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Report

# Onshore, Nearshore, Offshore: Unsure?

**A 2021 Polish Perspective**

June 2021

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# Introduction

Although the COVID-19 pandemic has disrupted the investment plans of many employers in the modern business services sector, this was only a temporary state of affairs. Nevertheless, global disruptions triggered by the pandemic have forced many companies to review their location strategies, which resulted in the increased favouring of nearshoring over offshoring.

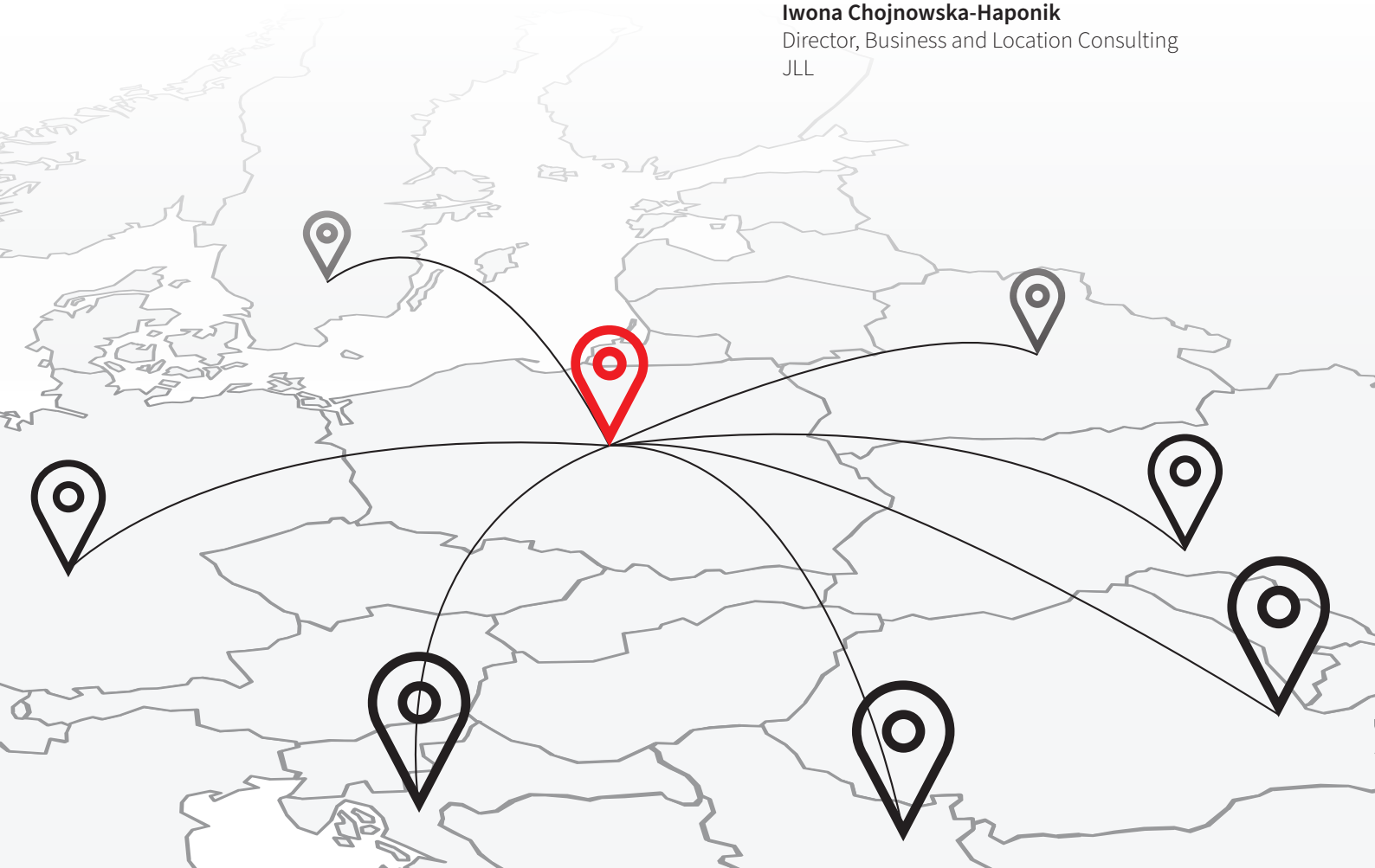
Poland may become one of the biggest beneficiaries of this regional shift as the country remains the top outsourcing destination thanks to its stable economy, extensive talent pool and well-developed infrastructure. What is more, the latest changes in the state aid support programme, including reduced entry thresholds, a simplified qualitative assessment of investment projects and a higher level of support in select locations, make the Polish incentive system one of the most attractive in the region.

This report provides a comprehensive guide on the current business environment in Poland, including labour market and real estate overviews as well as a commentary on the recent amendments in the state aid programme.

We hope you will enjoy the report and look forward to discussing it with you.



**Iwona Chojnowska-Haponik**  
Director, Business and Location Consulting  
JLL





# Poland: A key European hub for business process outsourcing

Over the last fifteen years, Poland has strengthened its position as a leading European destination for the modern business services sector. Thanks to an extensive talent pool of highly skilled employees, a favourable business environment and a developed infrastructure, the country remains on top of international rankings for investment destinations. What is more, key Polish cities such as Warsaw and Kraków continue to be ranked highly among the most competitive cities globally.

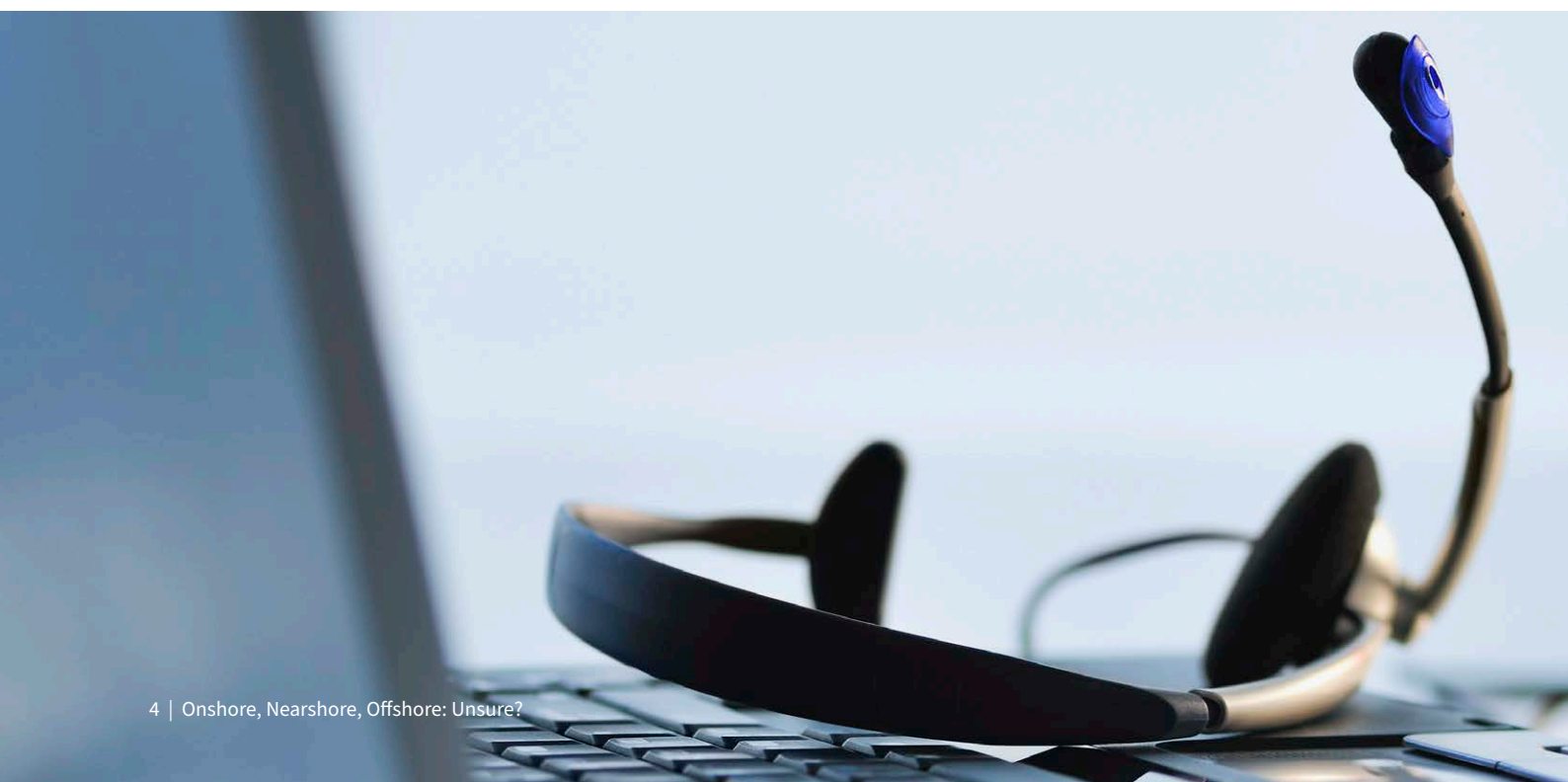
According to ABSL representatives, Poland is currently home to over 1,500 BPO, SSC, IT and R&D centres which employ nearly 350,000 people. Since Q1 2016, the total number of jobs in the business services sector in Poland has increased by 58%. Along with the sector's growth, processes performed in these centres shifted from simple, single-function operations to more advanced and higher value-added processes. Today, investors increasingly opt for end-to-end processes which support operations on a global scale as well as establishing

sophisticated functions such as R&D, knowledge process outsourcing or software development. The comprehensive integration of the modern services sector and its embedded know-how, especially with regards to advanced and complex services, are key for the business services sector's further expansion in Poland. A wide range of supporting services are emerging or expanding, including for instance, business continuity centres and data centres, which can strengthen the sector during this period of growth.

