

# Economic Strategy Styria 2025



## Growth Through Innovation

Department 12  
Economic Affairs  
Unit for Economic Affairs  
and Innovation



Das Land  
Steiermark



<b>Growth through innovation and quality .....</b>	<b>3</b>
<b>1. Guiding principles of Styrian economic policy.....</b>	<b>5</b>
<b>2. Styria:</b>	
<b>Location with tradition and great potential.....</b>	<b>7</b>
<b>3. Styria 2025:</b>	
<b>Prospective image for the business location.....</b>	<b>17</b>
<b>4. Overview of objectives .....</b>	<b>19</b>
<b>5. Decisive turning points .....</b>	<b>24</b>
<b>6. Core Strategies.....</b>	<b>25</b>
<b>7. Performance functions for economic development .....</b>	<b>49</b>
<b>8. Implementation of the economic strategy .....</b>	<b>50</b>
<b>9. Strategic context for the Economic Strategy Styria 2025 .....</b>	<b>52</b>
<b>10. Summary:</b>	
<b>The economic strategy in 120 seconds .....</b>	<b>56</b>
<b>Legal notice .....</b>	<b>59</b>

## Growth through innovation and quality



Styria is one of the most versatile regions in Europe. It is the only place in the world where leading, world-class industrial enterprises and unique recreational areas are located within such a small area, from the alpine ski paradise to southern wine-country flair and volcanic thermal springs. Local, highly innovative start-ups are taking over international markets while the premium local cuisine with its regional and natural dishes is a delight for gourmets from all over the world. No other city in Europe is, at the same time, a historic UNESCO world heritage site and a dynamic "UNESCO City of Design" with distinctive architectural characteristics. There is no better way to honour the memory of Archduke Johann in accordance with the motto "Innovation from tradition".

I was already in charge of the Ministries of Economic Affairs, Europe and Culture when I took over the political responsibility for tourism in 2015 as assigned by Governor Hermann Schützenhöfer. Thus, for the first time in more than 20 years, a comprehensive Ministry of Economics and Innovation exists. This consolidation has made it possible to better utilise synergies from tourism and other economic sectors for the development of the location of Styria. The already mentioned varied qualities of Styria provide an enormous advantage. In addition to infrastructure and the availability of highly qualified specialists, quality of life and security are becoming increasingly important in the international location competition as a basic factor for decision-making processes related to business settlement.

The present Economic Strategy 2025 was developed in past months in close cooperation with representatives from the Austrian Federal Economic Chamber, the Federation of Austrian Industry, the Austrian Chamber of Labour, the trade union and tourism. Individual focal points are governed by five guiding principles dedicated to the themes of entrepreneurship, independence, innovation, digitisation, internationalisation and the Styrian brand.

Optimally supporting the growth of businesses remains my primary objective. Only businesses with a willingness to invest can secure existing jobs in Styria and also create more jobs in the future. This is only possible if we motivate companies to think and act in a way that transcends existing limitations. Export remains a decisive success factor for the location of Styria. We must live out internationalisation in both directions: On the one hand, by further exploring other markets for our exceptional products and services and, on the other, by also focussing on new countries of origin for tourism.

Mobility, eco tech and health tech remain guiding themes for the Styrian economy as these areas have the greatest innovation and growth potential in the coming years. Creative industries will increasingly focus on innovation support and thus play a more important role in location development. Approximately 2,200 small and medium-sized enterprises with above-average innovation strength are a core target group for our economic policy. We will also develop and provide new financing instruments so that these businesses can optimally realise their growth potential.

In tourism as well, the predominant objective is to promote the investment willingness of companies – within the meaning of quality enhancement – so that recent, highly positive statistics relating to visitors and overnight stays in Styria can be maintained. We will also apply our guiding principle "Growth through innovation" to the development of new tourism products and showcase these internationally based on the established emphases on service offers such as wellness, culinary arts, nature and culture.

In the coming years, the new comprehensive economic strategy will form a framework for specific measures and promotional programmes. The strategy is not a rigid corset, but rather a universal building set for dynamic location development. Objectives and derived measures are evaluated continually and adapted to changed framework conditions. We thereby ensure optimal support for those whose skills, dedication and courage are indispensable for the Styrian economic output – namely the entrepreneurs and their employees

**Dr. Christian Buchmann**

Minister of Economic Affairs

# 1. Guiding principles of Styrian economic policy

## 1. Entrepreneurship and independence

Innovative companies in industry and tourism whose growth contributes to the vitalisation of the labour market and the increase in regional added value are the core target group for all strategic and operational measures relating to positive economic development. Besides direct promotional instruments for individual company development, it is also about the continuous improvement of framework conditions at the Styrian location – while pursuing the objectives of founding and taking over companies and simplifying the path to independence.

## 2. Systematic strengthening of innovative power

Innovation pressure is increasing due to consistently shorter product and offer cycles. As individualisation increases, the demand for new services and flexible business models also increases. Only an active location policy can account for global trends based on technological progress and social change. The objective is to create a market-oriented “location system” that makes Styria unique in the competition with other regions. Regional competences must be utilised even more efficiently and additional innovation and investment incentives must be created in order to secure this position. Besides classic financing and promotional instruments, this also includes the assumption of liabilities and limited state investments.

### **3. Optimum usage of digitisation dynamics**

Global networking not only influences the human living environment, but also economic market mechanisms. The dynamic scenario of comprehensive digitisation of production and business processes poses many challenges – especially for small and medium-sized enterprises. However, digitisation also provides an opportunity to secure and further increase the future viability of the economic location and thus prosperity and the quality of life in Styria. “Highway 2020” will significantly improve infrastructure hardware and the availability of ultrafast Internet connections. Intellectual location software requires continuous updates with further investments in education, science, research and development. The promotional focal points “smart production” and “smart services” as well as a broad spectrum of operational support services in e-commerce, which regions and associations can also use for tourism, contribute to this objective.

### **4. Internationalisation of location and companies**

Successful innovations are based on thinking and acting across borders, which is why increasing the export capabilities of companies from all industry branches is a primary objective for Styrian economic policy. Not only large companies and corporations, but also and especially small and medium-sized enterprises must increasingly be connected internationally in order to place their products and services on new markets. The state provides support through motivation and coaching for potential, prospective exporters as well as by advising and accompanying investors within the context of the location service.

### **5. International perceptions of the „Styrian brand“**

Consistent internationalisation also requires consistent communication of the “Styrian brand”. Touristic market development and initiatives within the context of location marketing must be optimally coordinated with each other in accordance with “regional branding”. Vacation guests, top professionals from science and research and multi-nationally operating companies must be motivated to come to Styria or intensify their existing commitments within the region. The population’s identification with the central messages of the brand and the most important location qualities such as innovation strength, quality of life, intact nature as well as art and culture are preconditions for the conveyance of a credible Styrian image.

## 2. Styria: Location with tradition and great potential

### Economic and political framework

Today, the strengths of Styria in technological expertise, training and entrepreneurial vision are also evident in the international context. This was not always the case.

Styria has established itself as a sustainable, technologically highly advanced location with state-of-the-art structures and thus achieved a dynamic development that, in many areas, exceeds the development of Austria as a whole. The economy has grown faster than in some regions in Austria, and employment as well has developed unevenly. The longstanding, above average unemployment rate has fallen below the Austrian average, which is actually low when compared internationally. The Styrian export rate has expanded more dynamically than the national average and is now significantly above the Austrian value. The foundation of the Styrian economy remains healthy despite the international economic and financial crisis, not least due to a powerful and export-oriented industrial basis.

The variety of products and services as well as the ability to establish and expand networks across borders have made Styria one of the most interesting business locations in Europe. The visible success of many new companies and the good standing of relevant traditional enterprises is based on exceptional training quality and a spirit of research and innovation.

One aspect of Styria is exceptionally beneficial in this regard: The will to innovate is an especially striking characteristic. People in Styria are founding more and more companies and taking over responsibilities that often go far beyond their own spheres of influence, which impacts employees and their families and also creates new jobs and prosperity. Respective statistics from the recent past clearly identify Styria as a highly motivated and technologically affine founding state.

The economic strategy “Styria 2020 – Growth Through Innovation”, which was passed by the Styrian state parliament in 2011, ran half of its course in 2015 and was therefore subjected to intensive reflection in light of the following changed framework conditions:

Developments over recent years have shown that the latest economic expansion has been decidedly more restrained than in previous periods. Favourable factors, such as an economically beneficial monetary policy, the relatively low external value of the euro and falling raw material prices were not sufficient to completely offset other growth-impeding factors. Receding growth rates in emerging countries, stagnant global trade and geopolitical tensions have had a diminishing effect on the economy. Thus, Austria is characterised by restrained economic development on account of these aspects; further tensions in the domestic labour market are to be expected.

The financial and economic crisis of 2008/2009 resulted in structural fracturing that is gradually manifesting itself now: Despite the fact that Austria initially recovered rather quickly from the worldwide financial crisis, dynamic development in Austria has receded since 2012 – GDP growth is stagnant and the unemployment rate on the rise, which is especially due to a lack of investment and weak private consumerism on account of high unemployment and low income development. Growth on par with average EU rates is expected for the medium term, which means restrained but rising employment coupled, nevertheless, with increasing unemployment.

Another factor is the sustained, high migration to Austria in the past, which has recently increased even more due to refugee movements and will prospectively raise the potential of Austria's work force. These developments are especially challenging for the labour market policy, but also for economic and employment policy.

The adapted Economic Strategy Styria 2025 addresses current challenges and contributes to the consistent pursuit of renewal and adaptation paths in light of quickly changing framework conditions. Changes to the competition law and regional EU policy will further reduce regional manoeuvrability within the context of entrepreneurial economic promotion.



## **New rules for the location**

The potential of employees in Styrian companies can only be prospectively utilised to the full extent based on a clear commitment to the promotion of technology and innovation while ensuring qualified training and the acceleration of networks that connect research and economic praxis.

