

Austria's Industry 2024: Dwindling Competitiveness despite Technological Innovation

The sixth “Made in Austria IndustriePANEL” shows that competitiveness and employment figures are declining, but that technological innovations offer long-term opportunities.

Vienna, October 29, 2024 – At the presentation of the annual study results as part of the “Made in Austria IndustrieFORUM” on October 24, 2024, Sebastian Schlund, Head of Research Area Industrial Engineering and Research at the Institute of Management Science (IMW) at TU Wien and Managing Director of Fraunhofer Austria, pointed out the current difficult situation of Austria's industry. For the first time in six years, the results of the panel study show a significant downturn in the business situation and competitiveness of Austrian industrial companies. Based on an annual survey of over 100 managers from 100 companies, current challenges such as high inflation or rising labor costs, but also positive developments in the use of new technologies and sustainable strategies are highlighted. The results were discussed at the “Made in Austria IndustrieFORUM 2024” by high-profile speakers from the areas of AI, the circular economy and HR management with the participating managers at TUtheSky at TU Wien.

Alarming assessment of Austrian competitiveness

According to the results of the study, the main problems include high inflation, rising labor costs and declining international competitiveness. For Johannes Hunschofsky, Managing Director of EIT Manufacturing East, *“the collected data shows a deterioration in the economic framework conditions, which is a major burden for small and medium-sized enterprises (SMEs) in particular”*. The assessment of Austria's competitiveness as a production location is especially alarming: Only 36 percent of the companies surveyed rate their competitiveness as ‘good’ or ‘very good’. *“In the previous year, it was still over two thirds,”* says Sabine Hesse, Managing Director of Metaltechnology Austria. *“This makes relocating production abroad increasingly attractive for companies due to high costs and competitive pressure.”*

Technological innovations and the circular economy as positive drivers

Despite the tense situation, the study also shows positive developments that can be attributed to the great potential of technological innovations. For example, the use of artificial intelligence (AI) in the Austrian industry has increased significantly over the past year. This emphasizes the necessity of using new technologies to secure long-term competitiveness. *“Nevertheless, the degree of automation in Austria is declining for the first time in years,”* declares Walter Mayrhofer, Head of Research at FH Wien der WKW, a fact that for him *“also illustrates the high level of uncertainty in the industry”*.

Another important aspect of the study results is the increasing importance of the circular economy in the industrial environment. Around 15 percent of the annual turnover of Austrian production companies is generated through measures in this area. Sustainability strategies and digital innovations are becoming increasingly important and could help stabilize the industry in the medium term.

For Sebastian Schlund, the crisis should also be recognized as an opportunity, despite the tense situation: *“It's time to set the course for tomorrow. If industry as well as politics and science take actions, we can still avert what the gloomy forecasts predict.”*

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Current challenges and strategies for the future

The “Made in Austria IndustriePANEL” provides important insights into the challenges facing production work in Austria. Despite the negative development of the business situation and employment figures, technological advances and the increasing importance of the circular economy show positive approaches for the future of Austrian industry.

The aim of “Made in Austria: The future of production work in Austria” is to provide a regular and methodologically sound presentation of the status quo and future expectations of Austrian industry. The topics of automation, digitalization, assistance systems and sustainability play a central role in this study. Almost 60 percent of the employees of the companies participating in the panel work directly in production or in production-related areas. The average number of employees at the companies surveyed this year was 6,966 worldwide and 1,447 in Austria. The proportion of SMEs in the current ‘Made in Austria IndustriePANEL’ has remained constant at around 30 percent.

The current study as well as previous editions are available for download on the [website of “Made in Austria”](#) (in German).

“Made in Austria 2024: Future of Production in Austria” is a study by the Institute of Management Sciences (IMW) at the Vienna University of Technology in cooperation with the Institute for Digital Transformation and Strategy (IDS) at FHWien der WKW, Fraunhofer Austria, EIT Manufacturing East and Metaltechnology Austria.

Photos:

Sebastian Schlund (TU Wien, Fraunhofer Austria) presented the results of the “Made in Austria IndustryPANEL 2024” at the IndustryFORUM on October 24, 2024 at TUtheSky at TU Wien
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The representatives of the “Made in Austria” partner organisations Walter Mayrhofer (FHWien der WKW), Theresa Neuhauser (EIT Manufacturing East), Sebastian Schlund (TU Wien, Fraunhofer Austria) and Sabine Hesse (Metaltechnology Austria, from left to right)

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About the Institute for Digital Transformation and Strategy (IDS) at FHWien der WKW

Founded in 2021, the Institute for Digital Transformation and Strategy (IDS) at FHWien der WKW is engaged in applied research, development and innovation in two fields of work:

- Use of digital technology with a focus on Internet-of-Things solutions in the context of logistics
- Strategic management in the context of digital transformation with a focus on management options for established small and medium-sized enterprises

FHWien der WKW – University of Applied Sciences for Management & Communication

FHWien der WKW is Austria’s leading university of applied sciences for management & communication. Its Bachelor’s and Master’s degree programs offer more than 2,800 students a practice-oriented academic education. Around 900 people are completing a continuing education program

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at FH Wien. Two thirds of the lecturers come directly from the business world. The close cooperation with local companies in teaching and research optimally prepares students for their careers. Since its foundation in 1994, FH Wien der WKW has already produced over 15,100 graduates.

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