The BPO/SSC activity is largely concentrated in nine key Polish cities<sup>1</sup>. Established locations such as Kraków, Warsaw and Wrocław remain the sector's engine for growth. Nevertheless, there is an increasing number of investors willing to explore the untapped potential of second-tier locations<sup>2</sup> as smaller urban areas with good academic background offer competitive costs and reduced competition for skills.

<sup>1</sup>Warsaw, Kraków, Wrocław, Tri-City, Katowice, Poznań, Łódź, Szczecin, Lublin

<sup>2</sup>Rzeszów, Bydgoszcz, Toruń, Białystok, Kielce, Olsztyn, Opole, Radom





Despite early concerns, the business services sector in Poland recorded stable growth over 2020 with a positive outlook for the next few years. The maturity of the Polish market, combined with the availability of qualified employees, is still encouraging further investments. Therefore, despite the marked slowdown caused by the pandemic, we can still talk about the development of the business services market and expect that this trend will continue. Development is continuing in two ways. On the one hand, we are dealing with the expansion of existing centres. Most often this is a result of the decision to transfer an increasing number of advanced processes to Poland. On the other hand, the development of the sector is driven by new investors who have decided to recruit and migrate remotely. It is worth highlighting that Polish business services providers managed to successfully get through the pandemic, from initial response to adaptation. These existing services centres were well-equipped to deal with Covid-19's impact and swiftly switched to running operations remotely. This was not always the case for their Asian counterparts who were struggling to cope with remote work on a large scale.

## Ratings & stats

**350,000 employees**  
> 1,500 BPO / SSC /  
IT and R&D centres

**Poland was ranked 14<sup>th</sup> in  
Top 50 Digital Nations  
by Tholons**

**Warsaw, Kraków and  
Wrocław listed among  
Top100 Super Cities 2021**

**Łódź named the most  
business-friendly  
location in CEE in the  
Emerging Europe Business  
Perception Index 2021**

**Warsaw ranked 11<sup>th</sup> among  
the most competitive  
locations globally in term  
of occupancy costs for  
premium office buildings**

**94% of foreign investors  
would be willing to  
reinvest in Poland**

Source: JLL, ABSL, Tholons, PAiH, Emerging Europe

Disruptions in global supply chains triggered by the Covid-19 pandemic, have forced companies to rethink their outsourcing strategies. Companies with geographically remote business service centres or supply chains have typically suffered more as a result of the pandemic than those who chose nearshoring. Having a service centre in Asia, for example, showed many companies from other global regions that geographical distance can result in disadvantages. Stringent lockdowns in one part of the world may deprive a company on another continent of support in a key business area, for example, they may have to manage without an IT helpdesk. As a result, many corporates are actively looking to improve the resilience of their operations, which may result in a gradual reshoring of outsourcing services. While some firms will decide to reshore all operations to new geographies, others will set up new entities closer to home countries to reduce risk within their value chains. Poland may profit from this change as the Covid-19 pandemic is likely to spur another significant wave of outsourcing investment inflow, similar to the one witnessed post-GFC.

Poland's central geographic location, stable IT infrastructure and extensive human capital will play a key role in attracting new investors, who are looking for stable locations that will enable the continuity of business-critical processes, to the country. In recent months, the number of potential investors from Scandinavia, Germany, the United Kingdom, France and Switzerland has been on the rise.



## Case study:

# Hapag-Lloyd, Gdańsk

Hapag-Lloyd's Knowledge Center (KC) in Gdańsk has been up and running for 18 months and a lot has happened since it first opened its doors. One of the reasons why Tri-City was chosen as the ideal place for the KC was definitely the large pool of skilled potential employees to be found there. The northern coast of Poland attracts and is home to well-educated experts in the fields of IT, maritime & logistics, and accounting. It is also located relatively close to Hamburg, where Hapag-Lloyd is headquartered.

Gdańsk offers a wide choice of modern office buildings. Hapag-Lloyd's KC is situated in the Neon building, which is the newest addition to the ultra-modern Alchemia complex in the city centre, with the location being well-served by public transport, retail stores and other services. Another factor that contributed to locating the KC here is the fact that Polish institutions actively support entrepreneurs and allow for the smooth conducting of business in the country.

### Many functions under one roof

The IT organisation in Gdańsk is currently made up of over 100 talented experts – and continues to grow. The IT teams focus on a very broad range of individual products, such as web applications with advanced UX design, complex bots that automate several business processes, and AI-driven digital solutions. At the same time, they are modernising Hapag-Lloyd's data warehouse and setting up its data lake. The KC is also home to the global Hazardous Goods Validation Department – in other words, all services that used to be validated in various regional headquarters are now handled centrally in Gdańsk.

### Coping with COVID-19 and building on success

Even though the coronavirus has forced the KC staff to work from home, the teams have still managed to create a unique atmosphere for and among all employees. We have hosted virtual competitions, organised social events and played online games.

To date, Hapag-Lloyd's Knowledge Center in Tri-City has very much succeeded in achieving its goals and meeting the company's needs across the globe. But instead of resting on its laurels, it will continue to grow and develop dynamically. For example, in April, the first employees from the procurement department joined our team of over 180 people. And we also have other ambitious plans for the future!



**Adam Sikorski**  
Knowledge Centre Site Leader  
Hapag-Lloyd



# Business environment

Poland, with its population of 38 million people, is the ninth most populous country in Europe and one of the most rapidly growing markets on the continent. The country has the eighth largest economy in the European Union (EU) with a stable reputation as a business-friendly country with largely sound macroeconomic policies. In 2018 Poland was promoted from Advanced Emerging Market to Developed Market status by the FTSE Russell index. This acknowledges the progress of the Polish economy and capital markets and is a major step in the country's development. Moreover, the global rating agencies, including Moody's, Fitch and S&P, recognise Poland's stable outlook with A2, A-, A- ratings respectively.

## **Economic stability and investment attractiveness**

Poland enjoys a diversified and competitive

economy. It is the only European country that avoided a recession in the 2008 financial crisis and recorded nearly 30 years of positive annual growth, which was faster than any other in Europe. According to Oxford Economics, the economy also grew in the first quarter of 2020, with GDP increasing by 1.8% y/y. Although an economic meltdown was unavoidable following the outbreak of the COVID-19 pandemic, the GDP decline was only -2.7% in 2020. It was one of the smallest declines among the EU countries, especially when compared to the biggest economies in Europe, including Germany which experienced a contraction of -5.3%.

Poland is the perfect place to do business. In the study Doing Business 2020 by the World Bank, which provides insight into the regulations enhancing business activity, Poland ranks 40 out





of 190 with a high score of 76.4, outperforming other CEE countries including the Czech Republic, Slovakia, Hungary and Romania. It is also not too far behind Western European countries such as Germany and France, which scored 79.7 and 76.8, respectively.

The country's strong position on the map of business-friendly locations is reflected in actual business activities and Foreign Direct Investment (FDI) ventures. Poland has attracted substantial levels of inward investment since its accession to the European Union in 2004, which was further boosted by its integration into the European Single Market. In 2019, FDI inflows was \$13.9 billion and the total stock of investments in 2019 represented a 26% increase when compared to 2010 (Santander). In addition, according to the EY Europe's Attractiveness Survey, in 2020, Poland was ranked highest in the CEE region and seventh in Europe in terms of the number of inward FDIs. Considering the situation related to COVID-19, Poland is also classified as a country where the impact of the pandemic on project realisation has been less severe. Being a highly competitive, service-orientated economy, where a large proportion of FDI involves BPO/SSC initiatives,

Poland is forecast to maintain up to 80% of planned FDI projects. This is significantly higher than the average 65% realisation rate across Europe. Moreover, according to the Investment Climate in Poland 2019 report by Polish Investment and Trade Agency (PAiH), Grant Thornton and HSBC, 94% of foreign investors would be willing to reinvest in Poland as they consider the size of the internal market and the economic stability to be among Poland's main advantages.

