

# BUSINESS SERVICES SECTOR IN POLAND 2022





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# WAR IN UKRAINE: REVERBERATION IN SOCIETY AND ECONOMY

Due to the scheduled report work, the data was collected on the eve of the Russian invasion of Ukraine. Nevertheless, we decided to highlight the impact of the invasion on sector investments based on input from members of the ABSL Strategic Board and ABSL's members.

Following the Russian invasion, ABSL expressed its unwavering solidarity with Ukraine and its people. In their time of need, we united in support for fundamental democratic rights and the rule of law. The international business community in Poland stands together with Ukraine in its darkest hour.

The invasion led to the largest humanitarian crisis in Europe since WW2. By mid-April, over 2.7 million refugees had crossed the border with Poland. Beyond the huge tragedy, there are also socio-economic consequences. The demographics of Ukrainians staying in Poland has changed with the far-reaching outcome for the business and the potential talent pool has been extended. The long-term economic impact of the war will depend on its end scenarios, thus creating additional global uncertainty. The unprecedented sanctions imposed on Russia and Belarus might function as a double-edged sword and will have mid to long-term effects. The new Iron Curtain is a potential. The pace of the global expansion is expected to slow (growth moderation), with regional divergence to continue. Some countries could find themselves under stagflationary pressures. Furthermore, geopolitical tensions are likely to create further global turmoil especially in the raw materials market.

Two years ago, when preparing the ABSL annual report for 2020, we experienced huge uncertainty arising from the COVID pandemic. A lack of historical data made it difficult to adopt realistic business assumptions. In retrospect, we find the pandemic has boosted the development of the business service sector. The last two years have seen a far-reaching transformation of exchanging global experience in terms of business continuity plans and business model agility. This knowledge, combined with experience, is an immense advantage for the sector and strengthens its resilience, thus positively influencing the Polish economy. According to entrepreneurs and managers we talked to, it is perfectly clear that we have learned to run a business in times of increased uncertainty. Unexpected situations do not paralyze business processes. This could be perceived as one of the greatest business legacies of the pandemic.

In connection with the war in Ukraine, Poland is experiencing various socio-economic phenomena, which often have an opposing impact on Poland's position on the map of foreign direct investment locations. Membership in NATO and the European Union, as well as visits by representatives of the American administration, including the President, are strong proof confirming Poland's security. According to Polish Investment and Trade Agency (PAIH) a change in investors' attitudes is visible (April 2022). After the initial suspension of investment and reinvestment decisions, they are now being unlocked. The fluctuation of the investment position of Poland is resemblances that at the beginning of the pandemic. However,

the outcome is expected to be known at the end of 2022 at the soonest, due to the long-term nature of the investment decision process.

The ABSL's insights available at the beginning of April indicate that this year, investments of global companies operating in Russia and Belarus are considered to be relocated to Poland. Business from Ukraine is also expected to move, even temporarily, to Poland. By relying on agile adaptation models, Poland

has a chance to maintain its current, strong position on the global map of foreign direct investment.

**While we all ask questions about what awaits the global economy, we also asked the ABSL Strategic Board to share their reflections on building business resilience and creating an ecosystem for its development based on the experiences of recent disruptive events.**



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## Continuous learning

Over the course of last few years, the reality has exceeded our wildest expectations. You can't be ready for all scenarios though; you can't realistically plan for the unthinkable. You can, however, be swift and agile to adapt. Common experience of managers are a sign of the times: changing jobs, onboarding, building new teams, transforming the way business gets done, rapid adjustment to changing circumstances, regulations, laws and all on-line! How is it possible? We are maturing, learning, along with our evolving business models. The focus on VALUE combined with the speed of adaptability enables TALENT to move from strength to strength. Yes, we will most likely get surprised or shaken again but we will be even smarter and more flexible to react, adjust and move on.

**Janusz Dziurzyński,**  
BAT

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## Boost through purpose

In crisis, purpose led organization narrative is tested. Organizations and leaders who walk the talk need to step up as their actions speaks louder than words. Who we are and we act are embedded at our company purpose. We have already raised over 8m GBP to support people and families impacted by the war in Ukraine, mobilized over 50 man-days of volunteering effort on weekly basis since day one of the war and funded scholarship for 500 students (100k GBP in total). Together and in partnership with relevant stakeholders, sharing the purpose we can overcome any challenge, we have been successfully managed the crisis and have got even stronger. The need to help, the need to make sense is identical to the response to the pandemic. We must recognize that powerful purpose becomes one of the key elements in the management of the company in uncertainty.

**Andrzej Pacek,**  
NatWest

## Inclusion in action

After the initial wave of support for the Ukrainians, polarization is observed. This includes concerns more difficult access to health care, limited places for children in nurseries, kindergartens, or financial aid to refugees. In the H2 of 2022, this polarization will increase and cast a light on the general workforce as well. HR and management need to remain vigilant to uphold diversity standards and strengthen the focus on inclusion, as Ukrainian, Belarussian and Russian staff may be marginalized. Red flags may emerge from verbal abuse and need to be actioned upon in an ad-hoc manner. Recruitment team statistics may be a good pulse-check to identify biases and/or polarization (i.e. ratios of non-natives being hired YoY). We all need to remember that inclusion is a long-term process for which we need to be well prepared, which is especially important in crisis.

**Maciej Borkowski,**  
Billennium

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## Cybersecurity on the front lines

The pandemic experience has driven strengthening of the Business Continuity Plans arrangements as well as enabled further digital transformation, mindset, and cultural change, which places us in a strong position to manage future contingencies. Modern and robust banking network in Poland continues to provide strong bulkhead against cyber-attacks. ALFA-CRP alert scale provides industry transparency and ensures vigilance across the country. The open question that remains concerns the impact the crisis will have on the growth opportunities.

**Scott Newman,**  
State Street Bank

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## Being prepared for unexpected

We are always prepared to serve our clients in unexpected situations caused by nature or other forces such as we witness today. Our Business Continuity Plans are built to support not only our operations but primarily operations of our clients, with the aid of technology and facilities. Our delivery centers are prepared for smooth takeover roles from those that have difficulty providing services. With three-stage deliver centers model where onshore, nearshore and offshore locations are available, implementing such a solution is not a problem. But in order to effectively help clients, we also support them with digital transformation in all aspects of their businesses, thus Business Continuity Plans should be in the limelight.

**Jolanta Jaworska,**  
IBM

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## Agility in adapting to new business realities

As one subsidiary of a worldwide family company with strong local roots, we build on a strong team at the top and a workforce that has proven that they stand together in difficult times. This cohesion and the management principles we live by – transparency, trust, and teamwork – spur us on and make us optimistic. In these uncertain times, leadership and commitment to our local community is at center stage with focus on providing support to external aid organizations and to affected employees in multiple forms of cash donations, wellbeing initiatives, local charity actions and campaigns focusing on strengthening mental resilience and comfort of our own employees.