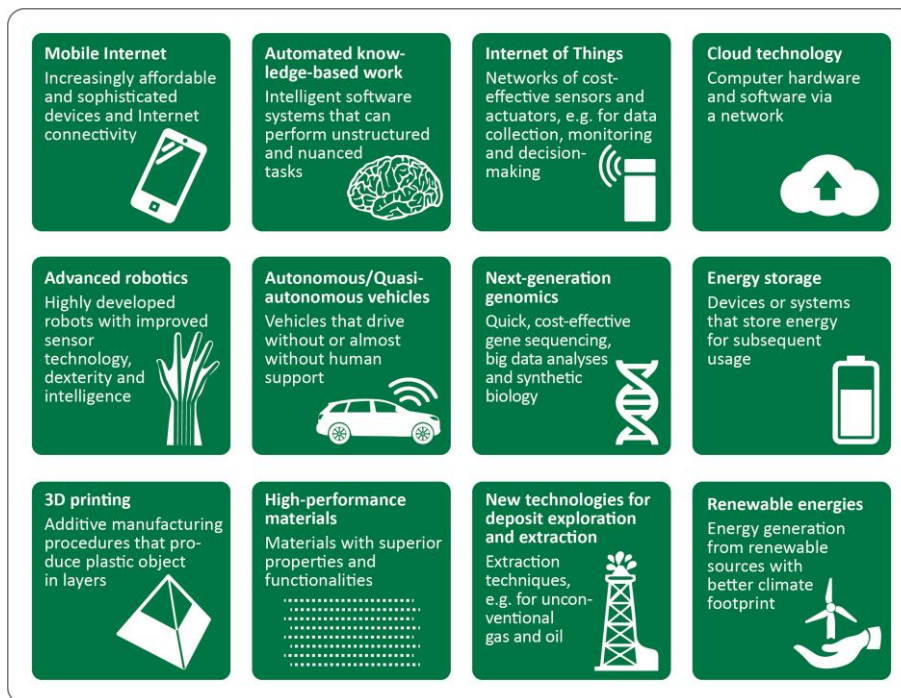
The rules of the game are no longer the same as at the turn of the century. The economy and society are subject to constant change, which requires consistent adaptation in regard to location characteristics. Interdisciplinary and cooperative action, as e.g. expressed in “open innovation” processes, are becoming increasingly important. Challenges and opportunities can be identified by openly addressing long-term trends, and these opportunities should be utilised in order to position oneself as an innovative and flexible location amongst the global competition.

## **Progressive globalisation**

The global economic balance of power is shifting due to the rise of (former) emerging countries that compete more than ever with industrial Western zones in regard to location decisions on account of foreign investments and increasing R&D activities.

Moreover, a multi-layered “new globalisation” can be observed. Competition no longer only takes place at product level, but also along individual production steps, immaterial capital (R&D, design, marketing, etc.) and digital data streams. The long-propagated knowledge society will no longer only be important in some areas, but become a reality for all industry branches.

### Technologies that will change the society and economy



The McKinsey Global Institute (MGI) identified twelve globally relevant technologies with high potential, which will not only influence the lives of humans, but also permanently change production processes and entire industries. Some of these technologies have already had their breakthrough and are now gradually conquering new sectors while, at times, also acting as catalysts of change.

#### Digitisation as drivers of change

Digitisation is an essential driver of change and has become omnipresent:

- In production, digital innovations have resulted in the re-designing of work processes and increased networking along the entire value chain. Information and communication technologies are merging with classic industrial processes (keyword: Industry 4.0). Digitisation also creates opportunities in the service sector for the development of innovative services. Entirely new business fields and markets are being created. Companies are being challenged and must rethink their business models while adapting their organisations according to changing demands.

- Increasing digitisation is changing the work environment in many ways and thus accelerating change. New occupations are being created in all economic areas while other professions are disappearing. Thus, routine tasks are becoming increasingly rare while more complex activities are on the rise. For the labour market this means increasing pressure on low and medium qualifications and rising demand for higher qualifications.
- Digitisation can only work if a comprehensive infrastructure is available. High-speed broadband networks for the quick exchange of information and knowledge thus provide the foundation for future economic growth.

### Open innovation & crowdsourcing

Innovation occurs less in designated R&D departments within a company, but is increasingly implemented as an "open innovation" process and crowdsourcing. External "knowledge" is used for the innovation process. Working across borders (industry, geographic, cultural and disciplinary) is just as much a characteristic of open innovation processes as the integration of new groups on the user side in particular. These developments promise increased innovation, fitted solutions, shorter development times and costs as well as higher success rates due to the integration of markets and users.

### Demographic change and urbanisation

Falling birth rates and rising life expectancy have resulted in increasing older population strata. This demographic change directly affects businesses: People remain in the work process longer as fewer young people are coming up. The total available work force potential must be utilised to a greater extent in order to counteract the shortage of professionals through intelligent training and further training programmes.

Demographic development occurs unevenly across different regions. Populations in cities and nearby areas are growing while population decline and overageing are observed in peripheral areas. For rural areas holding on to qualified workers and remaining attractive as a business location has become a critical challenge.

High migration and large-scale refugee movements also pose new challenges for Styria. Participation in the labour market is an essential anchor point for integration within society. Styrian companies play an important role by opening themselves up to people with various experiences, cultural back-

grounds and competences and utilising associated opportunities for economic development and innovation in a targeted manner.

#### **Climate change and sustainability**

Addressing the causes and effects of climate change requires holistic strategies for emission reduction and adaptation to climatic conditions. At an operational level, adaptations are required in regard to increasing energy and raw material efficiency, which especially presents a problem for smaller companies with minimal financial capacities. At the same time, technological innovations in climatically and environmentally relevant areas such as renewable energies, energy efficiency and mobility are accelerated.

#### **Demand for specialists is coming to a head**

All of these developments are affecting the need for workers. Demand for highly qualified employees is on the rise in internationally integrated industry branches and companies while labour-market opportunities for people with low qualification levels are drying up.

#### **Minimal manoeuvrability for public budgets**

Stable public finances are the basis for lasting economic growth. The debt ratio of the public sector in connection with restrained fiscal policies has resulted in significantly reduced political manoeuvrability room as growth rates have remained comparatively low in recent years. Public assistance must be generally more focussed and more consistently aligned according to future-oriented themes. The path towards growth-oriented budget consolidation must be pursued, which, above all, provides the necessary means for future-oriented investments.

#### **Simplifying administrative processes**

Framework conditions for the development of economic activities must also be improved. In addition to trimming administrative processes, made possible by digitisation, the abundance of legal regulations that companies are confronted must be critically reflected. The sum and complexity of these regulations can impede investments. Thus, a clear simplification of legal and administrative frameworks in Austria is urgently required, which should also lead to lower associated administrative burdens for companies.

## Future economic structures

Styria has undergone profound and successful changes over the last 25 years. The first successful transformation phase incorporated a production change from processes that were oriented towards basic materials to technologically advanced products and increased R&D activities. Styria has presently positioned itself successfully as a research and development location. The R&D ratio of 4.8% is among the best in Europe. The number of research-affine companies in Styria has also significantly expanded and the share of Styrian project sponsors, who participate in international research programmes, has been accelerated. Interaction between university research and industry provides the foundation for a strong position in cooperative research, e.g. through competence centers. Approximately a quarter of federal R&D promotions for companies are flowing into Styria.

## Success through knowledge

For the economic location of Styria, changed framework conditions and economic rules require adaption of previously successful principles. Changing structures and further transformational processes are inevitable for the Styrian economy. The second transformation phase increasingly attracts specific, high-value niche products and components, special solutions and complex industrial services. Industrial production structures are becoming smaller and, at the same time, more technology and innovation-intensive and are additionally characterised by strong networking along the value chain.

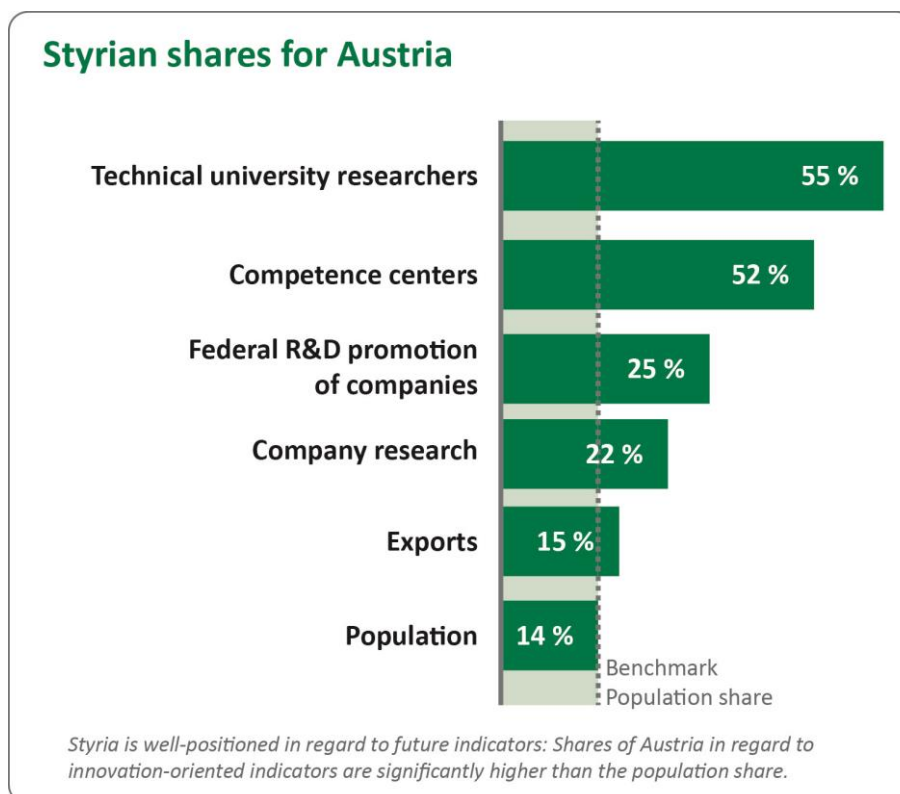
Only "knowledge-based" companies with state-of-the-art know-how, characterised by growing service shares and goods/service combinations will be able to survive in the long-term.

Close integration of companies with the scientific environment, sufficiently qualified workers and efficient usage of resources are preconditions for this. Concurrently, services and new business models will become increasingly important for Styria as the production-related service sector becomes more relevant. IT and digitisation will become a basic service and an "enabling technology".

### Good preconditions for actively shaping the change process

The state has a high quality of life and good preconditions for the development of a knowledge-based production society. For Styria, the large number of technical research and training facilities and the diversity of scientific disciplines are a location advantage with scarcity value within Europe.

More than half of technical university researchers in Austria work and teach in Styria. The ratio is even higher for essential, technological core competences: 73% of Austrian R&D personnel at universities for mechanical engineering and vehicle technology, 75% of R&D personnel for metallurgy and materials sciences and 58% for technical chemistry or other interdisciplinary, technical sciences are apportioned to Styria. However, universities are also confronted with challenges, in particular related to various forms of “brain drain”.



In general terms: Many of these strengths are not unique characteristics of Styria, but are increasingly becoming an international standard.