Companies which are considering starting operations in Poland can also expect support and assistance from institutions such as the PAiH, local governmental agencies focusing on various regions of the country, a number of international advisory companies, as well as outsourcing associations such as the Association of Business Services Leaders (ABSL) and ASPIRE. Investors can rely on aid provided by state institutions which is granted in different forms and will be reviewed in detail in the "Grants and Incentives" section. Support is also offered by the European Union. EU membership gives stability in the country's legal and administrative system, as well as providing access to the single market,



free trade and the free movement of citizens. Poland is also the largest beneficiary of the EU's financial programmes. According to PAiH, between 2021-2027 Poland is expected to receive € 66.8 billion from the EU's Cohesion Policy programmes, that will help to increase the innovativeness of the economy and further infrastructure development.

### **Innovation and digital**

Innovation is another reason for the success of the Polish economy. The country has become a trusted partner for foreign businesses, especially due to the creativity in working out new solutions and the workforce's attitude. As a result, more complex and advanced businesses were attracted to Poland, underpinned by the availability of a skilled labour force.

According to the Tholons Global Innovation Index 2021, which benchmarks the digital transformation of industries and services globally, Poland ranks 14 within the top 50 digital nations. When it comes to Polish cities, Kraków,

Warsaw and Wrocław are among the Top 100 Super Cities. The index evaluates cities in terms of Talent, Skill & Quality, Business Catalyst, Cost & Infrastructure, Risk & Quality of Life, and Innovation/Digital components. In addition, Warsaw ranks six in the top 25 European Cities of the Future 2020/2021 index, and together with Kraków and Wrocław is in the Top 10 Eastern European Cities of the Future 2020/2021 index. Digitalisation may become a key driver of sustained growth in Poland. McKinsey & Company estimates that the potential economic and developmental benefits of innovative solutions may be up to €64 billion in additional GDP by 2025. Moreover, as estimated by the Startup Foundation Poland, there are almost 50,000 people working in start-ups, illustrating the entrepreneurial mindset of Polish people and highlighting further opportunities. The start-ups in Poland specialise mostly in AI, Machine Learning, Internet of Things and Big Data. The world's largest tech companies including Microsoft and Google have recognised the innovativeness and Poland's digitalisation potential. In 2020, Microsoft and Google







announced \$1 billion and \$2billion investments in modern data centres, respectively. Last but not least, Poland scores very well in terms of gender equality, especially in managerial positions. The Gender Equality Index 2020 states that Poland enjoys one of the fastest progress rates since 2010 in terms of narrowing its gender gaps and improving overall performance in financial resources and economic conditions. Moreover, according to the latest data from Eurostat, Poland, with a 44% share of women at managerial positions,

ranks second in the EU, whose average percentage stands at only 34%, and outperforms countries such as France (36%), Germany (31%) and Italy (28%). Different perspectives and ways of working may favourably influence further development of organisations and Poland's high score in the Eurostat survey proves that it is on a good trajectory towards increased diversity, inclusion and gender equality.





## Sustainable development

In 2015, Poland with all other members of the United Nations, adopted the 2030 Agenda for Sustainable Development (2030 Agenda). Consequently, it committed itself to specific actions towards eliminating poverty, ensuring peace, well-being and protecting the environment. Poland's Sustainable Development Goals (SDG) actions focus on the UN's '5 Ps' in its 2030 Agenda (people, planet, prosperity, peace, partnership), and are supported by national strategies, with a formal procedure for concluding and adopting them. With the environment, the country aims to improve the state of the environment and the sustainable management of resources.

As reported by McKinsey and Company, Poland's journey towards a more service-focused economy, together with improving energy efficiency and a reduction in the use of coal, has resulted in an average annual GDP growth of approx. 4% over the past 30 years, while simultaneously decoupling economic growth from emissions.

In terms of the quality of living, according to the OECD Better Life Index, Poland performs well in several criteria of well-being and ranks above average in personal security, as well as education and skill determinants. Moreover, there is a strong sense of community, where 86% of people believe they always have somebody that they can rely on when needed.

The challenges concerning sustainable development are inseparable from issues concerning urbanisation. The awareness and need to build and redevelop cities so that they can become more efficient, more sustainable, and consequently more liveable, are growing. This process is driving Smart City initiatives whose aims are to overcome the limitations of traditional urban developments and issues related to the sustainability and efficiency of the cities. Such initiatives are also being undertaken by Polish cities. For example, in Kraków whose City Development Strategy advocates the creation of an intelligent city, which is friendly to its inhabitants, environment, and business as one of the most important ambitions to achieve by 2030.



## Case study:

# Standard Chartered Global Business Services, Warsaw

Standard Chartered is a leading international bank with more than 160 years' experience in the business with a presence in nearly 60 markets. In Poland, the bank is developing its first and only global business services centre outside Asia. The decision to establish operations in Poland was taken after over a year of careful investigation and planning. The office was created as a regional hub to focus primarily on supporting our activities in Europe and the Americas. Poland was selected as the optimal location due to its highly skilled workforce and, given the hub serves our growing client base in the region, it operates in a time zone which is better aligned with the time zones of our customers in Europe and Americas. We launched our operations in autumn 2018 with 30-40 employees and one business line. At present, we employ more than 750 people and operate 12 business lines.

We're expanding our existing teams and building entire ecosystems within our business lines as opposed to creating teams which would be focused only on one element of a process. These ecosystems enable us to provide comprehensive services to our customers and to offer our employees interesting development opportunities. Currently, we have several dozen active recruitment processes related to cybersecurity, financial crime compliance, risk

management and technology & innovation roles. Over the course of the pandemic, Standard Chartered opened its new work space in one of Poland's most modern office buildings, The Warsaw Hub. Our priority was to develop an office space that would simultaneously support more traditional and future-proof forms of work and could be tailored to the needs of people with various levels of physical fitness and different working preferences.

Post-pandemic, our employees will be able to combine remote and office-based work in various configurations (office, co-working space offered by Standard Chartered's global partner, or another, selected by the employee, e.g. home). This approach enables our employees to shape their working model in a way that supports their individual preferences and business objectives.



**Anna Urbańska**  
CEO  
Standard Chartered GBS Poland





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# Labour market

Despite the challenges faced by individual market sectors, in terms of investment projects Poland may well have won more than its lost. The factors contributing to the rise in foreign investments in the country include the increased favouring of nearshoring over offshoring, and the consistently attractive ratio of the number of available high-quality workers to operational costs. A skilled, multilingual workforce remains at the forefront of investors' decision-making processes.

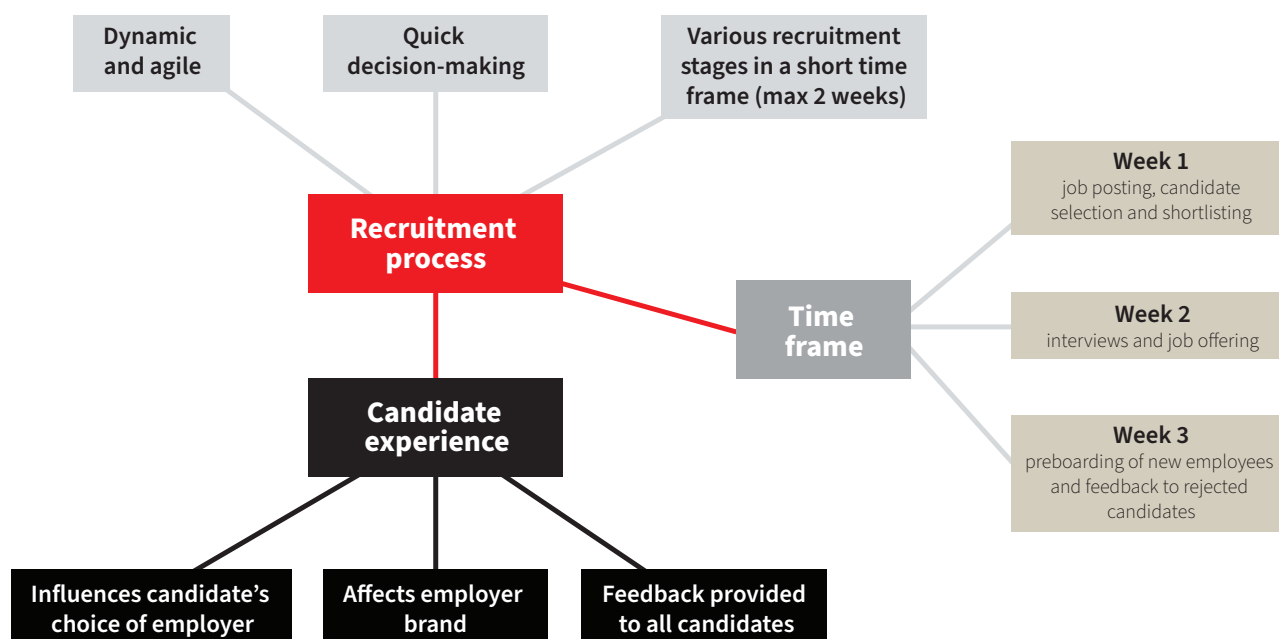
## Investment in the time of Covid-19

The Covid-19 pandemic has undeniably had an impact on the investment market in Poland. During the initial shock, many global corporates had to make strategic business decisions, including those related to ongoing and planned investments. The consequences for Poland were twofold. On the one hand, the pandemic meant that some projects were put on hold, and companies that had chosen Poland as their investment destination withdrew their plans, seeking to mitigate costs. However, there were

organisations that decided to cut costs through investments, and Poland frequently became the beneficiary of this strategy. Investors decided, for example, to liquidate two service centres globally, merging their pool of skills in a new centre, located in Poland.

