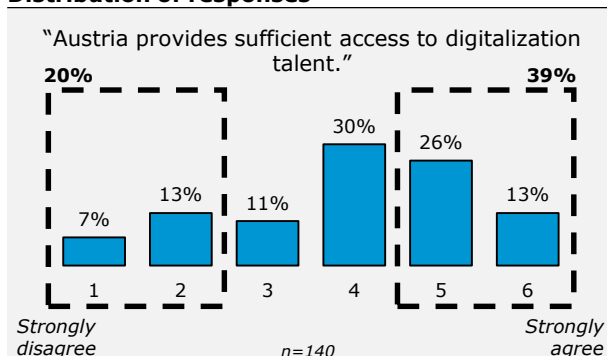
### Averages across types of HQs & industries



## Austria lacks access to digitalization talent

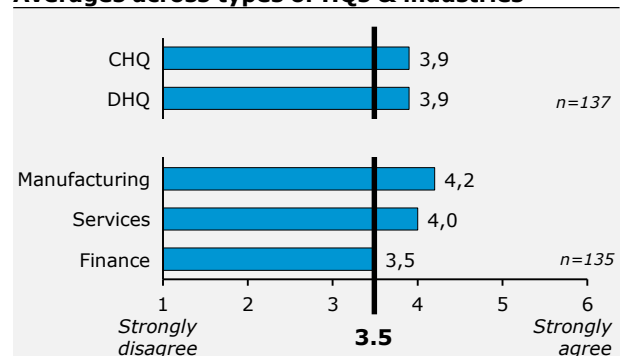
Judgement of the availability of digitalization talent (e.g., data scientists, digital marketing experts) is very mixed. Every fifth manager does not think that Austria provides sufficient access to digitalization talent.

### Distribution of responses



Compared across industries, the opinions vary as well ( $\bar{x}$  between 3.5 and 4.2) with average assessments extending the expected mean of 3.5 only for Manufacturing and Service industries.

### Averages across types of HQs & industries



**Note:** The percentages provided have been rounded for simplicity and may not add up to exactly 100%.

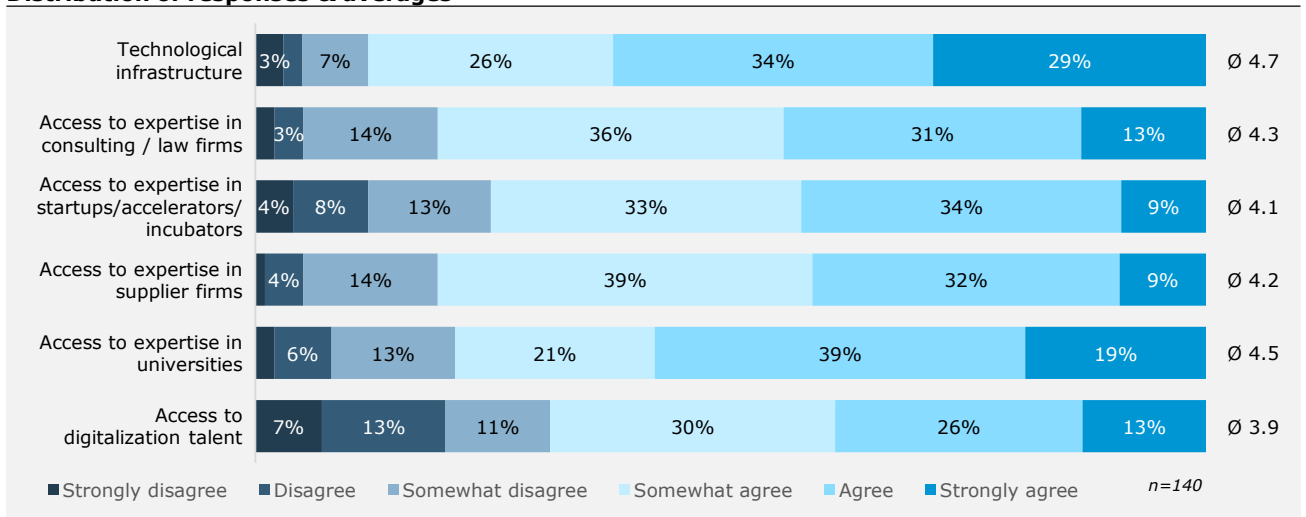
# Location attractiveness of Austria (II)

## Access to digitalization talent is the biggest barrier to HQ digitalization in Austria

A comparison of the dimensions shows that Austria's technological infrastructure receives the best average rating of 4.7, followed by access to digitalization expertise. The sub-dimensions of digitalization expertise range from an average rating of 4.1 for access to expertise in startups/accelerators/incubators to an average rating of 4.5 for access to expertise in universities. Access to digitalization talent receives the lowest average rating with 3.9.

Taking a closer look at the distribution of responses reveals that almost two-thirds of participants (strongly) agree that Austria provides appropriate technological infrastructure to digitalize the HQ, opposed to only 5% who (strongly) disagree. Similarly, access to expertise in universities is rated high with 58% who (strongly) agree. Opinions on the access to digitalization talent are more mixed. 39% of participants (strongly) agree that Austria provides sufficient access, opposed to 20% who (strongly) disagree. Also opinions on access to expertise in startups/accelerators/incubators are somewhat mixed with 43% who (strongly) agree, opposed to 12% who (strongly) disagree.

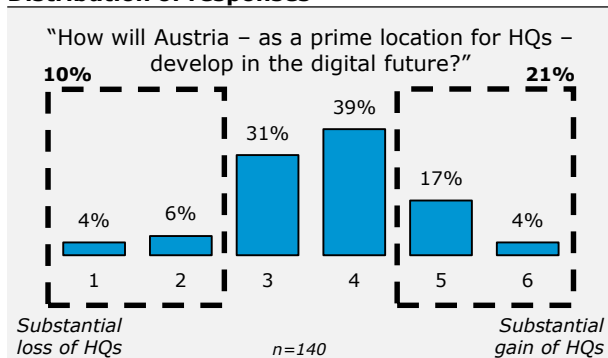
### Distribution of responses & averages



## Austria will still remain an important hub for HQs, even in times of digitalization

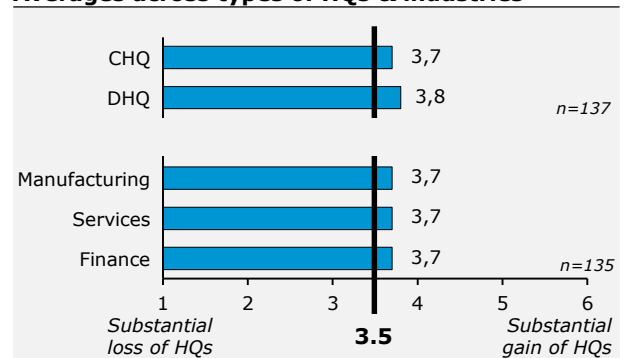
21% of participants agree with the notion that Austria will (substantially) gain HQs from other locations, because it will continue to profit from its location quality and uniqueness. The above average of 3.5 in responses suggests that the status quo in terms of location attractiveness of Austria will slightly improve in the future.

### Distribution of responses



**Note:** The percentages provided have been rounded for simplicity and may not add up to exactly 100%.

### Averages across types of HQs & industries



**"For Austria's industry to remain as successful as it is today, we must not only keep up with the digitalization of production, but also anticipate the issues of tomorrow."**

Kurt Hofstädter  
Chairman at Association Industry 4.0 Austria

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