The opportunity lies in the systematic development of the location in the central areas of research, education and training as well as for themes that represent special strengths for Styria. This potential can only be realised through innovative companies and the interaction of organisations at the interface of science and industry as well as through well-designed framework conditions for spin-off foundations and respective location infrastructures; the potential is thereby transferred into regional added value.

### 3. Styria 2025: Prospective outlook for the business location

Styria has a clear economic and political vision: The location is to become a Europe-wide benchmark by 2025 for intelligent change and development towards a knowledge-based production society – with a clear commitment to growth based on sustainable usage of resources. Knowledge and innovation power are two key qualifications for the future.

#### **Market-oriented guiding themes and technological core competences as a foundation**

New opportunities and offers will develop in markets such as **mobility, health and the environment**, in particular with a strong focus on new clean technologies. Styria should thereby achieve unique characteristics for themes such as "clean mobility" and "green technologies". Economic progress will be based on **technological core competences** such as materials technologies, mechanical engineering or digital technologies, which is supported by increasingly dynamic and, to a high degree, internationally oriented creative industries that give the location an innovative image and provide added value for companies, brands and products.

#### **Styria 2025 = Technology and Creativity**

The objective has been clearly defined: By 2025, the location will be characterised by highly competitive guiding companies, a higher number of medium-sized technological enterprises and technologically oriented service providers with high export rates in global niches. These companies will interact even more intensively than before with universities as well as with R&D facilities and educational institutions. A broad spectrum of SME will thus be integrated in the dynamics of innovation and export. Styria will be recognised nationally and internationally based on the close cooperation amongst industry, research and education and due to positive framework conditions for young, emergent companies with good business models and innovative technological solutions.



### **An ideal combination: Innovation and quality of life**

An environment is created in which scientific know-how can be directly implemented in value creation. Quality of life, security, culture and diverse recreational and nature areas are essential elements for increasing the attractiveness of the location. Newly created educational offers consequently make Styria an interface for technological education, creativity and human resources. Value creation through knowledge can generate local purchasing power, which ensures a dynamic development for the regional economy and also affects rural communities in which trades, crafts and recreational services can develop positively within strengthened municipal centers.

### **Going digital**

Connecting Styria to the international economy is also relevant for service providers. Digitisation and the topic of “big data” are not only manifesting themselves in metropolitan areas. Opportunities and risks must be calculated for Styria as a whole.

### **Attractive and visible locations and companies**

Styria can only become an international benchmark if the strengths of the state and individual regions are continually visualised and communicated. Enterprises are also called upon to not only positively position their services, but also themselves as employers – in accordance with employer branding – in order to attract highly qualified employees.

### **Closing the gap between conceptualisation and implementation**

Ultimately, the state and its economic players should not content themselves with the formulation of strategies, but also become the benchmark in regard to implementation. A functioning economic policy requires clearly defined focal points. The focus must be on themes that are most urgent for the future viability and attractiveness of the location and for areas that have fallen behind. Innovation is also required for the development of measures in order to utilise existing endogenous potential.

## 4. Overview of objectives

Economic and location policy in Styria has established itself along clearly defined objectives and strategies; it relies on medium-term frameworks for economic development and forms the basis for measures and promotional programmes by the state's Ministry of Economic Affairs.

### Objective: Growth through innovation

Economic policy has the primary objective to make economic growth and the expansion of employment possible. Today, growth is only possible, if at all, in an environment of intense competition based on excellent operational and innovative capabilities. Thus, the motto "**Growth through innovation**" is the core of the economic strategy.

In our present times, economic growth can only provide a meaningful contribution to sustainable development if resources can be utilised efficiently and a sustainable expansion of "regional capital" (know-how, infrastructure, nature) can be ensured. This is referred to as **new growth**, which strengthens the position of Styria.

### Strategic objectives

The following **strategic objectives** have been defined in order to provide growth opportunities through innovation:

1. Aligning the **location of Styria according to three sustainable guiding markets** with innovation and growth potential: namely mobility, green tech and health tech. Associated technological core competences in materials technologies, technologies for machinery and plant engineering and production as well as digital technologies must be reinforced in order to make Styria more visible and competitive internationally.
2. Integrating **more Styrian companies in innovation processes** and expanding the focus to include service providers: Styria is to become a model region that implements regional know-how in added value through targeted economic policies.

3. Actively designing **lighthouse projects** at the interface of science and industry. These projects further expand the interaction between university research and industry and, in turn, require more extensive development and accompanying measures. Location infrastructures that support technology transfer and the usage of synergies are required (e.g. new forms of impulse centers and parks).
4. Creating **excellent framework conditions for young companies and company foundations** with growth potential: The location must provide a favourable climate for creative founders and start-ups. Internationally networked headquarters (HQ) and centers of competence (CoC) are to be created in Styria in the medium and long term.
5. Preparing companies and the location for **demographic developments**.
6. **Internationalising Styria and creating an open climate**: Respective networking developments are to be accelerated within and outside of Styria. The number of internationally competitive companies should significantly increase.
7. **Aligning promotional and financing offers** according to the growth phase of companies and future investments. Enabling new economic growth based on sustainable resource usage..

#### Guiding companies for the location

Innovation dynamics are essentially characterised by internationally acting, guiding companies. Approximately 200 industrial, large-scale guiding companies with a total of approximately 60,000 employees form the basis; 75% of these employees work in companies with up to 500 employees. These companies are frequently engaged in internal, corporate location competition or act as niche players in the global competition. For the location it is important to secure its existing competitiveness within the context of measures that are compliant with EU competition law. Large companies can, at the same time, perform impulse, network and role model functions and provide impulses for SME through cooperation (e.g. supply, export networks). Stimulating this reciprocal effect between “large” and “small” companies remains a central objective in location development.

### Usage of SME potential

Studies have shown that increasing the operating sizes of SME is concomitant with greater profitability and an improved employment situation. Productivity and export capabilities increase with a greater number of employees, especially for enterprises with 50 or more employees.

In Styria, a group of 2,200 especially promising companies has been identified among all existing companies. These enterprises exhibit a high growth potential and thus form the **core target group for an offensive location policy**. The companies are predominantly active in “production” and “company-related services” and employ about 60,000 persons. In addition to this group, there are companies that are transitioning to the next generation. Preserving these companies is especially important for the location.

SME are confronted with many different developmental impediments including high taxes, fees and administrative burdens. A pioneering SME policy supports the Styrian economy with respective legal, tax-related framework conditions. At a higher level, the EU and federal government are especially called upon to act in this regard. However, design possibilities (e.g. procedural simplifications) must also be exhausted at the state level.

### Regional potential

Small-scale structuring of Styria by comparison combines growth regions with nature and recreational areas, which contributes to a greater quality of life and represents a central location factor. Significant potential in the area of research and technology primarily exist in central locations in regard to training and research facilities. Enterprises increasingly settle in the central Graz area and along the development axes towards the south as well as in Mürztal and Murtal, which creates a significantly changed spatial structure. In Styria, growth and decline occur simultaneously; a shift towards the central area as well as easily accessible municipalities can also be observed. Against this background, regionally differentiated, general economic and political objectives emerge:

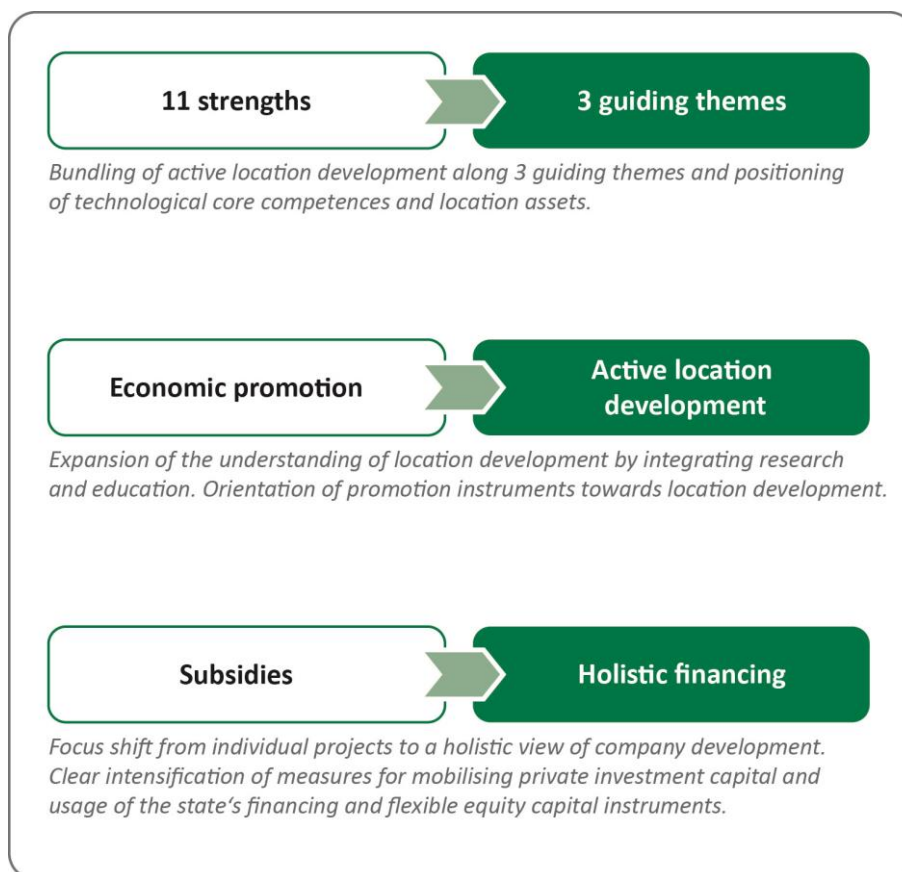
- **Urban areas** like the central Graz area are becoming more important. Such high-ranking locations will continue to perform central impulse functions for growth, innovation and employment. Urban areas also create transregional workplaces. Accordingly, high-level, effective infrastructure along the main traffic axes must also be ensured or improved.
- The **industrial region of Upper Styria** has a special initial position as it is characterised by a central, industrial region and problematic demographic development. However, it must not be overlooked that several private initiatives have vehemently campaigned for the development of this region. For the economic policy, it is about mobilisation of entrepreneurial potential at the location and the expansion of competences in research, innovation and training. At the same time, a comprehensive economic perspective is required that interlinks Upper Styria with the central area of Graz and supports commuting options for the core areas of Upper Styria and location quality through cultural activities, integration and education.
- High quality of life and diversity of the Styrian landscape form a clear location advantage. Furthermore, the potential in **rural regions** is based on a pronounced landscape of craft and trade enterprises, which are primarily oriented to regional markets and are to be increasingly guided towards transregional markets. Opportunities for the qualitative expansion in tourism and recreation are to be utilised. Securing the connection in the area of communication technologies is, in any case, necessary for regional development.
- In rural areas, the approach of “**decentralised concentration**” is used as a model. “Growth cores” are an important function for municipalities in the greater surrounding area within the meaning of functional areas. For economic development it is important to rely on inner-regional **growth locations**. Preconditions for employment and workplaces within commuting distance can also be created. Measures that significantly go beyond economic promotion in the narrower sense of the word and affect other political areas, such as infrastructure equipment, new mobile offers and flexible, regional mobility solutions, are required in order to support regions affected by migration. Especially initiatives that reinforce endogenous, natural strengths in the regions are important.