## Human capital at the forefront

Poland is known to investors as a mature and diversified market, offering wide access to qualified employees who speak foreign languages. They are therefore increasingly interested in locating senior roles in Poland, which will also allow them to set up key decision-making centres in the country. Recently, Poland has attracted the attention of pharmaceutical and medical equipment companies, which see the potential for employing highly qualified employees in the clinical trials sector. Other investors have also included many organisations from the IT and technology industries who value the quality of Polish programmers and the tech talent available on the domestic market. Enquiries also





come from the financial industry and, invariably for Poland – from the manufacturing sector.

Investment decisions are largely based on the availability of employees with specific skills. In terms of investor interest, roles in the IT sector – with particular emphasis on experts in the field of digitalisation and cyber security – lead the way. Finance is another equally popular area of expertise, with roles related to accounting, KYC and AML. Investors also ask about roles in procurement, HR, and market access within the pharmaceutical industry.

The key issue for investors, when analysing the potential of particular locations, is the available talent pool. Therefore, despite the increasing popularity of working from home, big cities still have an advantage over smaller cities and towns in terms of attracting investment projects. Development potential is also important when selecting a location, and investors want to know whether it would be possible to expand the business in a given place by tens or even several hundred jobs.

### Graduates and skills

Poland offers a significant number of university graduates. According to the latest available statistics by Statistics Poland, in 2019 there were over 327,700. The number of graduates with regard to the key courses of study from the perspective of the business services sector looks promising. In 2019, about 57,000 people graduated with degrees in business and administration from major Polish academic centres, along with 12,266 with degrees in computer science and almost 60,000 with degrees in engineering.

### Areas of expertise most often covered by recruitment processes conducted by the employers from the business services sector

Accountancy and finance	27%
IT	19%
Customer service	15%
Financial services	14%
Administration	7%
e-Commerce	5%
HR	5%
Engineering	5%
Research and development	2%
Sales	1%

Source: Salary Guide - Business services sector, Hays Poland 2021

### Number of graduates in Poland

City	Total	Business & Admin.	Computer Science	Engineering
Warsaw	53,157	11,637	2,366	9,110
Kraków	39,280	6,715	1,968	11,955
Poznań	29,264	7,029	955	5,328
Wrocław	28,263	6,481	1,240	7,005
Silesia Metropolis	25,126	3,451	1,176	5,276
Łódź	20,013	4,664	1,074	2,712
Tri-City	19,931	4,080	797	3,842
Lublin	16,685	2,280	612	3,031
Rzeszów	12,007	2,648	523	2,988
Opole	10,371	724	209	893
Białystok	7,601	1,066	350	1,680
Toruń	7,577	2,187	115	55
Szczecin	7,499	1,436	284	1,576
Kielce	7,215	1,145	234	1,599
Olsztyn	6,157	797	165	1,306
Bydgoszcz	5,777	631	198	1,330
POLAND	295,923	56,971	12,266	59,686

Source: Statistics Poland, 2019



As far as foreign languages are concerned, the Polish workforce provide a very good linguistic talent pool. In the corporate world, English is ‘a must’, but many candidates also speak German, French, Spanish, Russian and Italian. Additionally, there are numerous linguistic courses that universities offer, including ‘niche’ languages such as Dutch, Danish, Finnish, Swedish, Norwegian and Chinese.

**Salary and employment trends**

Poland is perceived as a market that offers good value for money. Labour costs are relatively low compared to other countries in the region. The social security tax rate paid by an employer in Poland is 22.14% compared to 33.8% in the Czech Republic and 17% in Hungary. Compared to Western Europe, salaries offered in the Polish business services sector are still attractive to investors. However, the continued professionalisation of the Polish industry is pushing up salary levels. Poland is the most mature business services market in the CEE region, offering investors expertise, broad experience and an impressive talent pool. This goes hand in hand with salaries that are higher than, for example, in Romania or Hungary. The probability of acquiring the necessary talent and

**Communicative language skills in Poland**

English	32%
Russian	20%
German	14%
French	2%
Other languages	5%

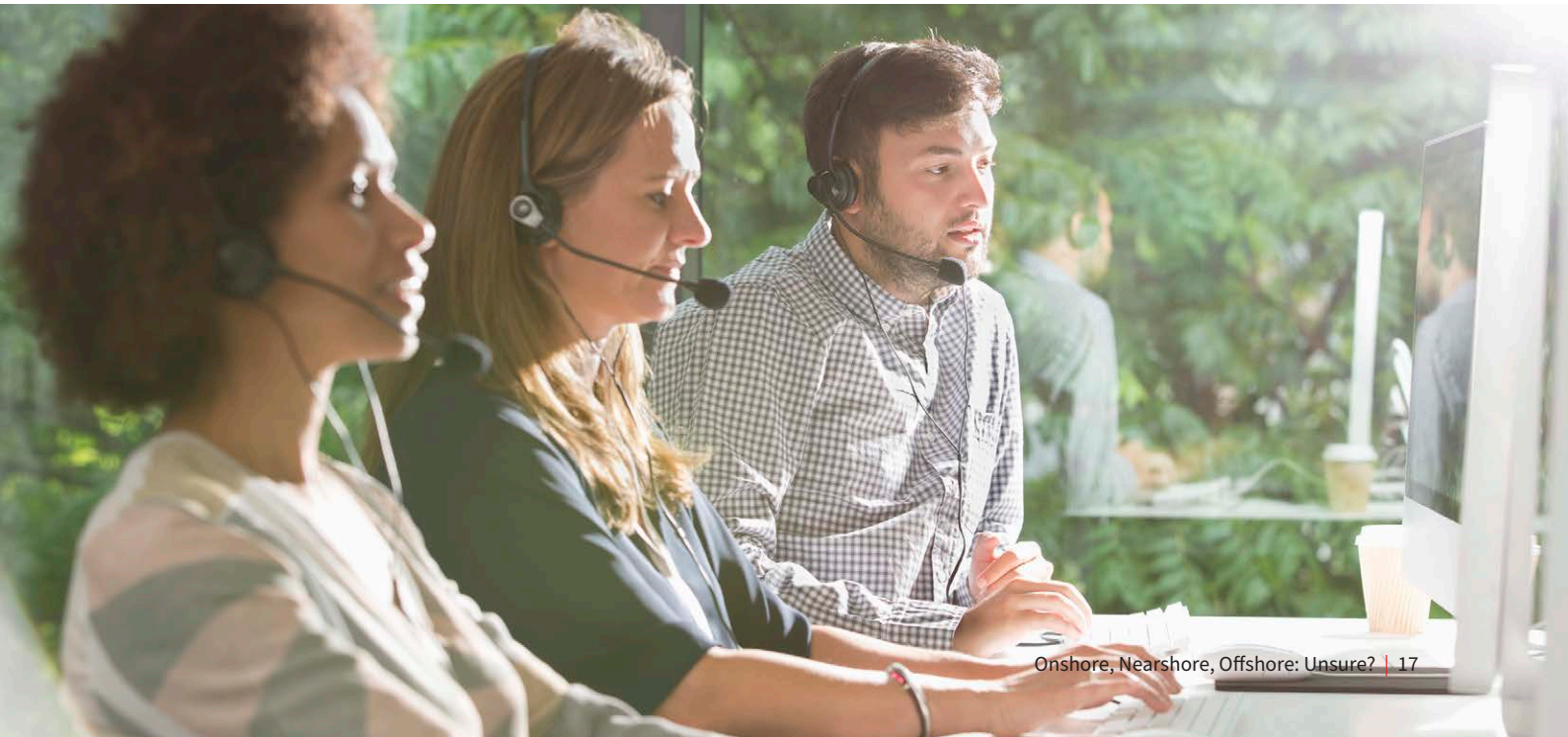
Source: Foreign emigration and language skills, CBOS 2016

positive implementation of processes is greater in Poland, which often translates into locating service centres here. However, the Polish payroll calculation system is rather complicated, which makes it difficult to forecast monthly expenses.