**Anna Berczynska,**  
Schaeffler SGSE

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## Proven Business Continuity Plans

The COVID-pandemic and the Russian invasion tested companies' Business Continuity Plans in many different ways. After the invasion of Ukraine, we are experiencing the largest humanitarian crisis in Europe after World War II and it has a direct multidimensional impact on business. The companies have been supporting Ukrainian employees and their families who decided to flee the country. One of the key challenges in managing this support immediately was logistics and language skills. At our company, within 36 hours we have set up a 24/7 hotline staffed by SCG employees speaking Ukrainian, supported by teams focusing on logistics, legal advice, knowledge management as well as managers on duty. Because of our broad service portfolio including Remote Assistant or Legal we had capable resources in-house. COVID accelerated many processes from organizing work from home in dispersed teams to the digitization and process optimization, the Russian invasion showed how fast decision-making and agility in implementing changes depend on the possibility of ramping up processes and the spectrum of skills. And this should be the starting point when revising the Continuity Plans

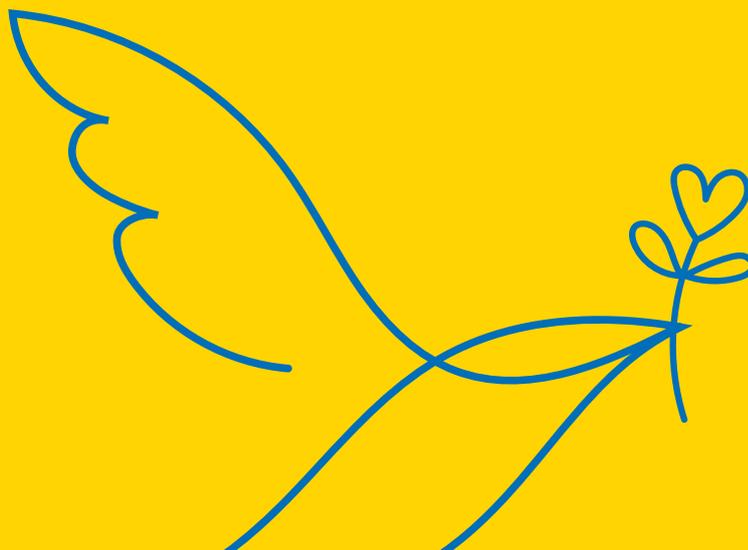
**Remigiusz Wojciechowski,**  
Bayer

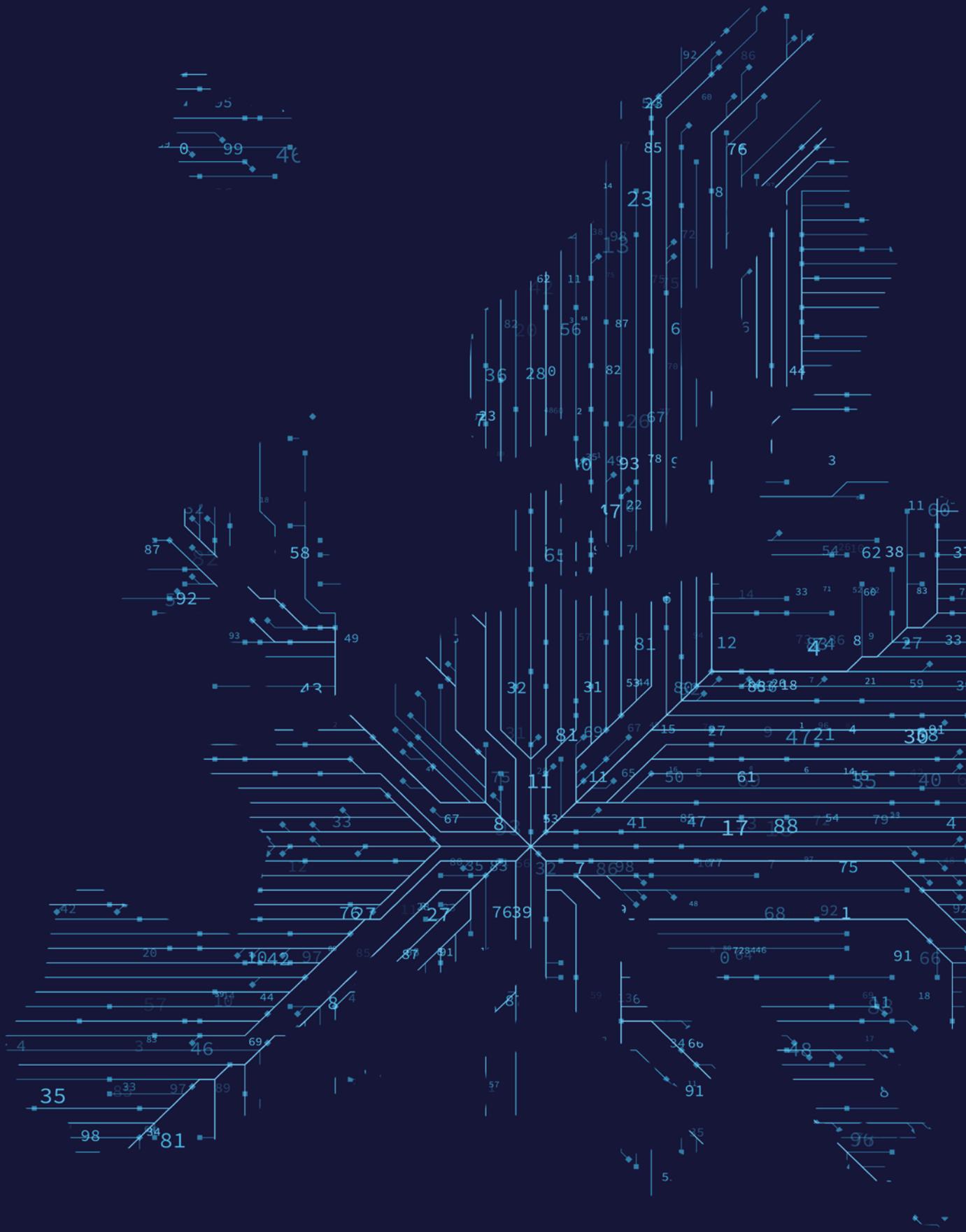
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## People first

People are the most significant asset to the companies. It is indisputable. From the perspective of the last two years, it is becoming increasingly clear how important it is to take care of well-being. We learned to identify the results of the severe impact of covid-related isolation and restrictions on employees' well-being. We learned to implement bold initiatives to minimize the impact. Additionally, in connection with the outbreak of the war in Ukraine, while employees experience very different individual reactions, companies need to respect and address them. It requires acting in several directions at the same time to assure the support. That varies from the broader and longer-term cooperation of Scandinavian companies operating in Poland to making a proper donation through local charity activities to support individual Ukrainian families who are hosted by our employees and finally ends with our employees who have their own challenges to absorb all the information coming from Ukraine. The outcome proves the new reality requires to move employee-oriented programs to the next level – more flexible, reconciling various needs, going beyond the policies in force in companies – requiring decisions in the field of operational changes in the business.

**Dariusz Kubacki,**  
KMD Group





# FOREWORD



**Dariusz Kubacki**

Vice President, ABSL

Managing Director, KMD Poland

The past two years have been marked by a pandemic that directly impacts society, the world economy, public services, and other various aspects of socio-economic life. We were able to see how the modern services sector responded to this large-scale health crisis, demonstrating speed and professionalism by ensuring a high level of efficiency and uninterrupted business continuation.

We are pleased to present you this year's report, Business Services Sector in Poland 2022, with in-depth analysis and forecasts.

Today we can answer more and more questions. In particular, they regard the medium and long-term development of the sector, its adaptability to the rapidly changing business environment, and, most importantly, the transformation possibilities directly affecting the competitive value of enterprises and high-quality value-added delivered to the customers.

In the first quarter of 2022, we reached 400,000 employees in our centers, increasing the share of the industry in total employment in Poland to 6.2% and marking 2021 with a record increase in exports by 15.1% year-on-year.

The outbreak of the war in Ukraine showed another very important face of the sector. The organization of multi-track humanitarian aid for war victims has become the most critical task for most companies, and the scale of the industry involvement has made this aid real and far-reaching. Moreover, the sector itself, which emerged strengthened after several waves of the pandemic, was able to react quickly and support its employees and customers.

ABSL has become an essential platform for exchanging knowledge and practices between companies during the pandemic and after the outbreak of war. ABSL was also an important and audible voice in the debate on Poland's new legal and tax regulations.