Various regional initial conditions are taken into account within the context of economic promotion and associated programmes. EU competition law and the delineation of national, regional promotional areas for investment-oriented measures make it possible to support large companies in disadvantaged regions concomitant with improved project promotion possibilities for SME.

Economic development is closely associated with a comprehensive view of locations. For the location of Styria, the comprehensive design of general framework conditions across ministries (such as for education, infrastructure, energy, climate protection and adaptation, public administration) is of great importance for improving the general competitiveness of the location.

## 5. Decisive turning points

The Economic Strategy Styria 2025 continues the development of strategic focal points for the operative alignment of economic promotion in Styria and adapts these to changed framework conditions.

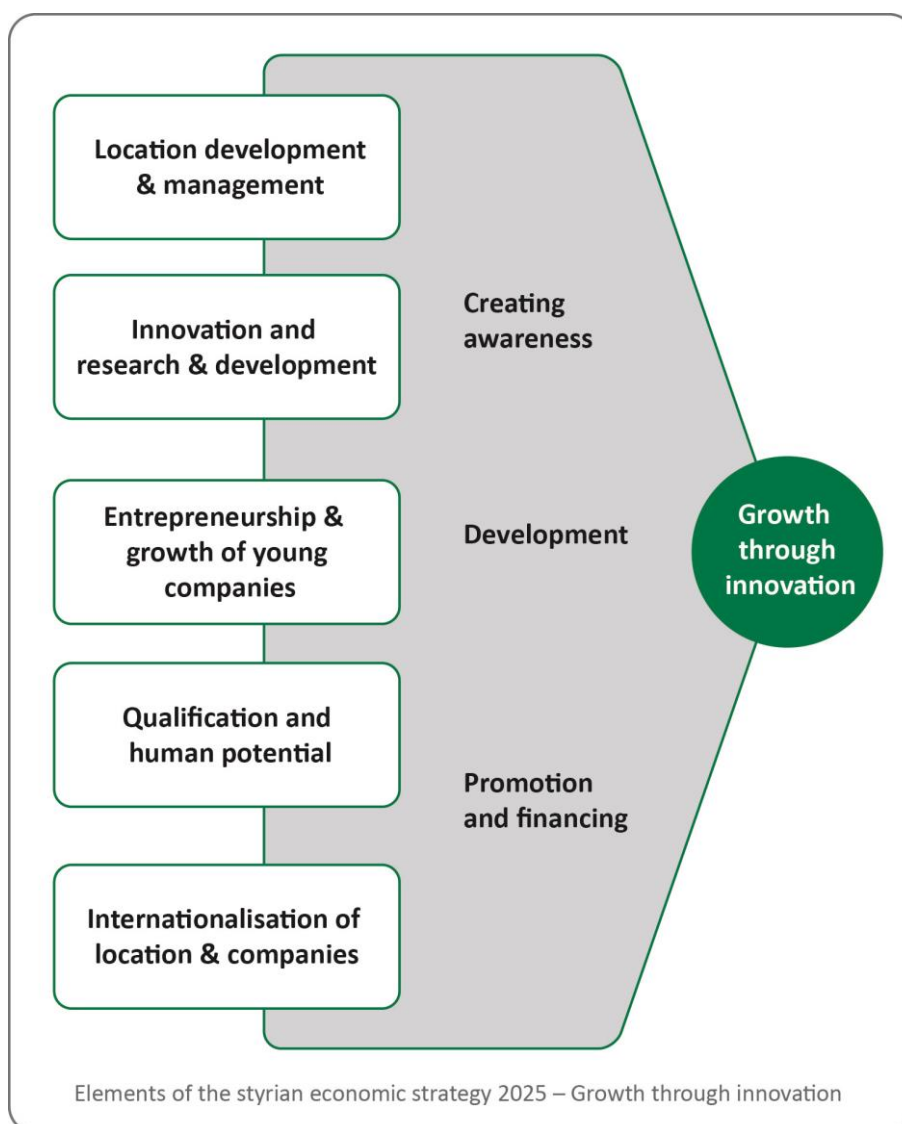


After approximately five years of implementation, it has been demonstrated after some moderate adjustments that the strategic alignment of location development remains viable for three market-oriented guiding themes, technological core competences and standard assets. The process of positioning the Styrian Business Promotion Agency (SFG) as a location development agency with promotional and financing competence has entered the second implementation phase; it is now about further securing this position in an organisational manner.

Investment and financing instruments are increasingly used in promotion due to the situation of the capital market, especially for younger, growing companies.

## 6. Core strategies

The strategic objectives are bundled into five core strategies and implemented with three performance functions. These objectives form the framework for the work of the Ministry of Economic Affairs in regard to short and medium-term planning and operative programmes and also provide orientation for external key performers and players who contribute to economic and location development.





## **Core strategy 1: Location development and location management**

The orientation of Styrian location development and location management towards the guiding markets of mobility, green tech and health tech as well as technological core competences are to be further implemented in an energetic manner; only then will Styria be recognised internationally.

### **Background**

Especially locations with leading worldwide technology and know-how are growing due to global economic relationships and intense competition pressure. These locations exist where internationally competitive companies converge with respective research facilities and educational institutions. Competition advantages and ultimately a “location system” that does not merely copy from other regions and cannot be easily shifted to other regions is created through active location development, which generates an “intelligent specialisation” of the location. Reflection on the first implementation phase of the economic strategy confirms the location-strategic orientation and elucidates the fact that adaptations and specifications are to be performed in detail based on changed framework conditions and given developments. Especially the area of digitisation as well as “smart production” and “smart services” have become significantly more important as the role of creative industries has been defined more precisely for location development.

### **Objectives**

- Further developing the alignment according to themes that have high value creation, innovation and growth potential.
- Accelerating the synchronisation of relevant players from industry, science, research and education – respectively coordinated according to guiding themes and technological core competences.
- Relevant location projects are increasingly positioned at the interface of science and industry. Location infrastructures that support technology transfers and the usage of synergies are required as well as a nation-wide contact partner.
- Establishing cross-cluster initiatives across industry branches, which alleviate innovations and communal learning, especially for SME.
- Using less formalised cooperation forms such as platforms besides the proven cluster model.

- Ensuring location attractiveness through internationally perceivable positioning, which motivates companies and top performers from science and research to come to Styria or expand their locations.

Close coordination and cooperation with the Ministry of Economic Affairs, e.g. within the context of calls and projects at the interface of science and industry, is to be performed according to objectives and requirements.

### Guiding markets and themes

The export and employment level, competences in research and science as well as innovation potential form the basis for three guiding markets. Development processes (e.g. for clusters) are organised and supported by the economic promotion of the state along market-oriented themes:

- **Mobility:** The automotive sector has by now become a traditional Styrian strength, a fact manifested in the large number of employees and high export volume. Additional growth opportunities exist in the competence fields of “rail systems” and “aerospace”. Future growth potential especially exists for manufacturing high-value niche products. Besides autonomous driving, lightweight construction, increasing electronics and IT in vehicles, eco-friendly innovations and “smart production”, advanced by digitisation are also technological drivers. The sector remains enormously important as a driver of innovation.
- **Green-Tech:** Efficient and sustainable usage of natural resources is becoming increasingly important. Styria is currently extremely competitive in the underlying technological fields. These areas exhibit a medium to long-term growth perspective through investments in technology development. Besides “green energy” and “green resources”, the emphasis is also on “green building”. The guiding theme of green tech also incorporates timber and its value chain as a renewable resource – which is especially important for Styria with its abundance of forests.

- **Health-Tech:** Innovations related to health and food exhibit high growth and employment potential, not least due to demographic processes. Styria has positioned itself within the promising field of health technology with three strategic corridors in engineering and bio-sciences. The objective for the foodstuffs industry is the bundling of Styrian competences in innovative food processing, food technology, quality and safety and food-specific services.

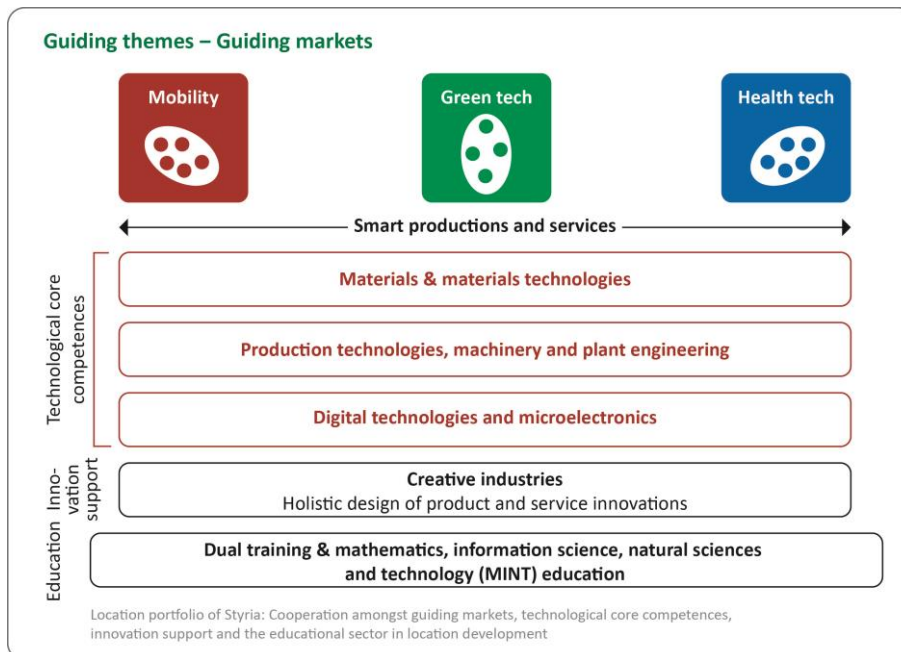
### Technological core competences

The positioning of Styria in guiding markets rests on a broad foundation. Styria has technological core competences in classic engineering disciplines. The following **technological core competences** are regarded as especially efficient:

- **Materials and materials technologies** with the development and economic application of high-performance composite materials
- Competences in the area of **machinery and plant engineering** including **production and procedural technologies** and associated engineering services
- Industry pervasion with new **digital technologies** including sensor technology and microelectronics

These competences form the foundation for developing new product and service solutions for guiding markets.