**Employer Social Security Tax Rates**

Slovakia	35.20%
Czech Republic	33.80%
Estonia	33.80%
Latvia	23.59%
Poland	22.14%
Bulgaria	19.02%
Hungary	17.00%

Source: KPMG, 2021



Remuneration levels remain the key aspect which employees looking for a new job take into consideration. Prospective employees often have a desire to expand their scope of responsibility. Of particular interest are positions that allow for the participation in migration processes

or implementation of new systems. Candidates who have so far dealt only with a particular segment of a given process also seek to take up a position that offers a wider role in these processes. The issue of employee benefits has also evolved significantly. Candidates appreciate

### Salaries in Business Services Sector Gross monthly salaries in PLN offered in Poland\*

General Ledger	Minimum	Optimum	Maximum
Junior Accountant (up to 1 year of experience)	4,000	4,500	5,500
Accountant (1-3 years of experience)	5,500	6,500	7,500
Senior Accountant (over 3 years of experience)	7,500	8,500	10,000
Team Leader (5-15 FTEs)	10,000	12,000	16,000
<b>Accounts Payable / Accounts Receivable</b>			
Junior Accountant (up to 1 year of experience)	3,900	4,500	5,000
Accountant (1-3 years of experience)	5,200	6,000	6,500
Senior Accountant (over 3 years of experience)	6,700	7,500	8,500
Team Leader (5-15 FTEs)	9,000	11,000	12,000
<b>Fund Accounting</b>			
Junior Accountant (up to 1 year of experience)	4,500	5,000	5,200
Accountant (1-3 years of experience)	5,500	6,500	7,000
Senior Accountant (over 3 years of experience)	7,000	8,000	9,000
Team Leader (5-15 FTEs)	10,000	13,500	16,000
<b>Banking</b>			
AML/KYC Junior Analyst (up to 1 year of experience)	4,000	4,500	5,500
AML/KYC Analyst (1-3 years of experience)	5,000	6,000	7,500
AML/KYC Senior Analyst (over 3 years of experience)	7,500	8,500	9,500
AML/KYC Team Leader (5-15 FTEs)	10,000	12,500	15,000
<b>Customer Service</b>			
Junior Specialist (up to 1 year of experience)	4,000	4,200	4,500
Specialist (1-3 years of experience)	5,000	5,500	6,000
Senior Specialist (over 3 years of experience)	6,500	7,000	7,500
Team Leader (5-15 FTEs)	9 000	10 000	11 000
<b>IT</b>			
.NET/C# Developer	11,000	13,000	16,000
Java Developer	11,000	15,000	19,000
2nd Line Support	8,000	9,500	11,000
3rd Line Support	11,000	13,000	16,000
Service Desk Manager	15,000	20,000	25,000

\*Average rates for the whole of Poland. Gross monthly remuneration in a given position (full-time) without language bonuses.  
Applicable to candidates with English language skills.  
Source: Salary Guides, Hays Poland 2021

### Non-financial factors that help employers from business services sector to attract employees the most\*

Career opportunities	55%
Interesting projects/ challenges	51%
Stability of employment	48%
Company recognition	31%
Flexible work	29%

\*Respondents were asked to indicate all important factors  
Source: Salary Guide - Business services sector, Hays Poland 2021

### When do you consider changing job? Perspective of business services sector employees

In 6 months	17%
In 6-12 months	26%
In 1-2 years	13%
In 2-3 years	10%
Later than in 3 years	6%
I don't consider changing job	31%

Source: Salary Guide - Business services sector, Hays Poland 2021

an employer's support in upskilling, for example by reimbursing studies, additional training and language courses. As a result of the pandemic, the topic of flexibility of working hours and home office has become key to many candidates.

Remote work is an opportunity for companies. Thanks to this, they cooperate with people in other regions and gain wider access to experienced candidates. The new operating model also allows for a redefinition of a company's needs, job requirements, cost base, etc. Therefore, now is the time for the transformation of business services centres – both in terms of work organisation and the range of benefits for current and prospective employees.

#### Flexible working

Rapidly changing business conditions has made companies more willing to focus on flexibility and cost effectiveness. Therefore, some employers create recruitment strategies including flexible forms of employment in order to mitigate current risks. This trend is also observed in the business services sector. Increasingly, it is also a solution that responds to the needs and expectations of specialists.

In the business services sector, flexible forms of employment – temporary work, outsourcing and B2B – are most often used in the areas of administration, IT, finance and accounting, as well as customer service. From the employers' point of view, the use of various forms of cooperation with employees makes it possible to efficiently respond to a rapidly changing business outlook. The diversification of these forms allows a company to flexibly secure access to the necessary competences and efficiently respond to the changing needs of both the business and customers.

Poland is competing mainly with other countries from Central and Eastern Europe for investment projects in the business services sector but is now more often also 'in the mix' with Portugal, Spain and France. Poland is being assessed more comprehensively than ever before – and not only from a worker availability perspective. More advanced processes will certainly be transferred to the country, and the first investors who selected Poland as a country where key strategic business processes are serviced, will largely determine what will happen in the future.





## Case study: GSK Global Tech Centre

SUPP-2101756

GSK Global Tech Centre in Poznań has been providing IT services to all GSK locations worldwide since 2005. Currently, it is the biggest GSK Tech location hiring about 700 highly-skilled tech professionals.

### **Poznań - a place with great potential for the future**

One of the key aspects, when choosing a location for a business is to find a place with great potential for the future. GSK decided Poznań would be a place to locate a small IT Team in 2005. Several interdependent factors such as the high quality of university education, talent pool and a good location in Europe confirmed that it was a good decision to provide IT services from Poznań. And today, these are still the main factors needed to build an innovative future in Poland.

With 15 years' presence on the IT market in Poland, the centre has been transformed from a small GSK IT Team to a Global Capability Centre for Tech in 2021. Now, as a Global Capability Centre for Tech we are absolutely fundamental in helping GSK discover, develop, manufacture, commercialize and sell our medicines. Our support is present throughout the entire product life cycle.

### **Focus on continuous development**

The last five years have been marked with continuous development – from now employing 500 people, setting up new competency centres to moving to new, high class offices in Business Garden. Our successes were recognised in 2018, when we were awarded the title of the best business services centre in Poland at the 6<sup>th</sup> CEE Shared Services And Outsourcing Awards. In the CEE Business Services Center Awards 2021, we also won the Business Services Firm of the Year in Poznań award.

In 2019, we started our transformation into a product-aligned model and heavily invested in skills transformation. This involved changing our structures and ways of working. We adopted agile practices to focus on value delivery. Today, product teams work more closely with business teams. What makes us unique is our diverse culture and strong collaboration across multinational teams. As a centre, we are data driven. Our decisions are based on market benchmarks and modern trends. We give our employees space to work together, allowing them to exchange their knowledge and experience to create innovative ideas and solutions. We are a stable organization with a long-term location strategy to grow and continuously expand in Poland. Despite the global pandemic we are maintaining our growth trajectory.



**Tomasz Mechelewski,**  
Head of GSK Tech Global Centre in Poznań

# Grants & incentives

Investors from the business services sector can benefit from various instruments of state aid including non-repayable grants for hiring and training of employees, corporate income tax exemption across Poland as well as direct subsidies co-financed from EU funds for research and development activities.

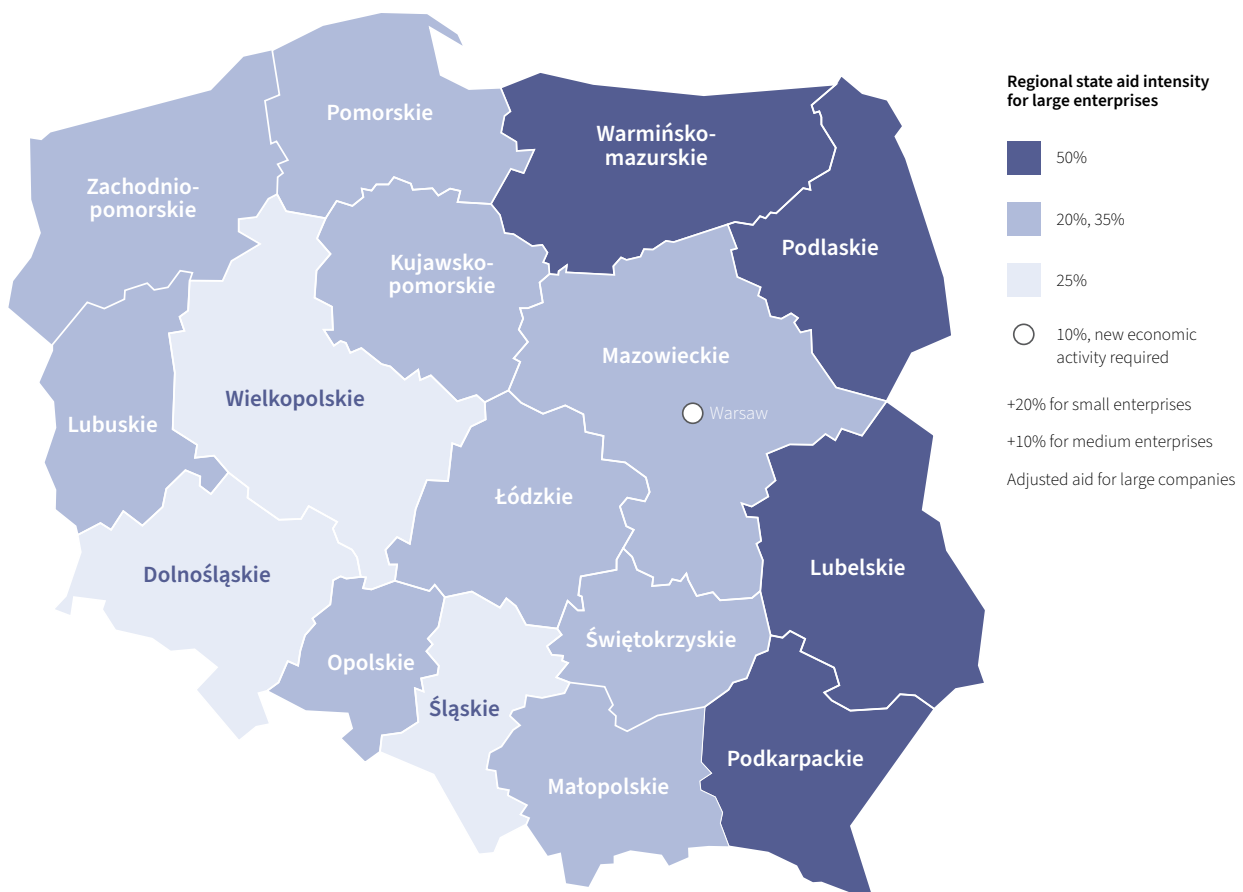
## Grants & incentives

The process of selecting an optimal location for a new investment, understood as establishing a brand-new undertakings or expansion of existing operations, is a complex process that requires verification and validation of multiple