The 2022 ABSL Report pays special attention to talents' situation, availability, and development prospects in the coming years. Another key point is the leadership imperative. The sector in Poland faces a transformation challenge, from being a follower to catching up to the global technological frontier.

# EXECUTIVE SUMMARY

The ABSL 2022 report is based on a unique, comprehensive, and systematically updated database of business services centers in Poland, run by the Association of Business Service Leaders (ABSL), and the results of a CAWI survey conducted among the sector's leaders in January-February

2022. We received two hundred responses from managers, representing 44.8% of total employment in the sector in Poland at the end of Q1 2022. The report puts a particular emphasis on the talent pool and transformation prospects.

## GLOBAL TRENDS

2021 proved to be a good year for the global economy, with growth recovering from the shock caused by COVID-19 in 2020. The IMF estimated the year-on-year (YoY) global output growth to be 5.9% (January 2022, World Economic Outlook). The recovery peaked in Q2 2021 before growth rates began to level off. Nonetheless, some challenges proved to be more persistent: globally high inflation rates requiring a tightening in monetary policies along with the potential for a hard-landing for economies, as well as GVC disruptions that have proved to be more enduring than anticipated, and elevated transport costs.

However, new waves of COVID will not derail the recovery. With the emergence of Omicron, the transition from a pandemic to the virus being endemic has started. Supply chain challenges will continue to disrupt critical industries, creating upward pressure on prices that may last longer than expected. Central banks will continue monetary tightening at varying rates, worsening market conditions for riskier asset classes. The withdrawal of pandemic-related emergency support implies fiscal tightening.

The new shock is the Russian invasion of Ukraine, leading to the largest humanitarian crisis in Europe since WWII. The war has created additional uncertainty

both in the EMEA region and worldwide. The sanctions imposed on Russia and Belarus are unprecedented. It has to be stressed that they function as a double-edged sword and will have mid to long-term effects with the emergence of a New Iron Curtain becoming a possibility. The pace of global expansion will continue to slow (growth moderation), with regional divergence to continue. Some countries could find themselves under stagflationary pressures. Although geopolitical tensions are likely to escalate and may create further turmoil, it could offer opportunities for Poland's well-established, experienced, and resilient business services sector, to provide more sophisticated value for clients looking for high-quality services.

The KIBS sector has proved its resilience during the pandemic crisis. Its robustness is greater than that of most manufacturing and services sectors, with the industry in Poland being one of the critical drivers of recovery and growth in the post-pandemic era. It has operated efficiently in the WFH/remote mode. It is set to work effectively in the hybrid mode (with a partial return to offices) as it experiences the benefits of accelerated digital transformation.

# THE GLOBAL INDUSTRY

Grand View Research (April 2021) estimated that the global BPO market size would reach USD 435.9 billion by 2028 (a CAGR of 8.5%). Some industry reports forecast the growth rate at a more moderate average of 6.0% over the same period.

The outlook for the global industry in 2022 is favorable. Growing competition from new outsourcing destinations and an emphasis on cost optimization will be the driving forces behind accelerating growth. The industry is expanding and transforming. The transformation has been accelerated by the pandemic, and the complexity of processes on offer is on the increase. The trend towards higher-value-added and upgrading of processes requires accelerated upskilling and reskilling. The competition for talent is growing globally and in Poland as well. IPA will provide a partial solution to the problem of increasing labor costs and potential shortages in the labor market involving low skills, as well as high labor-intensive, routine, and scaled processes. The introduction of IPA will further increase the demand for a skilled workforce, amplifying the competition for Data Analytics / IT competencies. With more complex tasks and processes, the AI/human interface is intensifying. This trend leads to the emergence of a hybrid workforce, operating in a hybrid manner – partially in the WFH mode and partly from offices. As a consequence, offices must be adjusted accordingly to this new working environment.

Over the years, the industry has provided businesses with cost-effective solutions. Cost efficiency will still be an essential industry feature and will be valued by its clients. Nonetheless, the expectations on the quality of services and speed of the services offered are rising – clients expect more value for money and the

sector's ability to help with more complex processes. Rising labor costs will induce the wide-scale use of emerging technologies, such as cloud computing, social media with hyper-personalization, IPA/RPA/AI – to maintain or further reduce costs and accelerate growth.

Factors driving the growth and transformation of the industry include:

- » the globalization of economic activity and rising internationalization of firms, the emergence of global value chains,
- » the rising popularity of outsourcing, due to associated benefits provided by the industry,
- » a shift from offshoring towards onshoring/backshoring and nearshoring,
- » a growing demand for different types of technological knowledge, especially related to new technologies such as IT,
- » a growing demand for specialized knowledge of social, administrative, and regulatory issues,
- » an increasing emphasis on service and intangible elements of production and products in the knowledge-based economy,
- » accelerated digital transformation.

# THE INDUSTRY IN POLAND — OVERALL PERFORMANCE

2021 proved to be an excellent year for the modern business services sector both in Poland and globally. Employment in the sector now exceeds 400,000 jobs, and more than 40,000 jobs have been created YoY (a growth rate exceeding 11.6%). The sector has grown faster than in the previous two years in terms of employment (9.8% in 2020, 5% in 2021), with the industry's share in Poland's overall employment numbers rising to 6.2%. There are 1,714 business services centers operated by 1,068 companies. The YoY growth rate exceeded our prior expectations, primarily due to a better-than-expected recovery in the global economy.

2021 proved to be a record for exports. We estimate the value of the industry's exports to have reached 26 billion USD and exceed 65,000 USD per employee. Year-on-year exports increased by 15.1% (imports by 12.9%). The surplus in KIBS trade surpassed 11.3 USD billion (9.7 billion in 2020). A surplus has been generated regularly since 2008 and has constantly grown over the last 13 years.

The condition of the sector in Poland is more related to the state of the global economy than the condition of the local economy. Poland is one of the leading markets for knowledge-intensive business services in both the EMEA region and globally, quickly closing in on the global technological leaders through straightforward upgrading and upskilling.

The prospects for further growth are positive. Nonetheless, the sector will cope with challenges, including high inflation, reduced growth rates, global value chain disruptions, tightening monetary policy in Poland as well as globally, and elevated levels

of uncertainty because of the conflict in Ukraine and the size of sanctions imposed on Russia. The global competition for talent is likely to strengthen further in the post-covid environment. Access to the talent pool is one of the points that our annual report's current edition focuses on.

The number of foreigners employed by centers in Poland now stands at 55,400 people, representing 13.8% of the industry's total employment. It reflects an increase in both absolute and relative terms YoY.

Employment in centers operated by foreign investors exceeded 330,800 people (82.6% of total employees working in the sector). Investors originate from forty-six countries, with US firms employing more than any other country (in excess of 112,000 jobs created).

Most centers support global reach or specific countries or regions; only 2.9% of respondents declared that they solely focused on Poland. The scope of processes serviced from Poland is gradually increasing, with mid-office processes slowly pushing out back-office processes. This aligns with the upgrading and upskilling development paradigm that we have stressed for several years. Knowledge-intensive work represents 50.8% of the processes serviced by the centers located in Poland, with transactional services gradually being pushed out.

The growth of the sector in Poland has been driven by access to a talent pool with considerable linguistic skills. The most popular foreign language is English (used by 95.1% of centers). However, the industry's needs have gradually shifted to a mixture of linguistic and programming / IT technology skills.

The top three programming languages utilized in centers are SQL, Java, and Python. Java, Python, and JavaScript are the three programming languages that will be most in-demand in 2023. 97.1% of respondents declared to be users of Power BI, followed by SAP in the technology dimension. The survey's results are consistent with the qualitative trends identified in the 2021 edition of Industry Foresight. There is an apparent increase in the use of cloud solutions, including cloud computing, the increasing importance of data (big data), big data analytics, and advanced analytics, including predictive analytics and hyper-personalization. Women are playing an even more prominent role in the sector. Their share

in total employment at business service centers in Poland is now 53%. However, it is lower in junior management and even lower in senior management. The sector takes diversity and inclusion very seriously and, additionally, in the COVID-19 pandemic, took belonging as a new and important dimension.