The function of **creative industries** is increasingly focused on innovation support – e.g. in the area of design and usability – within the three guiding themes and in regard to technological core competences; creative industries also perform a function in location development and for the formation of an innovative milieu.



### Connecting core competences with “smart production” and “smart services”

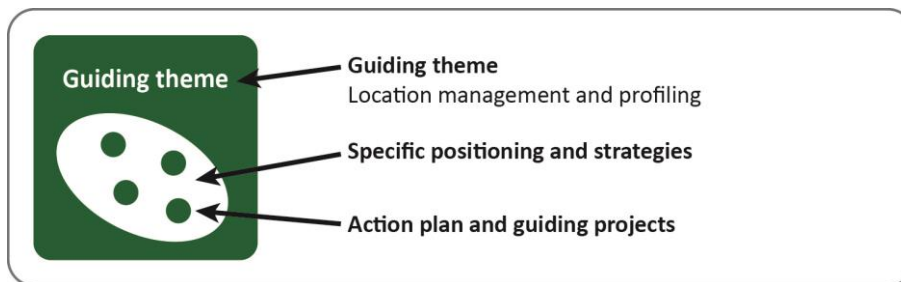
“Smart production”, also referred to as Industry 4.0, is an essential trend in global economic development. Production is becoming more and more complex and knowledge-intensive in many areas. Global competition amongst producing companies and the associated rising innovation orientation advance the networking of people, services and machines across the entire production chain. “Smart services” represent data and service-based offers, as e.g. mobile applications, online portals or sharing services, and are based on the increasing intelligence of machines and a pervasive digitisation of work processes. Furthermore, “smart services” also include knowledge-intensive services that are based on analytics, measurement technology and associated usage of “smart data”, which can influence in-house value chains by offering customers premium and target-specific services. Cloud-based platforms concurrently make the development and provision of independent services possible.

### Location portfolio: Working framework for location management

Technological developments in the area of guiding themes are predominantly based on technological core competences. Accordingly, core competences in Styria will decisively contribute to these thematic areas in the future. Of course, location development and location management include all three guiding themes. However, an openness towards new and promising themes and technologies is also required. Respective support can be

provided if endeavours upon up new fields of opportunity or the project is highly relevant for the overall system or opportunities for the formation of a critical mass exist.

### Location management



The location portfolio provides a working framework for location development and location management by

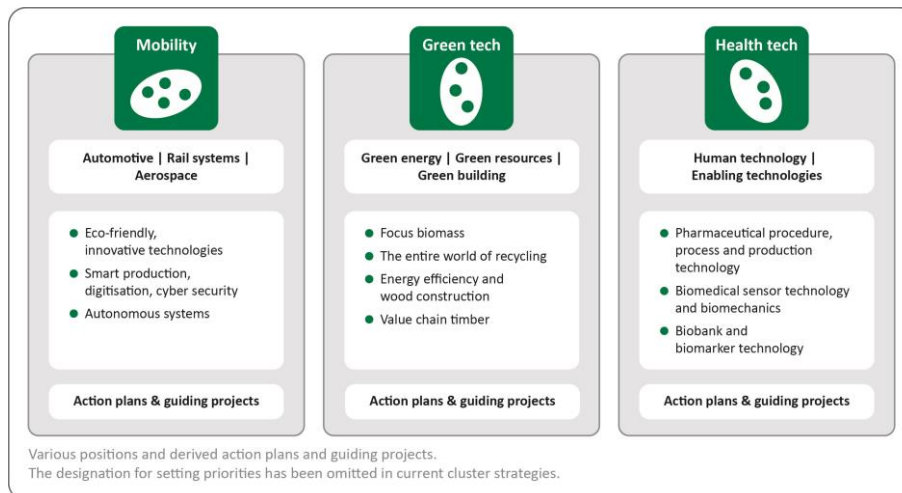
- Styria positioning itself in line with guiding themes
- developing a position and specific strategy within the guiding theme and
- preparing action plans as well as guiding and impulse projects within these strategies.

### Therefore, targeted location management must

- organise and moderate processes that pursue the alignment of all relevant forces at the location according to peak performances within the business fields and for items that have the highest leverage effect,
- facilitate cooperation amongst central forces at the location (company, research facilities and educational institutions, competence centers, etc.) and thus support the creation of critical masses
- emphasise the economic utilisation of existing location competences, which is about specific economic effects and utilisation (business development)
- ensure the bundled usage of instruments for location development and coordination with the performance function "promotion and financing"

## Targeted location management

Exemplary illustration of current positions



## Success factors

### 1. Suitable framework conditions for the development and implementation of guiding and impulse projects:

High-value projects at the interface of “education – science – economy” are becoming increasingly important for location policies. Framework conditions for professional development and evaluation processes as well as suitable promotion and financing instruments are to be envisaged.

### 2. Headquarters or Center of Competence – Consulting (HQ/CoC):

Here the focus is on supporting and endogenously developing new regional HQ/CoC at the Styrian location, but also on a targeted acquisition strategy for the settlement of businesses based on the location portfolio. Universities and competence centers are increasingly addressed as attractive factors and integrated in close cooperation with CoC within the meaning of business development for existing excellence fields. The state programme, which is specifically oriented towards support, development and settlement of HQ/CoC, is being further developed in order to achieve a high level of effectiveness.

### 3. Competence center as a central connecting link between scientific and economic research:

The COMET programme must be mentioned here. COMET is a promotional programme for developing strategic research

themes, and the state of Styria continues to use it actively. For Styria, improved usage of results is a permanent task, e.g. through know-how which is integrated into regional value creation or the development of spin-offs. Concurrently, equal opportunity and diversity must also be taken into account in a targeted manner.

4. In Styria, **cluster and networks** are already important support structures in the area of location management. Tasks and functions have been sharpened in recent years. It is now about advancing processes that promote cross-cultural initiatives for simulating reciprocal learning as well as comprehensive and interdisciplinary cooperation such as e.g. in the area of digitisation. Clusters and platforms for cooperation will open up (e.g. within the context of expanding the microelectronic cluster for Southern Austria while also integrating the federal government). More flexible cooperation forms such as platforms or hotspots are used as formats if themes require less formal structures.
5. **A new and offensive strategy for impulse centers:** Today, developed knowledge and industrial societies are primarily about accessing knowledge, technologies, partners and synergies, which is associated with high and very high location requirements. Companies demand highly specific offers with customised infrastructures. A new offensive strategy for impulse centers will focus on the development and management of high-value locations and incorporate special properties (including laboratories) in combination with research facilities and educational institutions as well as areas for business settlements and spin-off developments. Moreover, strategic alignments of centers with innovation coaching, which is to be developed regionally (see Core strategy 2), are to be synchronised.
6. **Providing faster or ultrafast broadband infrastructures** is an essential instrument for contemporary regional promotion. Location management actively contributes to the implementation of the Styrian broadband strategy "Highway 2020". Nationwide availability of ultrafast Internet is the precondition for realising the potential of digitisation in Styria. Comprehensive digitisation is also concurrently a tremendous challenge especially for small and medium-sized enterprises as these companies require support for the conversion and adaptation of their production and business processes.

7. **Consistent internationalisation** also requires stringent communication of the “Styrian brand” with its central messages and important location qualities such as innovation strength, R&D and technological competences as well as advanced educational institutes and education. Moreover, location qualities exist in areas such as quality of life, intact nature as well as art and culture.

Successful implementation depends on improved synchronisation of players in regard to joint development endeavours and the search for synergies with the knowledge landscape.



## Core strategy 2: Innovations and R&D promotion

For the domestic economy it is crucial to integrate additional companies in the innovation process and expand the spectrum of innovative services. Styria is to be especially successful in implementing regional know-how in value creation. The R&D ratio of 4.8% is a top rate among European countries and provides an excellent basis.

### Background

Innovation is the backbone for maintaining or expanding regional competitiveness. It is the only way to generate sustainable growth impulses. Distributing the innovation basis is a permanent objective.

Many impulses for innovation promotion have already been implemented in recent years. A strong and dynamic form change in regard to how innovation processes are designed has manifested itself: Approaches such as “open innovation”, digitisation and individualisation of solutions, increasing demand for services and intense time pressure require market proximity, customer orientation and flexibility. Service design, new business models, product/service combinations and social innovations are becoming increasingly important in addition to R&D.

Innovations increasingly require a quick transition from research results to marketable solutions. Thus, a central task of economic policy is to create more product and service innovations from existing research results through suitable incentives.

Cooperation among science and industry is also to be intensified through international collaboration. Impediments to cooperation are to be dismantled.

The designing process for R&D instruments and innovation support are concurrently sharpened by establishing a clear structure.

## Objectives

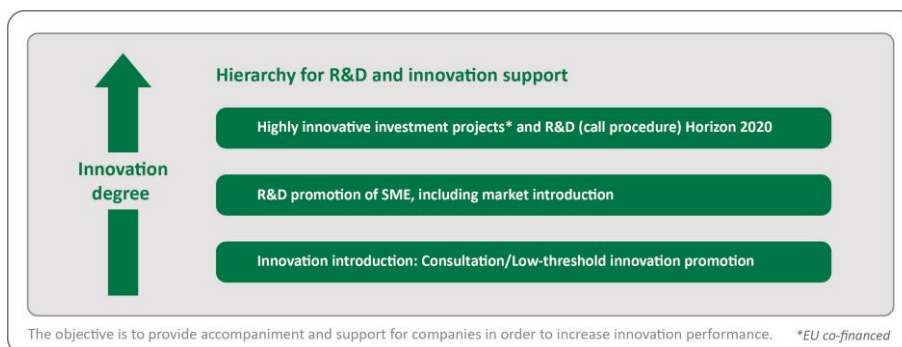
- **Focussing the instrument portfolio:** Establishing a hierarchy for R&D and innovation support in the Styrian Business Promotion Agency (SFG). The objective is to support companies in a targeted manner over the course of various innovation demands based on a coordinated promotion portfolio.
- **Expanding innovative “pervasion”** in the Styrian economy with systematic R&D and innovation activities. An estimated 2,200 companies make up the promising potential for production and business-related services.
- **Research results** from universities, research facilities and competence centers must be increasingly utilised for product and service innovations in Styria. **Improved framework conditions for transfer services** should make this possible.
- **Strengthening of innovation power** for company and product-related services and product/service combinations
- The special task of **innovation-oriented activation of the rural region** within the sense of a location offensive poses a special challenge. Regional innovation coaching with specific offers is to be developed by the SFG in potential areas, which also requires synchronisation with existing impulse centers and the usage of resources.
- **Increasing the number of companies** that use federal and EU programmes for innovation promotion and accelerating targeted combinations of European, national and state programmes.
- **Improving the information status** by acquiring and utilising intellectual property for companies, in particular for SME.
- Providing impulses via the SFG for **regionally graduated, maximum promotion intensities** (regional bonus) – within the context of the valid aid law. The innovation content of the endeavour remains the focus for evaluating promotional worthiness.