conditions. Location analysis concentrates on criteria such as political stability, economic friendliness, talent pool, quality of live, and, last but not least, investment incentives. Considered by many companies as “the cherry on the cake”, incentives nevertheless play an important role in the decision-making process. Even more so because they can offset the initial cost of an investment.

Poland is one of the EU countries which offers the highest possible level of support for new investment ranging from 10% in Warsaw to even 50% in four provinces in eastern Poland.

## Regional state aid map for large companies (in force till the end of 2021)







From next year, the EU will implement a new multi-annual financial framework, with a new regional state aid map also coming into force. The intervention rates across Europe have been reviewed. Some countries will no longer be able to offer regional investment support, while the level of aid in some Polish regions will actually increase.

The incentive amount for a given investment project is calculated as a percentage (regional intensity of state aid) of eligible costs:

- investment expenditures, or
- two-year labour costs - the estimated fully loaded labour costs arising from job creation as a result of an initial investment, calculated over a period of two years.

The maximum aid amount can be achieved using different available instruments of support, with the two most popular being:

### **Corporate income tax exemption**

Companies can benefit from CIT exemption under the Polish Investment Zone (PIZ) national scheme. Since 2018, tax exemption has been made available in any location in Poland, including large agglomerations. This change is particularly appealing to Business Services companies that

locate their centres predominantly in large and medium-sized cities, where access to talent is key. To benefit from CIT exemption, companies have to meet:

- quantitative criteria – a determined amount of eligible costs depending on the location, size of the company and sector (significant reductions in eligible cost requirements apply to BSS and R&D investment), and
- qualitative criteria which assure that the investment contributes to sustainable economic and social growth.

Tax exemption is available for a fixed period ranging from 10, through 12 to 15 years and depends on the intensity of state aid in a given region.

### **Government grants**

In March 2021, the Polish government amended a special grant programme which supports investment of major importance to the economy by means of investment or employment grants topped up with training support. The subsidy is available to companies which make new investments or expand their business and meet quantitative and qualitative criteria. The amended programme offers significantly lower entry requirements.

Large business services companies can benefit from grants provided that at least 100 new job places are created, and investment spending exceeds PLN 1 million. In the case of R&D activities, the requirements are 10 new jobs and PLN 1 million. These requirements can be even lower depending on the location (i.e. underdeveloped medium-sized cities or regions impacted by high unemployment, for example, Eastern Poland) and the size of the company.

As per qualitative requirements, these entail economic and social development criteria and are mostly consistent with Polish Investment Zone requirements. The more points the applicant scores, the higher the reward.

The maximum support per new job created ranges from PLN 3.7k to PLN 15k for BSS projects and PLN 5k to PLN 20k for R&D investments. The actual level of a grant depends on the location of an investment and the number of points scored in the qualitative evaluation.

Additionally, companies can use a training grant which covers up to 25% or 50% of costs, depending on the investment location.

On top of the above-mentioned instruments of the regional state aid, research and development activities are also supported by other programmes, including tax reductions and subsidies co-financed from EU funds.





## How JLL's Grants & Incentives team can help you?

Our team covers complete process from identifying state aid opportunities through negotiating the funding package to executing the finally binding state aid contract.

### What you can expect from JLL?

- Pragmatic advice on how to offset investment costs relating to your expansion, consolidation or relocation plans;
- End-to-end service in securing grants and incentives, choreographed alongside any location and site selection support;
- Support with settlements and audits.

### Why use JLL?

JLL's grants & incentives specialists are widely recognised as market leaders:

- 15+ years of experience in this field of expertise,
- seamless and fully integrated service with JLL's wider transaction and business location consulting teams
- customised services for each type of investment
- proven track record across Europe.



# Connectivity

Poland is located in the heart of Europe and hence enjoys logistical advantages for exports heading both east and west. By providing a well-developed transport infrastructure, it connects Asia with western Europe. The four main European trade corridors run through Poland, and there are over four thousand kilometres of expressways in the country.

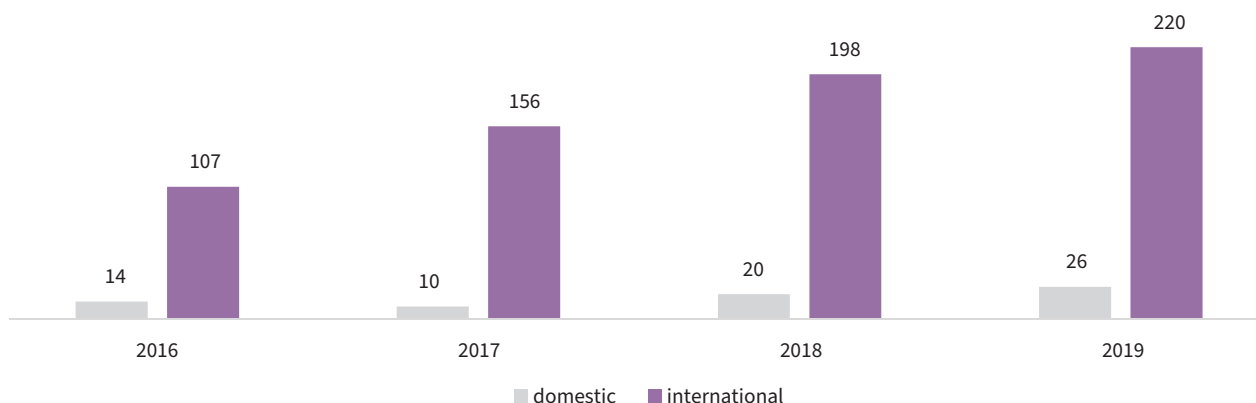
In addition, Poland's Tri-City is becoming a significant logistic point in Europe due to The Deepwater Container Terminal Gdańsk (DCT Gdańsk) and the Central Port in Gdańsk. Currently, there are also two international routes under construction in Poland: the Via Carpatia, connecting Lithuania, Poland, Slovakia, Hungary, Romania, Bulgaria and Greece; and Via Baltica running through Poland, Lithuania, Latvia and Estonia.

Poland also offers an extensive range of air routes. The largest airport in Poland is Warsaw (WAW) / Frederic Chopin International Airport with flights to 146 destinations in 56 countries. In 2019, the total number of air routes in Poland numbered 246 and was nearly 13% higher than in the previous year. According to the Civil Aviation

Authority (ULC), in 2019 Polish airports served almost 49 million passengers, with almost half of them being handled by Warsaw Chopin Airport and Warsaw Modlin Airport. According to Statista, a steady increase in the number of air passengers in Poland is expected. By 2035, the number of passengers handled at Polish airports is estimated to reach over 94 million people. For comparison, Polish airports had 45.7 million passengers in 2018.

Moreover, there is a plan to develop the Solidarity Transport Hub (Polish: Centralny Port Komunikacyjny) located between Warsaw and Łódź, which will integrate air, rail, and road transport. The development is supposed to include the construction of Solidarity Airport located 37 km west of Warsaw, and would cover 3,000 ha as well as being able to handle 45 million passengers a year. Concurrent railway investments will involve a railway hub in close proximity to the airport as well as connections within the country enabling transfers between Warsaw and the largest Polish cities in less than 2.5 hours.

## Number of domestic and international air routes in Poland from 2016-2019



Source: Statista, September 2020

Well connected to major cities in Europe within two to three hours flying time  
Favourable time zone allows for global communication



Source: Information based on flight schedule of the Polish airports (excluding charter and cargo flights) May 2021



## Case study:

# Schaeffler Global Services Europe

Schaeffler Global Services Europe (SGSE), part of the Schaeffler Group extended its presence in Poland in October 2018 with the opening of a multifunctional Shared Service Center in Wrocław, which supports processes in the areas of Finance, Human Resources, Purchasing, Logistics, Robotics and Automation and IT in the Schaeffler Group. It delivers professional services for transformation projects and process automation.