Highly skilled workers are the most critical asset. The industry offers very competitive salaries with a range of non-payroll benefits, which go beyond the Polish labor law standard, and is perceived as a trendsetter in this aspect.

## EMPLOYMENT FORECAST

Considering the trends in the global economy<sup>1</sup>, we predict employment in Poland's business services sector in 2023 will increase to 432,000 people (7.9%). 83.8% of companies plan to increase their headcount in Q1 2023. The global economic situation in 2022 and 2023 will depend primarily on the future course of the COVID-19 pandemic (including the possibility of the emergence of new variants) and the development of the conflict between Russia and Ukraine<sup>2</sup>.

The surveyed companies' declarations to increase employment will also be faced with deteriorating access to the talent pool (see, among others, Poland's fall in the global World Talent Ranking).

Disruptions in global supply chains, which have been further worsened by the Russian invasion of Ukraine, and the accompanying higher levels of uncertainty, could further increase inflationary pressures. Inflation in Poland is at a 20-year high, while in the United States,

the rate is at its highest for over 40 years. The location of Poland in the immediate vicinity of the military conflict means a higher level of uncertainty and a greater probability of disruption. This may translate into more serious macroeconomic instability and threaten economic development. This factor was indicated by the respondents of the ABSL survey as the main threat to the sector's growth. Increased investment risk in Poland in connection with Russia's aggression toward Ukraine may result in an outflow of some foreign workers from Poland and difficulties in attracting new ones. It must be stressed that Poland's membership in NATO and the EU safeguard Poland's sound position and reduce the aforementioned risks.

The two alternative versions of the employment scenarios for the sector are 4.9% (slowdown) and 2.4% (pessimistic scenario).

<sup>1</sup> According to the International Monetary Fund's forecasts (from January 2022), GDP growth rate of the global economy in 2022 is 4.4%, with the rate for advanced countries at 3.9% and the euro area at 3.9%.

<sup>2</sup> The survey was conducted in the run-up to the invasion.

# THE ATTRACTIVENESS OF LOCATIONS

A part of the ABSL annual survey is an assessment of factors that affect doing business in particular locations in Poland by representatives of the companies participating in the survey. Compared with previous years, three additional categories in the location attractiveness assessment were included: availability of flex/coworking office space, quality of the local natural environment, and the area of office premises relative to the city center (an attractive place in the city center).

The overall position of a city in the ranking reflects the opinion of the managers. The top three cities in the assessment were Wrocław (1), Tri-City (2), and Warsaw (3).

We have introduced an additional overall scoring in this year's rankings. This further elaboration by ABSL averages the scores of cities in all the assessment categories, with the exception of "overall position in the subjective ranking by managers." This alternative approach enables handling the situation in which a particular city ranks low in most attractiveness assessment categories while obtaining high scores in its overall position. Accordingly, the top three cities when using this methodology were (1) Tri-City, (2) Warsaw, and (3) Kraków.

# THE OFFICE MARKET

Poland has become the leader in the CEE region's office market. There are nine relatively mature regional markets in agglomerations (Warsaw, Kraków, Wrocław, Łódź, Poznań, Tri-City, and Katowice) that attract the attention of developers, investors, and tenants. In Q1 2022, these nine major markets' total modern office stock increased to 12.2 million square meters. Over 550,000 sq m of new office space was delivered in 2021.

In terms of demand, 2021 brought an almost 5% increase in annual office take-up. The total volume of lease transactions signed in 2021 amounted to 1.24 million sq m. New agreements dominated the demand structure, which accounted for 48% of the overall volume (a decrease of 3 p.p. compared to 2020). The share of renegotiations and extensions increased by 7 p.p., amounting to 44%, while expansions made up 8% of total volume. The vacancy rate in Poland's nine key markets increased to 13.4 (11.3% at the end of 2020).

The market is witnessing a gradual reduction in developer activity – over 1.2 million sq m of modern office space was under construction at the end of 2021, with only 26% of it – 314,000 sq m located in Warsaw. These numbers mean that pipeline supply stands at a 10-year low.

Due to the spread of remote work and hybrid models, as well as successive waves of the pandemic, the way offices function is evolving. Office space is now becoming primarily a place to meet and do creative teamwork. The significant percentage of renegotiations confirms this shift. Tenants are deciding to extend contracts and rearrange their space and allocate space for new functions. There is a growing demand for services related to workplace adaptation to new requirements.

Investors' attention has been increasingly drawn to office markets in smaller cities. These locations offer access to qualified employees who have language skills and are educated at provincial or local universities – accompanied by lower labor and office space rental costs. Proximity to large agglomerations

is another advantage. The pandemic has accelerated this trend. The group of the secondary office market is diversified with well-established office locations, such as Bydgoszcz and Rzeszów, along with emerging markets including Białystok, Radom, and Tarnów.

## THE LABOR MARKET

The talent shortage has become a tremendous challenge in the business services sector and across industries worldwide. The COVID-19 pandemic, the Great Resignation, and the Great Enlightenment have made millions of workers exit the global labor market or accept more attractive positions. Talent now dictates the terms of employment. Organizations struggle to fill roles across nearly every pay grade. Therefore, business services leaders in Poland need to take a more people-oriented approach to attract and retain talent, to ensure that the business continues to be driven forward.

In Randstad Sourceright's 2022 Talent Trends research, talent scarcity is listed by human capital leaders as one of the most-cited pain points. This dearth of talent is expected to worsen. Poland occupies 45th in The World Talent Ranking (dropping from 37th in 2019). Therefore, it may be more challenging to access a high-quality talent pool in the long-term, especially for the KIBS sector. The Ukraine conflict adds further complexity to this issue. The talent gap is most acute in the technology-related jobs market, with prospective employees in this sector being the most sought-after worldwide.

With talent at the top of the agenda, it is time to rebuild organizations' talent strategies by putting people first. Companies that treat workers like

people – not human commodities – will emerge as the winners. According to Randstad, the top five talent trends that will guide Poland's business services employers to design a structure that they need to create long-term value are: (1) obsession over the talent experience for game-changing talent attraction; (2) upskill existing talent and recruiting based on a person's potential; (3) protect diversity, equity, inclusion and belonging; (4) shift 'build, buy or borrow' strategies for the digital economy and (5) inspire creativity and purpose in the age of hybrid working.

Salaries in Poland are still competitive in comparison to Western European countries. The pay gap is significant, especially at the lower job levels. Regional pay differentials in Poland persist, and compensation levels are diversified, with the highest in Warsaw (+9.4% compared to the average in Poland). In the shared services centers, salaries are 2% above the mean, and in IT centers, by 14%. The highest salaries are offered in the pharmaceutical industry (+16%). When it comes to pay differentials by job families within the shared services sector in Poland (according to Mercer), IT is the best-rewarded job family (24% above the average). At the same time, F&A is the least rewarded (-7%). Market data confirms strong demand for engineering talent in IT security, cloud-based structures, as well as in data analytics, and HR services.

# THE TALENT POOL AND TRANSFORMATION

A large pool of talented workers is a crucial driver of any market, particularly knowledge-intensive business services. The intense competition for talent was already a factor before the COVID-19 pandemic. Last year, it reached a pivot point with accelerated digitalization, a shift to WFH (remote work), and new hiring practices.