### Success factors

#### 1. Establishing a hierarchy for R&D and innovation support

A broad spectrum of programmes and instruments is available for supporting R&D and innovation endeavours as the federal government provides many instruments, which are to be newly organised and aligned with the federal government and the EU.

In the future, the coordinated promotion portfolio, which is to be developed, will increasingly differentiate amongst various target groups. The portfolio ranges from low-threshold promotions, innovation introductions and R&D promotions for SME to the promotion of highly innovative investment and R&D projects. The latter will be primarily performed via call procedures (calls for project submission



#### Stage 1 Innovation introduction

A combination of consultation and sensitisation offers (e.g. via best practices) and "low-threshold" promotions is expedient for sensitising companies for the theme of innovation; these offers are to facilitate the introduction to the theme and cooperation with research institutes.

#### Stage 2 R&D promotion for SME

The core of the instrumentarium consists of substantive R&D promotion for SME in Styria – often complemented with respective consultation services – which alleviates the introduction into larger federal or EU programmes. Market transfers for developed solutions and research results are explicitly supported.

**Stage 3 Highly innovative projects for company development (high-tech strategy)**

Highly innovative projects can be supported through financial aid as well as selectively through subsidies (here especially for SME) for company development if these measures are combined with the introduction or provision of new, premium innovative products, procedures and services and if growth perspectives for the company become attainable.

Moreover, subsidies are granted especially for highly innovative R&D projects, which will be increasingly implemented via thematic calls. Special significance is attached to projects for research transitions. Besides existing companies, settlements or larger, new foundations are also supported if these are associated with innovative products and/or production procedures or services and pursue innovative, regional economic and employment-political objectives.

**Implementation via calls: Guaranteeing preconditions**

The principle of calls is reinforced after the initial pilot phase. The practice of cooperation for these calls across ministries within the state and also with other states is expanded. Respective preconditions for operative economic promotion are also necessary for independent R&D promotion within the context of calls: the capacities for evaluating R&D projects, call organisation and jury processes.

**2. Support for innovative growth-oriented investments in SME**

In particular SME require support through investments in new and existing companies in the area of production and production-related services. Additional employment growth can be expected – the factors of employment quality and employment security must also be taken into account. This, in turn, should contribute to increased value creation at the location or to upgrading or diversification of the economic structure in particular through process optimisation, product development or the introduction of new technologies.

### **3. Low carbon economy and adaptation to climate change**

The operational sector is a weighty factor for energy consumption and greenhouse gas emissions. Energy usage must be reduced and the remaining demand covered as much as possible through a high percentage of renewable energies while concurrently taking material usage of the biomass (e.g. timber as material for vehicle construction) as well as questions regarding infrastructure and innovation into account.

Impacts and associated risks and opportunities for the economic location of Styria are becoming increasingly important. The climate change adaptation strategy Styria 2050 pursues the following general objectives for which respective measures are to be developed in order to confront the challenges of climate change and maintain an effective economic location in Styria: I) Increasing resistance in regard to negative climate effects and II) Utilisation of product innovation opportunities.

Further impulses are determined by the Climate and Energy Strategy Styria 2030 (CESS), which integrates the climate protection plan and energy strategy Styria 2025 within an overall strategy.

### **4. Expanded focus on service innovations**

Innovative services and new product/service combinations in industry and trades are gaining importance and are therefore integrated innovation promotion. The EU innovation policy is also expected to shift towards services and social company-related innovation. Suitable promotion instruments are to be developed and utilised (e.g. qualification and consultation offensive for service engineering and special usage of federal programmes), and the awareness for new service models is to be increased.

**5. Innovation services through economic promotion**

Introducing companies to federal and EU programmes through the SFG in the area of R&D and innovation continues to be the central direction of impact. Respective holistic service offers by the SFG for the avilment of EU programmes for innovation promotion are to be expanded.

Existing services for national and international knowledge and technology transfers will be continued, coordinated with other regional players and adapted as necessary. Additional innovation-related service offers are developed in areas where insufficient offers exist for SME on the free market (e.g. services for purchasing and evaluating intellectual property).

Regional innovation coaching is to be developed on-site by the SFG in the area of innovation-oriented economic promotion, which can only succeed if regional investments are made in addition to economic state promotion.

### **Core strategy 3:**

#### **Entrepreneurship & Growth of young companies**

Foundations and prospering young companies ensure progress and growth. These companies stand for creativity, willingness to perform and the renewal of the economic structure. For Styria, it will be crucial to increase foundation dynamics and growth capabilities for young companies. Ideal framework conditions are to be created that orient themselves according to international standards. Styria thereby supports the ambitious objective to make Austria the top founder country in Europe.

#### **Background**

Foundations strengthen innovation potential, create employment and contribute to on-going renewal and adaptation. Digital technologies create new business models and provide opportunities for start-ups. Social businesses are also becoming more interesting from an economic-policy point of view as they combine social innovation with marketable solutions. For Styria, growth-oriented companies are the focus of support. Styria possesses an extraordinary support environment in regard to technical training, research facilities and industrial companies. Reflection on the first implementation phase of the economic strategy reveals that potential exists, which is to be further developed and utilised.

#### **Objective**

- Services for motivating, mobilising and developing young companies and foundations with emphasis on knowledge-intensive services and products are expanded and professionalised.
- The number of projects with financing and equity capital instruments is to increase significantly. Private investors are addressed; the state of Styria also invests, as much as possible, in young companies during the impulse phase within a time-limited capacity.
- Networking between already established young companies and foundations is intensified in order to utilise synergy potential and make the location more attractive.
- Cooperation and coordination between all relevant players in the foundation process in Styria in order to utilise synergies, avoid duplication of work and ensure a high support quality.
- Styria is to distinguish itself in the promotion of innovative companies through exceptional framework conditions.

### Success factors

#### 1. Strengthening young knowledge-intensive companies through growth potential

The objective is the direct implementation of regional economic know-how in value creation. The focus is clearly on young, innovative companies with growth opportunities. These enterprises take on considerable risk, but can also significantly contribute to economic development if they succeed. For this target group, it is primarily about the following priorities:

- **Expansion of incubators, stimulation and accompaniment during the incubation phase:** A new generation of incubators and accelerator programmes in connection with research facilities and universities, but also increasingly via the integration of guiding companies from Styria form the basis for the stimulation and development of a foundation culture focused on start-ups. In this context, research and educational institutions, specifically universities, are called upon to further expand the “entrepreneurial spirit” in their offers and show a strong commitment to this topic.
- **Excellent infrastructure framework conditions** for innovation, knowledge and technology-oriented company foundations and young companies. This includes the creation or expansion of second-generation impulse centers that create an excellent infrastructure based on suitable facilities, laboratories and technical equipment and are connected to universities if possible. A planned, coordinated approach and the utilisation of all synergy possibilities are needed. The expansion of excellent broadband connections is especially crucial for peripheral regions in order to create ideal initial conditions for companies and slow down migration to metropolitan areas.
- **Promotion and financing measures** adapted to various foundation and growth phases. The definition of a “young” company is expanded to include companies that are up to five years old. Improving access to capital is crucial; various financing instruments such as venture capital, crowdfunding or private equity are relevant depending on the development phase. State financing and investment instruments are to be expanded. The mobilisation of private investment capital is additionally supported for high-risk start-up phases – e.g. by establishing a network of business angels. In addition to financial investments, investors can also provide sustainable know-how for companies.



## 2. Holistic mindset for entrepreneurial promotion

An entrepreneurial-friendly environment is characterised by cooperation amongst all relevant players in the foundation process and offers framework conditions that are suitable for foundation projects. Cooperation amongst various organisations and initiatives that address individual support needs are just as important in this regard as increasing awareness for the significance of entrepreneurship in society.

- The entrepreneurial mindset has not yet sufficiently established itself in Styria. This is equally due to a lack of conveyance of entrepreneurial competences and the widespread fear of failure. Good ideas and innovative research results are often not utilised. Communicating success stories can contribute to the establishment of entrepreneurship within society.
- Networking is a key success factor for young entrepreneurs. Young entrepreneurs can integrate themselves in existing regional and international networks and utilise synergies through contacts and exchanges with established companies. Theme-specific events for entrepreneurs as well as specific mediation of contacts for young enterprises can be utilised for this purpose.
- Social businesses combine new, long-term viable business models with the objective of a positive social benefit. The development of products and services is associated with comprehensive innovations, and therefore these models require support.
- The initiative “Founder Country 2.0” is a platform that supports business foundations. The Ministry of Economic Affairs sees itself as a partner for this foundation network, provides the focus on innovation-oriented foundations and supports the work of the initiative through project promotions and control measures.

## 3. Business succession

Company successions are a special target group. If successful, successions have a positive effect on the competitiveness of the economy. A successful transition secures workplaces and also generates other effects such as securing local supply. The transitional phase is also a good time to strengthen the company’s innovation power. The Ministry of Economic Affairs will continue the initiatives for accompanying businesses during the critical succession phase.

#### **Core strategy 4: Qualification & human potential**

A qualified work force is one of the most important resources in a knowledge-focused production and service society. The availability of qualified employees is decisive for the performance capability of the economy. Today, the demand for specialists already poses a challenge and will further intensify in the coming years due to demographic developments and social value changes. Strengthening human potential is therefore crucial.

##### **Background**

Well-trained and dedicated “minds” are a decisive factor for current economic location development. Training is provided through cooperation between company and vocational college within the dual system. Tertiary education institutions with universities and technical colleges, which exist in abundance in Styria, are another form.

The number of specialists in technical areas will further decline due to demographic processes if countermeasures are not implemented. The reform of the educational sector requires a clear change, which can only be realised in partnership with all involved parties and especially concerns the educational policies of the federal government and the state. Modernising the education system, including consistent, individual potential promotion beginning at pre-school age, promotion of technical and scientific interests through state and federal initiatives and the increase in attractiveness of pertinent study courses is just as important as the promotion of an entrepreneurial mindset in school education and the modernisation of teacher training e.g. through the modularisation of teaching professions or coupling of apprenticeships with higher education (Matura). The greatest potential lies in breaking through traditional, gender-specific professional training paths, which persist until today. A qualitative, coordinated education and professional orientation can be an important instrument in this regard.