### What was the decision basis for starting the company's operations in Wrocław?

Selecting Wrocław as a destination was a decision based on several factors. Wrocław is known for its well-established Shared Service Centers and BPO tradition, with over 180 companies from the sector and about 50,000 employees, working in this area. The ongoing support of local organizations like ARAW and the municipal office, extensive infrastructure and large availability of modern office space, along with cultural events, have been decisive factors in choosing Wrocław as our destination.

### How has your company developed in the last 2-3 years?

Despite our relatively short period of time in Wrocław, Schaeffler has been able to develop a fully operational multifunctional center with over 400 employees and a strong hiring pipeline (about 800 FTEs in 2023). The centre has advanced its strategic presence

locally by addressing legal, developmental and transformational plans, while deepening customer advocacy and employee relationships. SGSE became a recognized service provider in Europe by signing off on an almost 300% increase in process go-lives on 2019 and created the Global RPA Center of Excellence managing worldwide projects for the Schaeffler group. Our center management team pays special attention to actively supporting the Schaeffler Group's sustainability strategy with office facilities recognized with Platinum LEED and accessibility of people with disabilities certifications, providing multiple job advancement opportunities, ensuring D&I aspects (54% hired women, 46% hired man, equal pay and equal gender ratio in leadership roles) as well as prioritizing well-being initiatives. The company focuses on contributing to the well-being of Wrocław society taking an active part in local CSR actions. In 2020, Schaeffler in Wrocław was named the best New Entrant firm in CEE region by CEE Business Services Awards and recognized as one of the top five well-being companies in Poland by the Wellbeing Institute.



Source: ARAW

**Anna Berczyńska**  
Managing Director  
Schaeffler Global Services Europe



# Real estate market

## Spectrum of choice

Poland provides a wide array of location choices thanks to a well-developed office space offering. Depending on the size and type of activities, investors may opt for established office markets or emerging locations.

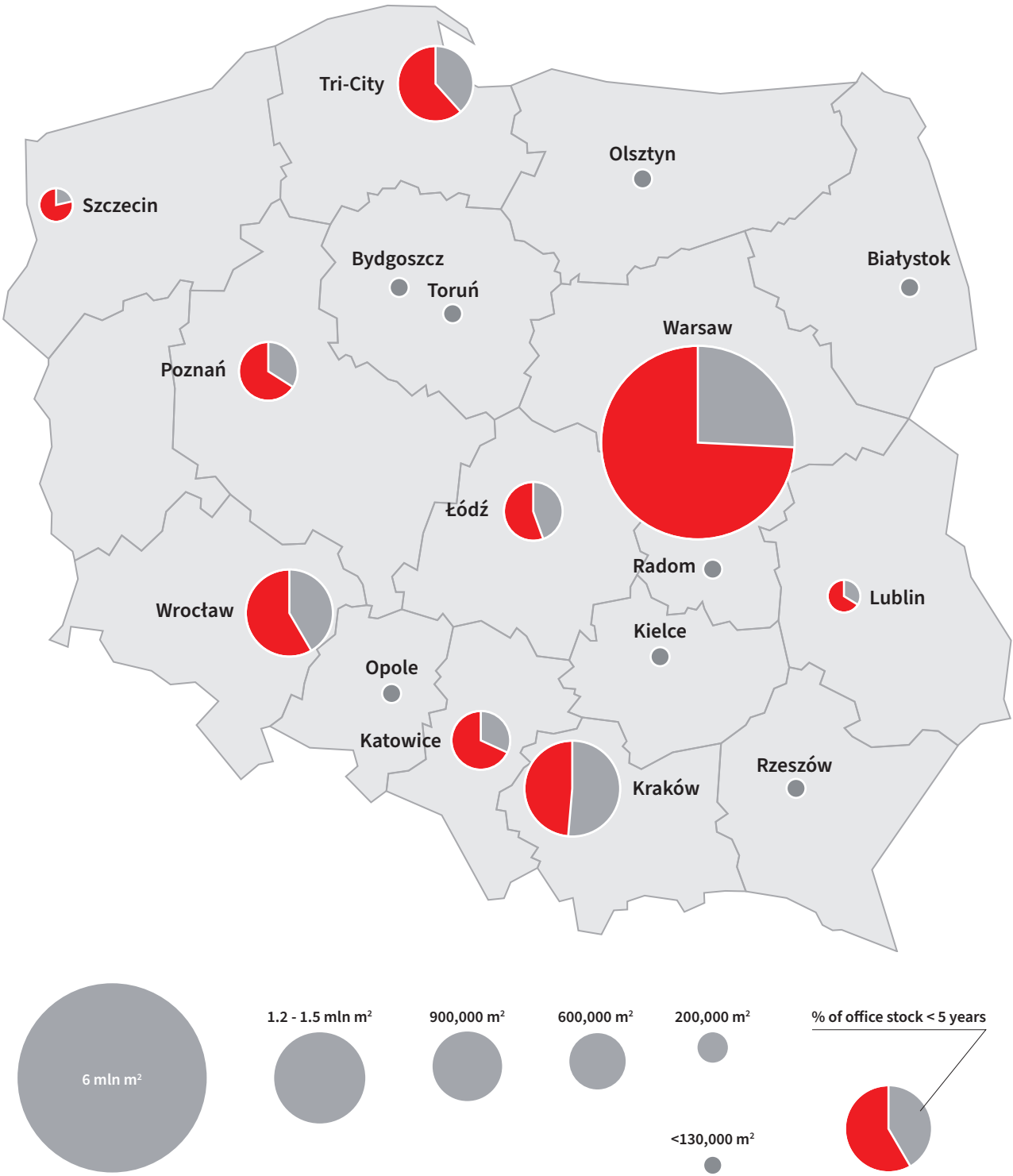
The total modern office stock across nine key Polish markets totals nearly 12 million m<sup>2</sup>, with 6 million m<sup>2</sup> of space available in Warsaw and 5.8 million m<sup>2</sup> in regional cities. Over recent years, the office market in Poland has recorded robust growth. Nearly 4 million m<sup>2</sup> of existing stock was delivered within the last five years. Developers were particularly keen to start new projects in regional cities, which resulted in a substantial increase in availability outside the capital. Currently, there is over 1.2 million m<sup>2</sup> of office space in the construction phase, 800,000 m<sup>2</sup> of which will be delivered outside Warsaw. Developers are actively responding to changing tenant expectations which is mirrored

in improving the quality of new supply, particularly in the areas of sustainable development, amenities supporting health and well-being as well as deployment of technologies enhancing asset performance.

Existing office supply in emerging markets, namely Białystok, Bydgoszcz, Kielce, Olsztyn, Opole, Radom, Rzeszów and Toruń, totals over 560,000 m<sup>2</sup>. Due to considerably reduced stock of modern office space across individual markets (from approx. 30,000 m<sup>2</sup> in Radom to 100,000 m<sup>2</sup> in Bydgoszcz and 130,000 m<sup>2</sup> in Rzeszów) compared to main office destinations, these locations are a viable alternative for companies looking for a second or third location for outsourcing operations. The construction activity across emerging markets remains modest, although, many developers keep their projects in the pipeline with potential construction starting upon securing an anchor tenant.



Office destinations in Poland



## Available supply

A slowdown in leasing activity on the back of Covid-19 and strong levels of new supply pushed the vacancy rates upward across all key office markets over the course of 2020, with the trend likely to continue over 2021. The office offer across established markets is well-diversified with a vast choice of leasing options for occupiers looking to secure larger units (> 1,500 m<sup>2</sup>), both in existing buildings and schemes under construction.

In the case of emerging markets, available supply is mostly made up of units below 250-300 m<sup>2</sup>. Markets such as Rzeszów and Bydgoszcz - i.e. cities with the largest existing stock among the emerging locations - offer a wider choice of spaces in the 500-1,000 m<sup>2</sup> size range. Nevertheless, the available supply of space above 1,000 m<sup>2</sup> remains limited.