With the effects of COVID-19 subsiding, some expected the situation to return to the pre-pandemic state of affairs. Though highly unlikely – the new normal will be different from the old (traditional) normal. This will apply to how companies identify, hire and train talent. We are in a new hybrid workspace environment, requiring more flexibility, less dependence on HQs, and a more intense battle for talent which has no geographic boundaries. We are now increasingly in the “source from everywhere” mode. 63.5% of respondents believe office occupancy will never return to pre-covid levels, confirming the depth of the change in work patterns wrought by the pandemic.

Companies are about people, and so to succeed, they must be built with the right people. In the new normal, we need more diversity and inclusion policies as well as a sense of belonging, as diverse teams are more creative and easier to adjust to shifts in the environment. Succeeding in this new normal will also depend on leveraging new technology (augmented workers supported by AI and IPA) and offering greater flexibility that allows for a hybrid workspace and even for permanent WFH formats in specific roles and processes.

The size and quality of the talent pool is the most critical asset of the industry in Poland. The unprecedented growth of the sector in Poland makes access to new pockets of talent a priority. Talent availability will be the most significant challenge to the further development of the industry in Poland and the CEE region. The global competition for talents will intensify in the forthcoming years.

72% of respondents perceive sourcing personnel from outside of prominent locations of operations in Poland, thanks to the WFH mode, as one of the solutions to improve talent pool availability. The COVID-19 pandemic proved a new work model was possible, efficient, and likely to become permanent in specific functions and jobs as digital transformation accelerates. It opens up prospects for workers from small and medium-sized towns and may contribute to labor market depolarization.

Understanding the significance of the problem, managers have already introduced measures to address the challenge. They include sourcing staff from other locations in Poland and abroad, introducing internship programs, and cooperating with universities by submitting joint programs. Almost 50% of respondents said they had introduced reskilling/upskilling programs. These steps are likely to be increasingly implemented with the gradual upgrading of processes performed in centers, with the rise in prominence of mid-office processes gradually pushing out back-office processes, and the increasing introduction of IPA/RPA replacing simple, manual, and repetitive, mass-scale tasks).

The industry is therefore looking within Poland and abroad, fighting for talent with other sectors and starting to source talent earlier on the educational path. One of the possible solutions is sourcing older workers.

We have also asked managers about the most critical competencies/skills and employees' attitudes to allow further growth and qualitative development of Poland's sector in 2027. The top three indicators are predictive/advanced analytics competencies, tech-savviness, and leadership. Linguistic excellence, a dominant factor a decade ago, only came in fourth. These were followed by emotional intelligence,

soft competencies, competencies in programming, and managerial competencies. Centers look for employees who have several competencies. As to the employees' attitudes, the most sought-after by 2027 will include flexibility, ability to adjust, proactivity, multi-skilled (multifaced skills/competencies), creativity, action orientation, and being a team player. These attitudes align with the upgrading and upskilling trend in a more uncertain world that has been disrupted by many factors.



# CONCEPT AND METHODOLOGY OF THE REPORT



## 200

The number of companies that took part in the ABSL nationwide survey in Q1 2022.



## 44.8%

The share of companies in total employment of KIBS centers operating in Poland that participated in this year's ABSL survey.



## 179,294

The number of people employed by companies in Poland that took part in the 2022 ABSL survey.

“The Business Services Sector in Poland in 2022” report aims to provide comprehensive insights into the activities of the BPO/SSC, GBS, and IT/ITO R&D service centers in Poland and outlines the growth directions for the sector.

The report adopts a broad definition of the sector to include the activities of business processes outsourcing (BPO), shared services (SSC), global business services (GBS), IT, and research & development (R&D) centers.

Its preparation was based on ABSL's internal database of business services centers in Poland (at present, the database contains information on over 1,700 centers located in Poland and is updated regularly by the ABSL BI team), and the results of the annual ABSL 2022 survey of managers.

The survey was conducted by the ABSL BI team using the CAWI (computer-assisted web interview) approach in January and February 2022 (we assume that the results reflect the state of the sector at the end of Q1 2022).

This year's survey was completed by managers of 200 companies employing 179,294 people in their business services centers located in Poland, representing 44.8% of the sector's employment.

The results of the ABSL 2022 report concern business services centers whose parent companies have their headquarters in Poland or abroad.

Each entity was assigned to one of the primary types (BPO, SSC, GBS, IT, R&D), taking into account the dominant profile of its operations.

Contact centers providing services to external customers were classified as BPOs. IT centers were defined as entities that outsource IT solutions (e.g., system, application or infrastructure maintenance, technical support) and develop and sell (implement) software for external customers (software development).

Rather than running many shared services centers and independent management of suppliers, GBS centers ensure full integration of global governance and provide services for locations using all shared services and outsourcing throughout the enterprise.

Even when located in the same city, particular business services centers were treated as separate units for analysis. Accepting the geographic criterion, the requirement of being in two different places would have eliminated information about centers of various types, e.g., IT and BPO, which were in the same location.

Similar to the last edition, this year's report also considers all of the BPO and SSC/GBS centers in which employment does not exceed 25 people.

While this concerns only 18 entities, employing a total of 250 employees, these companies do constitute part of the sector's ecosystem.

It is worth emphasizing that direct comparisons with previously published ABSL reports should be avoided; relying on the information presented herein is better. The ABSL database is continually updated and includes data revisions for previous years.

Because some values are rounded off, in particular tables or figures in the report, they may not add up to exactly 100%.

The unit of analysis in the report is a metropolis/conurbation. GZM means Katowice together with the other cities of the Górnośląsko-Zagłębiowska Metropolis (Katowice & GZM) unless otherwise indicated. Tri-City means Gdańsk, Gdynia and Sopot.

This report can be downloaded free of charge in PDF format from the [ABSL Shop](#) ([shop-absl.pl](#)), both in Polish and English.

This report could not have been prepared without the information obtained from respondents to the nationwide ABSL survey. We extend our sincere thanks to all companies' representatives who took time out of their busy schedules to complete it.

We are also grateful to the representatives of local governments and investor support institutions who supported this project.

We would like to thank the co-authors of this report, particularly our strategic partners, who shared their expert knowledge as well as data, and significantly enriched the report's content. Experts from Colliers wrote the section that analyzes the real estate market, and representatives of Mercer and Randstad contributed to the labor market section.

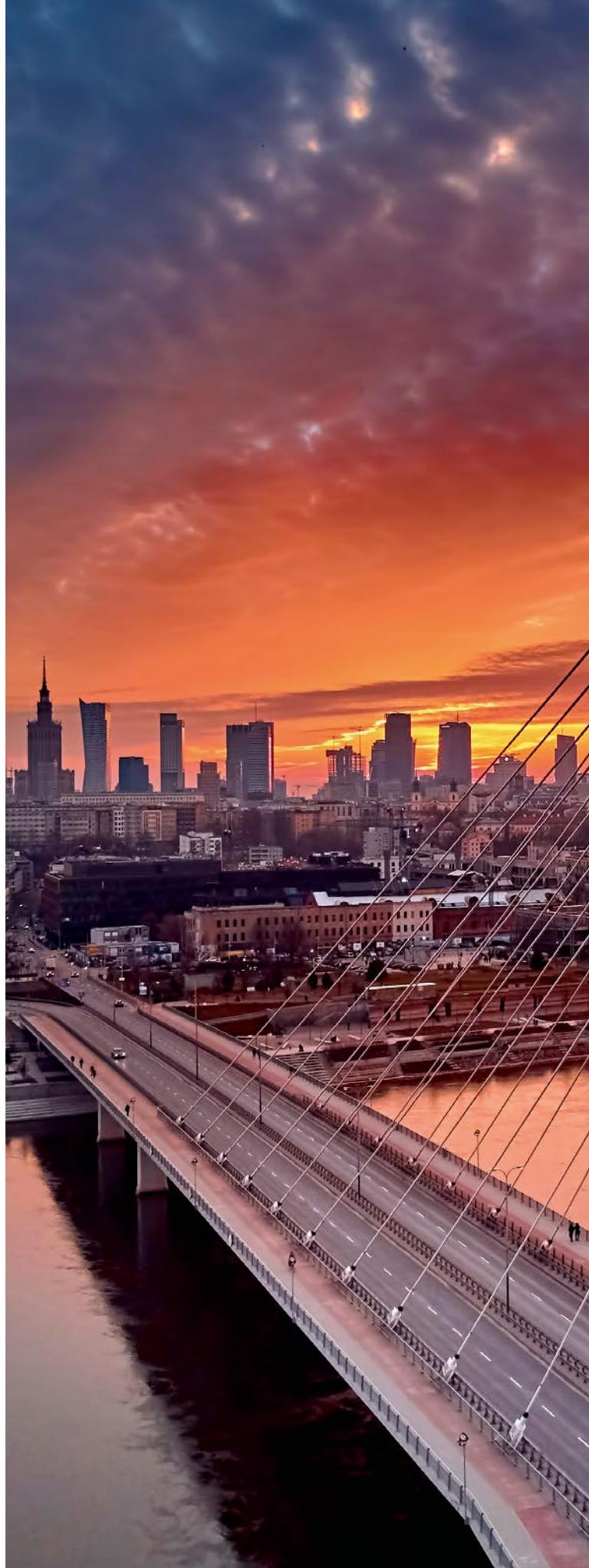
We also extend our thanks to the National Information Processing Institute – National Research Institute, an important partner of this year's report – for providing data on the academic and higher education sector.