Reflection on the first conversion phase of the economic strategy reveals that selective emphases must be placed on account of the available resources within the context of the Ministry of Economic Affairs. The focus of economic promotion measures is on supporting operational qualification measures, which are complemented by apprenticeship promotion and the general raising of awareness for technical training.

### Objective

- Needs-based qualification programmes for small companies, OPC (one person companies) and foundations
- Contribution to the attractiveness of dual training through targeted support for the enhancement and expansion of training content.
- The importance of securing young talent for technical/scientific professions must be communicated more clearly in order to create awareness. The phase of a qualitative orientation process must be conceptualised more sustainably in the future and implemented in broader cooperation with other players/institutions.
- Company support in matters such as increasing employee diversity (age structure, migration background, etc.)

### Success factors

- For smaller companies as well as OPC and founders, qualification measures are an effective approach for company development and are to be attained and supported through needs-based programmes.
- Apprentices are the urgently needed specialists of tomorrow. Commercial and technical SME are to be supported in order to eliminate weaknesses, close educational gaps amongst apprentices, compensate for the lack of training resources within the company and already increase the performance capability of apprentices at the beginning of their training.
- Die More than ever, future production requires well-qualified employees. Concurrently, the potential for prospective specialists is decreasing due to demographic developments and social preference shifts. Professional orientation activities in order to motivate young people – especially girls and women – for technical and scientific professions are being advanced in a network with partners from the state of Styria.
- Companies are confronted with new challenges such as advanced age among staff, migration from rural areas as well as immigration and diversity. These factors must be taken into account for company development. Therefore, support will have to be conceptualised in broader terms and refer to a comprehensive management of human capital within companies.

## Core strategy 5:

### Internationalisation of companies and location

The export of goods and services secures employment, income and prosperity for Styria. For the future of Styria, it is tremendously important to internationalise the location on a large scale, which requires respective activities within the state for promoting export and the expansion of the worldwide network.

#### Background

An internationally visible positioning is indispensable in a globalised economy. The Styrian export rate was remarkable during profitable economic times. In recent years, the basis for exports has also been broadened. A job in the exporting industry in Austria usually also creates another in production, trade and services. However, the export basis is still focused too intensely on a few industry branches (automotive, metal) and close export markets (Germany, Italy). It is therefore the highest priority to broaden the Styrian export basis.

Styrian foreign trade remains focussed on the European Union due to its geographic orientation, which only indicates limited growth potential. It is therefore increasingly important to support export to farther growing markets in addition to developing the markets of Eastern and South-Eastern Europe, which remain important.

Ultimately, internationalisation requires a global, competitive location presence with strategic alliances and partnerships towards other regions and the respective usage of networks all over the world.

#### Objectives

- Professional location marketing and strong international perception of Styria and its location profile
- Increasing the number of small and medium-sized enterprises that are active in export markets

### Success factors

#### 1. Application and professional marketing for the location

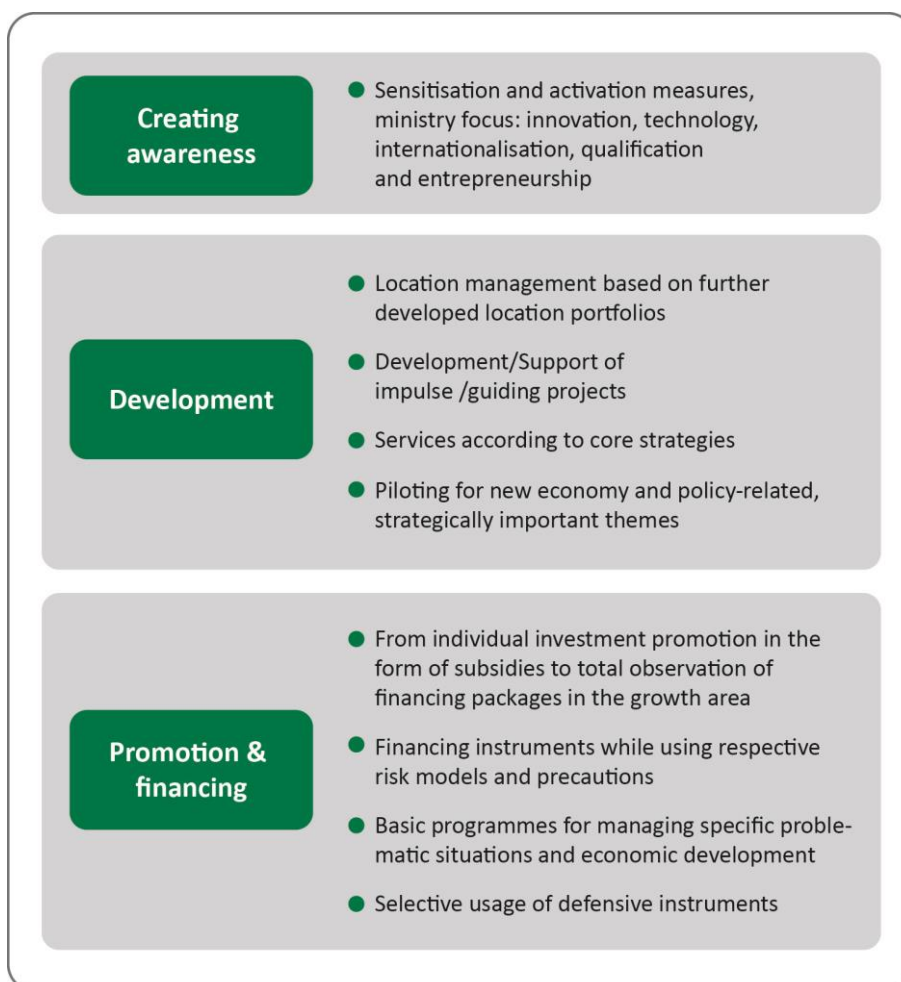
- An important objective for “marketing” the location of Styria is a clear, authentic and well-communicated profile. The three guiding markets in Styria in connection with technological core competences must especially be taken into account in the development of the profile.
- In addition to companies, researchers and other top professionals are also addressed through location marketing. The brand “Styria” communicates central messages in regard to the most important location qualities such as innovation strength, R&D, technological competences, advanced schools and education, but also quality of life, intact nature and art and culture. Consistent internationalisation requires a stringent communication of the brand.

#### 2. Strengthening the export capabilities of companies

- Offering consultation and information services through the Internationalisation Center Styria (ICS) for Styrian SME. Export consultation focuses on new exporters in order to support these in the development of sustainable and successful export strategies. Support is also provided for contact establishment as well as export financing and export promotion consultation and through the development of focus markets.
- Increased cooperation in the network for consultation organisations such as foreign trade centers
- Styrian state cooperation with intermediary facilities is regulated with performance agreements. The coordination of internationalisation activities between involved organisations is continued.
- Federal export promotion is primarily utilised. Separate promotion offers are only developed in important niche areas. Special financing is provided within the context of nation-wide programmes.

## 7. Performance functions for Economic development

The implementation of objectives and core strategies is divided into **three performance functions**, namely raising awareness, development as well as promotion and financing. Plans and contributions for location development are to be structured according to these functions.



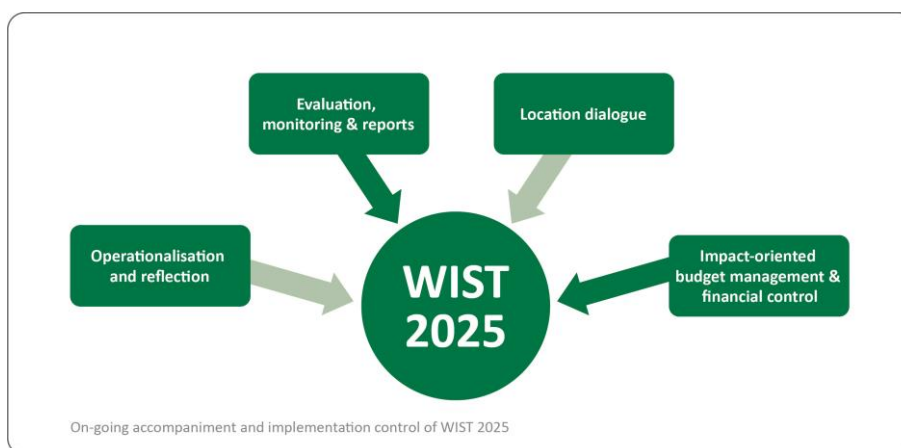
Planning and implementation within the Ministry of Economic Affairs is performed according to performance functions, which also provide orientation for those location development partners who contribute to the development of the Styrian business location through projects, initiatives and independent programmes.

## 8. Implementation of the economic strategy

The Economic Strategy Styria 2025 adapts previous economic strategies of the state to quickly changing framework conditions and develops these further while specifying existing core strategies. These strategies depict areas for which the Ministry of Economic Affairs determines activities in order to make Styria more viable for the future. The implementation force of the economic strategy is naturally closely associated with the available budget framework, which is especially true for the implementation of future and growth-oriented projects.

### Process control and success control

The implementation of the new economic strategy of the state of Styria is a process that requires control and accompaniment at multiple levels. These control measures are performed by the Ministry of Economic Affairs and Innovation, Department 12 Economy, Tourism, Sports specifically within the working area EPIS (“Evidence-Based Policy Information System”).



### Specification of objectives via indicators

**Operationalisation** is the next step for the successful implementation of the economic strategy. In the first planning stage, budgets are determined for core strategies while indicators are defined and target values derived for a period of five years. The framework budgets for each core strategy provide orientation in regard to the weighting of strategies.

Basic indicators are determined that specify objectives in regard to expected results, which is about medium-term development. This is why the

objective has been envisaged for a prospective period of five years. Plans are subsequently sharpened after an annual reflection process, which concurrently secures continuity and sufficient flexibility.

### Evaluation, monitoring & reports

**Evaluations** focus on core strategies in order to further develop the strategy, which also incorporates surrounding developments. The described instruments ensure that changed framework conditions can be acquired, new challenges identified and adequate operative measures determined.

Economic developments and economic location developments are **reported** to the responsible committees and the parliament of Styria within the context of the annual economic report. “Macro parameters” for development are observed in regard to growth, employment, export rate, R&D and innovation in order to project an overall picture of the economic structure and its dynamics. However, Styrian development also depends on many external influences.

### Location dialogue

An exchange with partner organisations from economic and social partners takes place within a **location dialogue** in regard to the implementation of the economic strategy, economic developments and current strategic themes that are relevant for the location.