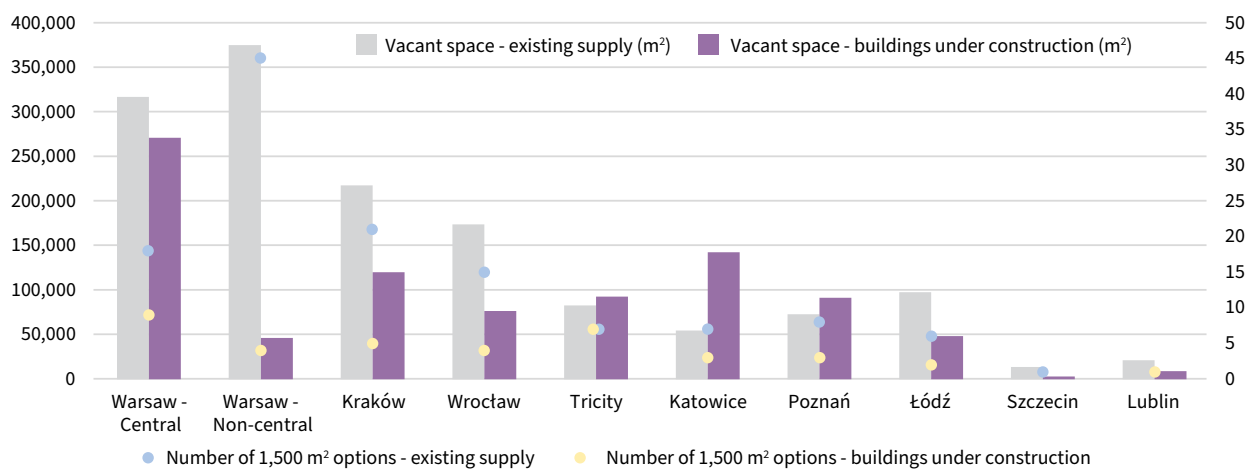
In addition to traditional office space, occupiers may take advantage of various flex concepts available on the market. In the past few years Poland's flexible solutions sector has been one of the most rapidly developing segments

of the office market, with the largest flex hubs being located in Warsaw, Kraków and Wrocław. Demand for flex solutions is driven by established markets; however, investors keep an eye on emerging locations, which is confirmed by the latest market entry of a local operator in Bydgoszcz.

## Rental conditions

Polish office markets offer competitive occupancy costs for quality space when compared to other European locations. Headline rents for prime office space in Warsaw stand at €18 to €24 / m<sup>2</sup> / month in the city centre and €11 to €16 / m<sup>2</sup> / month in non-central districts. In the case of established regional markets, rental rates range from €11 to €15.5 / m<sup>2</sup> / month. Emerging locations offer even more competitive prices, from €8 to €13 / m<sup>2</sup> / month. In the current business environment, tenants may negotiate more favourable leasing conditions in terms of rent-free period or fit-out contribution – especially in markets with a strong development pipeline.

## Vacant space and leasing options > 1,500 m<sup>2</sup> in existing office buildings and projects under construction



Source: JLL, Q1 2021



## Market practice

	Warsaw	Established regional markets	Emerging markets
<b>Headline rents</b>	Central: €18 - €24 / m <sup>2</sup> / month Non-central: €11 - €16 / m <sup>2</sup> / month	€11 - €15.5 / m <sup>2</sup> / month	€8 - €13 / m <sup>2</sup> / month
<b>Service charges</b>	approx. €4 - €5 / m <sup>2</sup> / month; typically settled in PLN	approx. €3.5 - €4 / m <sup>2</sup> / month; typically settled in PLN	approx. €2 - €3.5 / m <sup>2</sup> / month or included in rent / usage-based; settled in PLN
<b>Rental basis</b>	paid monthly in advance with rents denominated in EUR but paid in PLN; full rent is typically payable for common areas	paid monthly in advance with a balance between EUR-denominated rents and PLN-denominated rents	
<b>Lease length</b>	typically five-year leases or even longer, three-year leases are rare and if applicable, concern lease extensions		typically short leases or signed for undefined period of time (in some cases lease length practice is similar to that in established regional markets)
<b>Security of the lease</b>	bank guarantee or cash deposit equivalent of three months' rent, service charges, and car parking fees, all increased by VAT		
<b>Rental increase</b>	annually according to Consumer Price Index (CPI) European for EUR-denominated leases or GUS for PLN-denominated leases		
<b>Repairs</b>	internal, tenant; external/structural and common areas, landlord, although recovered through service charges		
<b>Insurance</b>	the landlord covers the costs of building insurance (recovered through a service charge), the tenant pays for insurance of their own premises, contents and civil liability		
<b>Reinstatement</b>	not a common practice		
<b>Incentives</b>	rent-free period depending upon the size of the leased area and lease length, additional fit-out contribution, transfer of Capex exceeding fit-out contribution spread over the lease term		limited incentives (fit-out contribution rather than rent-free periods), no common practice on the markets



# Selected modern business centres in Poland

## Białystok

intive  
SoftServe  
Transcom Worldwide

## Bydgoszcz

Atos  
SDL  
Sii

## GZM Agglomeration

Accenture  
ArcelorMittal Business Center of Excellence  
Capgemini  
Fujitsu Technology Solution  
Groupon Shared Services  
Honeywell Services  
IBM GSDC  
ING Tech Poland  
ista Shared Services  
Luxoft  
Opel  
Orange  
PwC Service Delivery Center  
Rockwell Automation  
SGS Global Business Services Poland

## Kielce

Sourceful ICT

## Kraków

Alexander Mann Solutions Poland  
Aon  
Brown Brothers Harriman  
Capgemini  
Electrolux  
Genpact  
HEINEKEN Global Shared Services  
HSBC Service Delivery  
IBM  
International Paper  
Lufthansa Global Business Services  
Motorola Solutions Systems  
Nokia  
PepsiCo Global Business Services  
Sabre  
Shell  
State Street Bank International  
UBS Business Solutions Poland

## Łódź

Accenture  
Bosch  
Fujitsu Technology Solution Sp. z o.o.  
Infosys  
Nordea Bank  
Tate & Lyle Shared Service Center  
UPS Global Business Services  
Whirlpool

## Lublin

Billennium  
Genpact  
Lingaro  
Orange  
Sii

## Olsztyn

Citibank  
Transcom Worldwide  
Wipro

## Opole

Capgemini  
ista Shared Services  
PwC Delivery Center

## Poznań

Arvato Supply Chain Solutions Polska  
Bridgestone EBS  
British American Tobacco  
Capgemini Software Solution Center  
Carlsberg Shared Services Centre  
GSK  
Jeronimo Martins Polska S.A.  
Lumen  
McKinsey EMEA Shared Services  
Roche  
Rockwool  
Visa  
Volkswagen Group Services  
Sii

## Toruń

Norian Accounting

## Rzeszów

Billennium  
Sii  
Unicall Communication Group

## Szczecin

GlobalLogic  
Metro Services  
TietoEVRY  
UniCredit Services

## Tri-City

Amazon Development Center  
Bayer  
Cognizant Technology Solutions  
Hapag-Lloyd

## Kemira

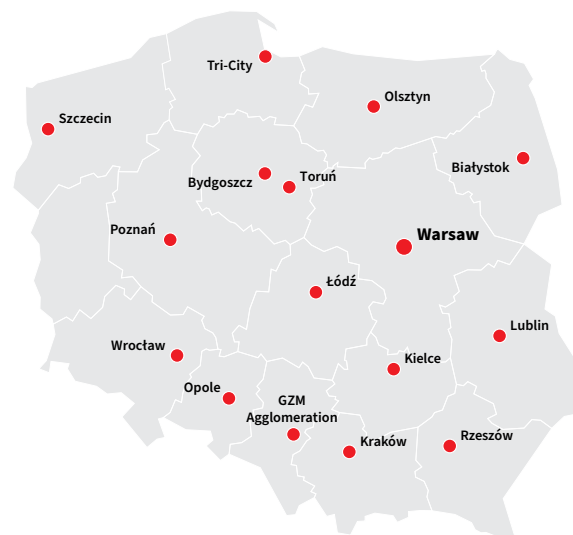
Nordea Bank  
Refinitiv  
Ricoh  
Santander Global Operations

## Warsaw

Accenture Operations  
American Express  
BNP Paribas Securities Services  
Citibank  
Coca-Cola Poland Services  
Credit Suisse  
Dentons Business Services EMEA  
DLA Piper GSC  
Goldman Sachs  
JP Morgan Poland Services  
Lionbridge  
Mars Global Services  
Nielsen Services  
Procter & Gamble  
Roche Poland Global IT Solution Centre  
Siemens  
Standard Chartered GBS  
Stanley Black & Decker  
T-Mobile

## Wrocław

3M Global Service Center Poland  
AXA XL  
BNY Mellon  
Credit Suisse  
EY Global Services Poland  
Google  
HCL  
Hewlett Packard Enterprise GBC  
IBM GSDC  
Luxoft  
Merck Business Solutions Europe  
Nokia  
Olympus Business Services  
Schaeffler Global Services Europe  
Toyota  
UPS Global Business Services  
Volvo



Source: ABSL, 2020



## Contacts

### JLL

**Mateusz Polkowski**

Head of Research & Consulting – Poland & CEE  
mateusz.polkowski@eu.jll.com

**Tomasz Czuba**

Executive Director, Head of Office Leasing and Tenant Representation  
tomasz.czuba@eu.jll.com

**Jakub Sylwestrowicz**

Senior Director, Head of Tenant Representation  
jakub.sylwestrowicz@eu.jll.com

**Iwona Chojnowska-Haponik**

Director, Business and Location Consulting  
iwona.chojnowska@eu.jll.com

**Rafał Szajewski**

Director, Business and Location Consulting  
rafal.szajewski@eu.jll.com

### HAYS

**Łukasz Grzeszczyk**

Executive Director – Client Relations  
l.grzeszczyk@hays.pl

**Aleksandra Tyszkiewicz**

Executive Director – Hays Talent Solutions  
tyszkiewicz@hays.pl

**Bartosz Dąbkowski**

Executive Director – Hays Response  
dabkowski@hays.pl