Last but not least, we would be grateful for any opinions and comments on the contents of this year's report that can help enhance the quality of future editions and adapt them to the needs and expectations of the center's managers as well as new investors.

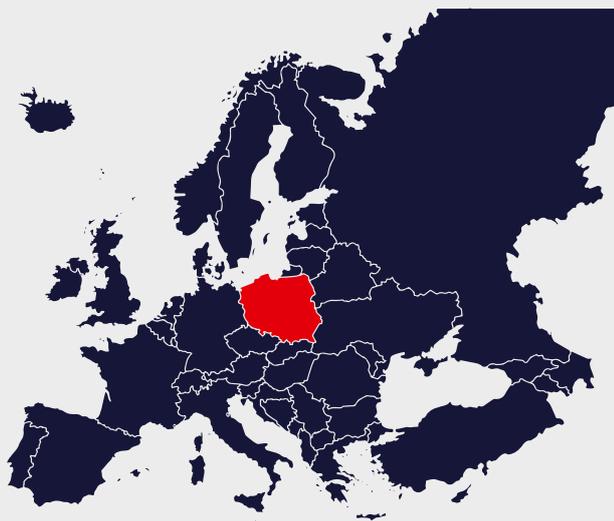
**ABSL BI team**

## ABBREVIATIONS

<b>AI</b>	Artificial Intelligence
<b>AMER</b>	North, Central, and South America
<b>APAC</b>	Asia-Pacific
<b>BI</b>	Business Intelligence
<b>BPO</b>	Business Process Outsourcing
<b>CAGR</b>	Compound Annual Growth Rate
<b>CEE</b>	Central and Eastern Europe
<b>CoE</b>	Center of Excellence
<b>DEI</b>	Diversity, Equity, and Inclusion
<b>DIB</b>	Diversity, Inclusion, and Belonging
<b>EMEA</b>	Europe, Middle East, and Africa
<b>ESG</b>	Environmental, Social, and Governance
<b>F&amp;A</b>	Finance and Accounting
<b>FTE</b>	Full Time Equivalent
<b>GBS</b>	Global Business Services
<b>GVC</b>	Global Value Chain
<b>IPA</b>	Intelligent Process Automation
<b>KIBS</b>	Knowledge-Intensive Business Services
<b>LAC</b>	Latin America and the Caribbean
<b>NLP</b>	Natural Language Programming
<b>R&amp;D</b>	Research & Development
<b>RPA</b>	Robotic Process Automation
<b>SSC</b>	Shared Services Center
<b>WFH</b>	Work from Home
<b>YoY</b>	Year on Year



# POLAND – KEY FACTS



Poland has the sixth-largest economy in the European Union and has been one of Europe's leaders in economic growth over the past decade. It has the largest economy in Central Europe and has been a leader in development since the beginning of its economic transformation in 1989. One of the essential branches of the Polish economy is the knowledge-intensive business services sector.

In recent years, the industry's impressive growth has enabled Poland to strengthen its position as one of the prime destinations in the business services sector in EMEA as well as globally and is one of the prime locations for new investments in BPO/SSC, GBS, IT, and R&D centers.

Language: **Polish**

Currency: **Polish zloty (PLN)**

Number of cities above 100,000 inhabitants: **37**

Poland in international organizations: **EU (2004), NATO (1999), OECD (1996), WTO (1995), UN (1945).**

€ **570.2 billion**

GDP in nominal prices in 2021 (6<sup>th</sup> largest EU economy, EUROSTAT)

**+7.3%**

Real GDP growth in Q4 2021 YoY (-2.5% YoY in 2020, GUS)

**38.2 million**

Population of Poland in 2021 (Nov 2021, GUS)

**108.5**

Consumer price index (CPI) – February 2022 (year on year, GUS)

€ **15,220**

GDP per capita in 2021 (IMF)

€ **22,600**

GDP per capita in 2020, taking into account purchasing power parity (EUROSTAT)

**76%**

GDP per capita in PPS in 2020, about the EU average

**5.5%**

Unemployment rate (February 2022, GUS)

**37<sup>th</sup>**

Position in Global Competitiveness Report 2019 (World Economic Forum)

**45<sup>th</sup>**

Position in World Talent Ranking (IMD World Competitiveness Center)

**47<sup>th</sup>**

Position in World Competitiveness Ranking (IMD World Competitiveness Center)

\$ **236.5 billion**

Value of the inward FDI stock in Poland at the end of 2020 (UNCTAD, World Investment Report)

\$ **10.1 billion**

FDI inflows in 2020 (UNCTAD, World Investment Report 2021)

PLN **4.60**

EUR exchange rate at the end of 2021 (NBP)

PLN **4.06**

USD exchange rate at the end of 2021 (NBP)

# 1 STATE OF THE BUSINESS SERVICES SECTOR IN POLAND AT THE END OF Q1 2022

## OVERALL CHARACTERISTICS OF THE SECTOR

At the end of Q2 2022, more than 1,714 business services centers representing 1,068 companies were operating in Poland in the sector, comprising BPO, SSC/GBS, IT, and R&D entities. They employed 400,300 people (11.6% more than in the previous year). Forty-six centers were established in 2021, and three were founded in Q1 2022.

Foreign-owned centers dominated the new investments in 2021 and 2022 (96.4%). New centers, established in 2021, created 6,236 jobs. Foreign-owned centers created 97.7% of the total employment in the new centers. 45.6% of employment in new centers was created in the Tier 1 cities and 41.1% in Tier 2 cities while Tier 3 was responsible for 8.9% and Tier 4 for 4.3%. At the unit level, the top three were Tri-City (23.5% share in work generated by new centers), Katowice & GZM (19.0%), and Kraków (12.3%).

The most significant number of new centers was established in Tri-City and Warsaw (nine each), followed by Łódź (six). The share of the three most important business services locations, Kraków, Warsaw, and Wrocław (Tier 1 cities in terms of sector employment and maturity), in the overall number of new centers, was 34.8%. The share of Tier 2 cities was 45.7%. Other recent investments (19.6%) were located in Tier 3 and Tier 4 cities.

Compared with prior editions, we noticed a decrease in the share of Tier 1 cities in the number of new investments. In this measure they were overtaken by Tier 2 cities. However, the majority of jobs created in new centers were located in the Tier 1 group.