### Impact-oriented budget & finance control

The budget represents an integrated planning document within the context **of impact-oriented budgeting** that consolidates resources, objectives (desired impacts) and services (measures). Target parameters have been determined in the economic area. An annual report is to be issued annually in regard to the attainment of objectives. Possible deviations must be evaluated.

The implementation of the economic strategy is associated with the usage of public funds that are reinforced through EU funds. Besides investment controlling, the task for finance control is realised within the meaning of efficient administrative processes, embedded in the overall structure of the Ministry of Economic Affairs.



## 9. Strategic context for the Economic Strategy Styria 2025

### European Strategies

The strategy Europe 2020 was developed following the financial and economic crisis and against the background of far-reaching changes e.g. in regard to the climate and resource scarcity. The European Union relies on an integrated growth strategy with three priorities:

1. **Intelligent growth** through an economy supported by knowledge and innovation.
2. **Sustainable growth** for a resource-conserving, ecologically competitive economy.
3. **Integrative growth** through the promotion of an economy with higher employment and pronounced social and territorial cohesion.

### Europe 2020 is relevant for Styria in the following areas:

- Implementation of guiding initiatives (e.g. innovation union, digital agenda).
- Implementation of the framework programme for research and innovation: "Horizon 2020"
- Implementation of important regional promotion for Styria according to the changed framework conditions of the EU aid law and mandatory thematic focussing.
- Smart specialisation strategies (S3) – interregional cooperation in order to generate internationally competitive critical masses.

Thus, opportunities emerge for Styria to increasingly participate in varied EU programmes for R&D, innovation, human resources or regional development, which requires the formation of strategic alliances with other regions and respective usage of partnership networks. The Economic Strategy Styria takes up these challenges and supports the central objectives of Europe 2020.

## Economic development

### Based on comprehensive location policy of the state

Economic development is closely associated with a comprehensive view of locations. Core strategies and performance functions depict the potential achievements of economic policies and the demands placed on the Ministry of Economic Affairs. A reciprocal coordination with areas such as education, science and energy strengthens the future viability of the location

### Science and research

The strategy for the state of Styria, which was introduced at the beginning of 2013 for the promotion of science and research pursues the objective of establishing a “shared science space” and thus the profiling of Styria as one of the most research-intensive locations in Europe. The focus is on interdisciplinary cooperation.

A strong connection to the economic strategy of the state exists since development currently takes place where international competitive companies converge with research facilities and educational institutions and become worldwide leaders in technology and know-how.

Styria exhibits exceptional opportunities in this regard: Nine universities and more than 20 competence centers or projects as well as networks and clusters exist at the location. Important synergy potential exists between the themes of the research strategy and the guiding themes and technological core competences of the economic strategy. The action fields developed in the research strategy and the mix of instruments are especially important for the implementation of the economic strategy.

The following action fields and instruments of the research strategy are especially important for generating synergy effects:

- **Interdisciplinary themes and networking:** Themes developed in economic clusters are to be specifically complemented by science. This aspect is especially about the creation of regional research agendas and stimulus financing for the development of guiding and lighthouse projects.

- **Strengthening the scientific system:** The establishment of a research infrastructure is prioritised if it can be used cooperatively. Moreover, it is about creating options for the promotion of endowed professorships within the context of location-relevant themes.
- **Promoting young talents and providing new impulses:** Promotion support for MINT talents and targeted tenders for researchers at the beginning of their scientific careers.

### Education and training

Styria has been especially impacted by the looming "shortage of specialists" due to specific demands for technically oriented specialists and demographic developments. The necessary development of Styria through educational innovations towards a "model country for education" requires severe change and investments from a broad partnership. The following measures are required:

- Modernisation of the educational system including consistent, individual potential promotion beginning at pre-school age, expansion of all-day school forms and significantly intensified measures during childhood
- Promotion of technical and scientific interests through federal and state initiatives, increased attractiveness for pertinent study courses.
- Orientation of technical colleges according to long-term labour-market demands.
- Reinforced measures for the integration of migrants within the educational system.
- Promotion of an entrepreneurial mindset in school education.
- Training: Further modernisation also through modularisation of teaching professions, coupling teaching with higher education (Matura).

Raising interest in technical and scientific training and vocational offers amongst young people will be crucially important.

### Tourism

Consistent internationalisation also requires consistent communication of the “Styrian brand”. Touristic market development and initiatives within the context of location marketing must be optimally coordinated in accordance with “region branding”. Vacation guests, top professionals from science and research and multi-nationally operating companies must be motivated to come to Styria or intensify their existing commitments in the region. The cooperation between Tourism Styria, ICS and SFG is intensified for international location presentations.

Moreover, cooperation options exist especially in the areas of strengthening innovation power and digitisation between the Economic Strategy Styria 2025 and the tourism strategy “Styria 2025 Growth through quality”.

The population’s identification with the central messages and the most important location qualities such as innovation strength, quality of life, intact nature as well as art and culture are a precondition for conveying a credible Styrian image.

### Rural development

Regions secluded from cities are increasingly taking over compensation and recreational functions, which creates new jobs and expands the location qualities of Styria.

Opportunities for rural areas also include new combinations of food and premium hotel services. Even small quality providers can realise tremendous growth potential in this area. Crafts as well as construction and ancillary construction trades have also emerged as foundations for rural regions. Some of these businesses have succeeded in expanding their markets from rural to urban areas – as crafts and trades in urban areas are increasingly replaced by the service industry. The construction sector will continue to provide a central employment basis for rural regions.

Digitisation also provides an opportunity to secure and further increase the future viability of the economic location and thus secure prosperity and quality of life in Styria. “Highway 2020” provides ultrafast, nationwide Internet access, which will significantly improve infrastructure hardware.

## 10. Summary: The economic strategy in 120 seconds

Regions secluded from cities are increasingly taking over compensation and recreational functions, which creates new jobs and expands the location qualities of Styria.

Opportunities for rural areas also include new combinations of food and premium hotel services. Even small quality providers can realise tremendous growth potential in this area. Crafts as well as construction and ancillary construction trades have also emerged as foundations for rural regions. Some of these businesses have succeeded in expanding their markets from rural to urban areas – as crafts and trades in urban areas are increasingly replaced by the service industry. The construction sector will continue to provide a central employment basis for rural regions.

Digitisation also provides an opportunity to secure and further increase the future viability of the economic location and thus secure prosperity and quality of life in Styria. “Highway 2020” provides ultrafast, nationwide Internet access, which will significantly improve infrastructure hardware.

The economic policy will prospectively rely even more on the three guiding themes of mobility, green tech and health tech. Well-developed creative industries will become a crucial basis and support the innovative milieu of Styria in a targeted manner. Young companies with growth potential are another focal point. The second important objective is the offensive internationalisation of the location and Styrian enterprises. The reason for this: A job in the exporting industry usually also creates another job in the production, trade and service sector.

Strengthened reciprocal coordination with other policy areas that are immanently important for economic development and Styrian companies are important for implementation: Especially education, science and energy are crucial in this regard.

The development of all Styrian regions is a special challenge. “Brain drain”, the massive migration of young and well-trained people towards metropolitan areas must be avoided. Measures for the promotion of regional initiatives and the settlement of new companies are just as important as the expansion of infrastructure that makes contemporary working and economic activity possible.

Many of Styria’s current strengths will not be a unique characteristic in the future, but increasingly become an international standard. Prospective competitive advantages of Styria are the following: Close connection to the scientific environment and R&D, sufficiently qualified employees and efficient usage of resources. How do we get there? Besides the targeted further development of the service sector as well as training and further training, the support of innovative companies remains a central strategic approach while especially the support of new foundations and young companies must be taken into account in the future.

**Directory of used abbreviations:**

**BMWFW:** Federal Ministry of Science, Research and Economy

**CoC:** Centers of Competence

**COMET:** Competence Centers for Excellent Technologies

**OPC:** One person companies

**R&D:** Research & development

**ICS:** Internationalisation Center Styria

**ICT:** Information and Communication Technologies

**IGE:** Investments in Growth and Employment

**HQ:** Headquarters

**SME:** Small and medium-sized companies

**MINT:** Mathematics, Information Science, Natural Science and Technology

**SFG:** Steirische Wirtschaftsförderungsgesellschaft mbH (Styrian Business Promotion Agency)

## Legal notice

### Publisher

Office of the Styrian State Government  
Department 12 Economic Affairs, Tourism, Sports

Unit for Economic Affairs and Innovation  
Content responsibility: Karlheinz Kohrgruber  
Editing: Stephan Pech  
8020 Graz, Nikolaiplatz 3  
T +43 316 877-2282 | F +43 316 877-3129  
wirtschaft@stmk.gv.at  
[www.verwaltung.steiermark.at/a12](http://www.verwaltung.steiermark.at/a12)

### Literature

Perspektive Österreich. Wandel. Chancen. Impulse; McKinsey & Company, Vienna 2015

Update der mittelfristigen Prognose der österreichischen Wirtschaft 2016 bis 2020, Wirtschaftsforschungsinstitut (WIFO), Vienna 2016

Land der Gründer – Auf dem Weg zum gründerfreundlichsten Land Europas, Bundesministerium für Wissenschaft, Forschung und Wirtschaft, Vienna 2015

Strategie des Landes Steiermark zur Förderung von Wissenschaft und Forschung, Amt der Steiermärkischen Landesregierung – Abteilung 8 – Wissenschaft und Gesundheit, Graz 2013

Wirtschaftsstandort Steiermark 2015+, WKO Steiermark – Institut für Wirtschafts- und Standortentwicklung (ed.), Graz 2015

Klimawandelanpassung – Strategie Steiermark 2050, Amt der Steiermärkischen Landesregierung – Fachabteilung Energie und Wohnbau, Graz 2015  
Energierstrategie Steiermark 2025 (Revision 2015); Amt der Steiermärkischen Landesregierung – Abteilung 15 Energie, Wohnbau, Technik, Graz 2015



Wirtschaftsstrategie Steiermark 2020 – Wachstum durch Innovation; Amt der Steiermärkischen Landesregierung – Abteilung 12 Wirtschaft, Tourismus, Sport – Referat Wirtschaft und Innovation, Graz 2011

Breitbandinitiative Steiermark – Strategie Highway 2020; Amt der Steiermärkischen Landesregierung – Abteilung 12 Wirtschaft, Tourismus, Sport – Referat Wirtschaft und Innovation, Graz 2014

### **Numbers and figures**

Public Employment Service Austria

Austrian Research Promotion Agency (FFG)

Wirtschaftspolitisches Berichts- und Informationssystem Steiermark (WIBIS)

[Political-Economic Reporting and Information System for Styria]