FIGURE 1.1

## THE BUSINESS SERVICES SECTOR IN POLAND IN NUMBERS

**400,300**

The total number of jobs in business services centers; 330,800 of which are in foreign-owned (82.6%) and 69,500 in Polish centers (17.4%).

**6.2%**

The share of the sector in the overall business sector's employment in Poland (5.6% in 2021).

**46**

The number of business services centers which began operations in Poland from the beginning of 2021 till the end of the Q1 2022 (74 in the previous year). The new investments (in 2021 and Q1 2022) generated 6,400 new jobs.

**79**

The number of business services centers with at least 1,000 employees (65 in the previous year).

**49**

The number of countries from which centers operating in Poland originate.

**24**

The most significant number of business services centers owned by a single investor in Poland.

**432,000**

The number of jobs in the sector at the end of Q1 2023 forecasted by ABSL (baseline scenario). A projected increase of 7.9% YoY.

**154,600**

The number of jobs created in the sector since Q1 2016.

**1,714**

The number of BPO, SSC/GBS, IT, and R&D business services centers in Poland (72% of which are foreign-owned investors).

**1,068**

The number of investor companies with business services centers in Poland (72% of which are foreign-owned investors) (1,045 in the previous year).

**102**

The number of "Fortune 500" investors operating in the business services sector in Poland (100 in the previous year).

**11.6%**

Growth in the number of jobs at business services centers in Poland in the last year (Q1 2021 – Q1 2022). Since 2016, the overall number of jobs has increased by 63%.

**8**

The number of locations where business services centers employ more than 10,000 people (+1 year-on-year, new addition, Bydgoszcz).

**13.8%**

The share of foreigners in employment. The number of foreigners employed at services centers nationwide are at least 55,400 (prior year 48,000 with a share of 13.7%).

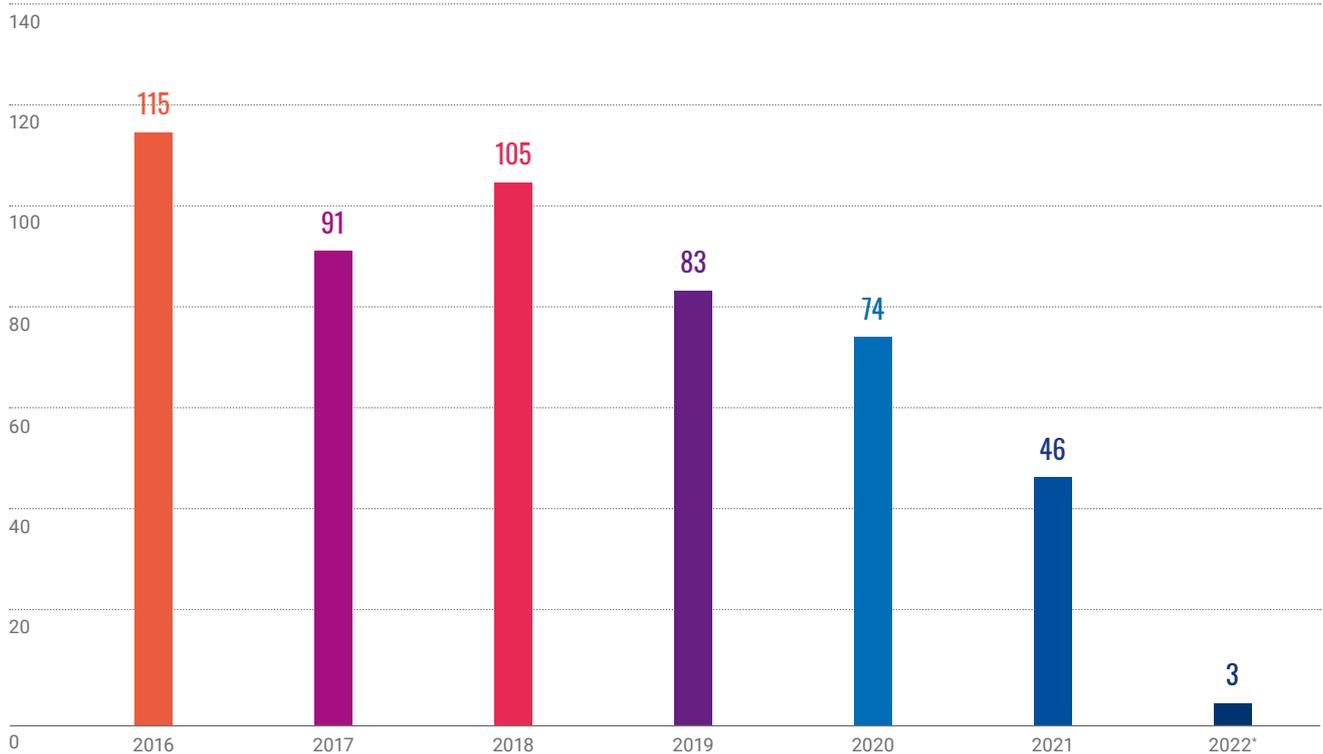
State of the business services sector in Poland  
at the end of Q1 2022

### CLASSIFICATION OF CITIES AND AGGLOMERATIONS ACCORDING TO ABSL

<b>Tier 1</b>	Kraków, Warsaw and Wrocław
<b>Tier 2</b>	Tri-City, Katowice & GZM, Łódź, Poznań
<b>Tier 3</b>	Bydgoszcz, Lublin, Rzeszów, Szczecin
<b>Tier 4</b>	Białystok, Opole, Olsztyn, Radom, Kielce, Tarnów, Elbląg, Płock, Rybnik and others

**FIGURE 1.2**

NUMBER OF ACTIVE CENTERS OPENED BY DATE OF ESTABLISHMENT – AT THE END OF Q1 2022



\* The data for 2022 only reflects Q1 2022 information that was available when the report was being written.

Source: ABSL's study is based on the ABSL business services centers database

The number of centers in Poland is growing, but the number of new centers established each year has decreased steadily since 2018. 83 centers were established in 2019, 74 in 2020, 46 in 2021, and three were founded in Q1 2022. However, one must bear in mind that despite this slow-down in the number of new investments, total employment in the industry maintained its long-term trend.

Growth in the number of centers occurred in two waves – the first after Poland acceded to the European Union with the second following the global financial crisis of 2008 – when international corporations wanted to optimize their costs by outsourcing certain aspects of their activities on a larger scale. The peak year for growth was 2015.

At the same time, according to the ABSL database, 70 centers ceased their operations in Poland or were taken over by other companies as a result of regional or global M&As. The two cases affecting

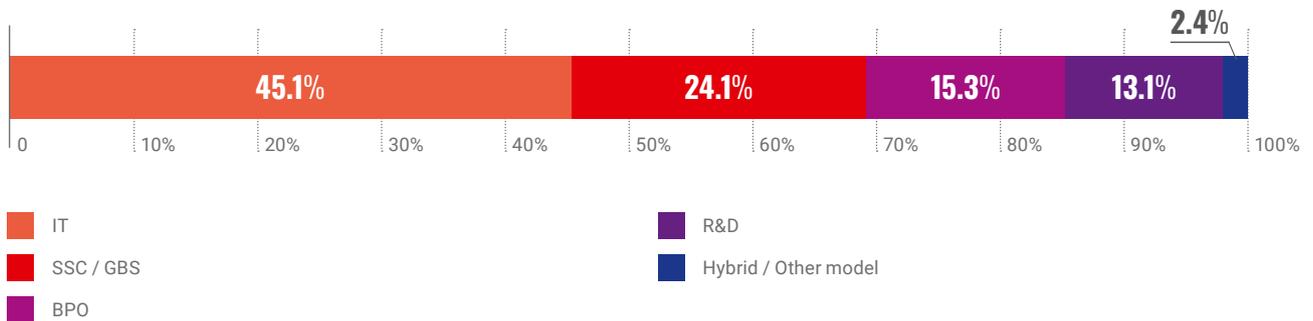
the sector in Poland are the worldwide spin-off of IBM and Kyndryl and the recent merger (March 2022) of S&P Global with IHS Markit.

Most firms at the end of Q1 2022 operate just one center in Poland (73.8%). 13.7% have two centers with 9.8% of firms operating three to five centers in the country. Only 0.5% of respondents run more than ten centers, often of different types. The leader in these statistics operates 24 centers in Poland.

IT centers are the most frequent type of center in the ABSL database (45.1%), followed by SSC/GBS centers (24.1%) and BPO centers (15.5%). R&D centers are responsible for a further 13.1%. The smallest share, as before, is claimed by hybrid centers (2.4%).

**FIGURE 1.3**

DISTRIBUTION OF THE NUMBER OF CENTERS BY TYPE (%)



Source: ABSL's study based on the ABSL business services centers database

State of the business services sector in Poland at the end of Q1 2022

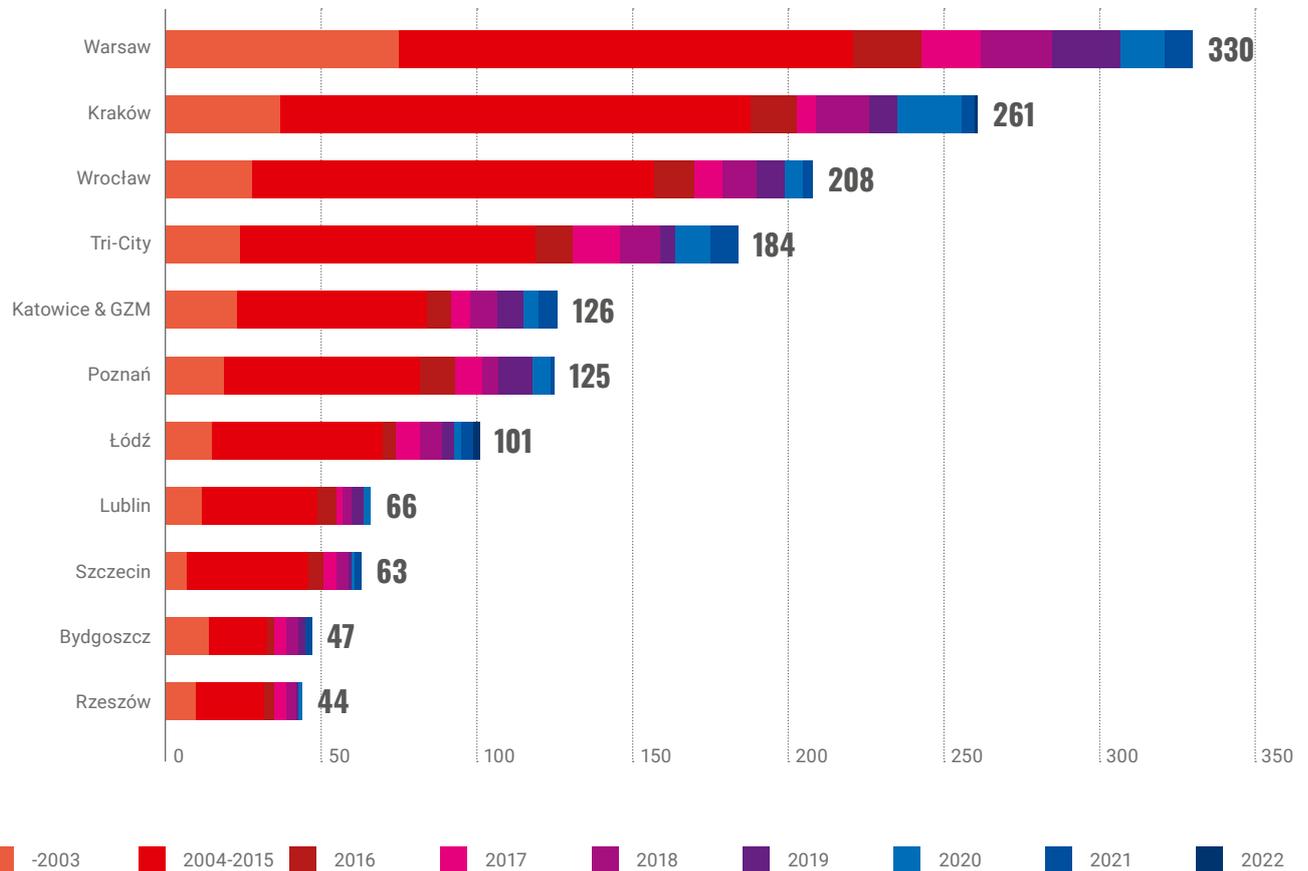
# THE NUMBER OF CENTERS AND STRUCTURE OF NEW INVESTMENTS

Warsaw still leads in terms of the number of active business services centers at the end of Q1 2022 (330 centers). Locations with at least 100 centers include Kraków (261), Wrocław (208), Tri-City (184), Katowice

& GZM (126), Poznań (125) & Łódź (101). The number of active centers is significantly lower in Tier 3 and 4 cities.

**FIGURE 1.4**

NUMBER OF CENTERS IN THE MOST IMPORTANT LOCATIONS IN POLAND AT THE END OF Q1 2022



Source: ABSL's study based on the ABSL business services centers database

From the beginning of 2021 to the end of Q1 2022, most of new centers were opened in Warsaw & Tri-City (each with nine) and Katowice & GZM (six). These were followed by Kraków (five), and Wrocław (three). Two new centers each were opened in Szczecin, Bydgoszcz, and Opole. The next five locations saw one new center open in each – Poznań, Toruń, Koszalin, Zielona Góra.

Compared to the last edition of the report, the number of new centers decreased. Warsaw still leads the way while the roles of Tri-City and Katowice & GZM in attracting new centers relative to other locations from Tier 1 increased.

Investors still prefer existing Tier 1 (Warsaw, Kraków, Wrocław) and Tier 2 locations (the Tri-City, Katowice & GZM, Łódź, and Poznań) as places for new investments, in particular in the case of first-time investments in Poland.

New investments in 2018 were made in 21 separate locations with 20 locations attracting new centers in 2019. 2020 saw new centers opened in 17 locations, with 13 in 2021, and two locations in Q1 2022. These numbers illustrate that spatial polarization is on the increase.

New investors created 6,381 new jobs (in the prior year it was 4,828), an increase of more than 30% YoY. The new centers were responsible for approx. 15.3% of the increase in the sector's total employment.

Tier 1 cities accounted for 34.6% of new investments in 2020-2022 and 34.8% since 2021. Tier 2 cities claimed 37.1% of new investments in 2020-2022

and 45.7% last year. Tier 4 cities account for more new investments than Tier 3 cities over 2020-2022 and since 2021 (8.9% and 10.9%, respectively for Tier 4, versus 6.5% and 8.7% for Tier 3 cities, respectively).

At the city level over the period 2020-2022, Kraków (26) was in front of Warsaw (23) and Tri-City (20). Overall, investors prefer the more established locations if they are investing for the first time in Poland.

Out of 6,381 jobs created in the new centers, 45.6% were created in Tier 1 and 41.1% in Tier 2 cities. The majority of these jobs were created in Tri-City, Katowice & GZM and Kraków.

During 2020-2022, most new investments have been made in IT (26.5%), SSC/GBS (24.5%), R&D (20.4%) and BPO (18.4%) followed by hybrid centers (10.2%). Employment-wise, new hybrid centers (39.4%) led the way, followed by IT (23.2%) and BPO (16.8%).

The average headcount declared by the newly established centers was 201 (median=100.0).

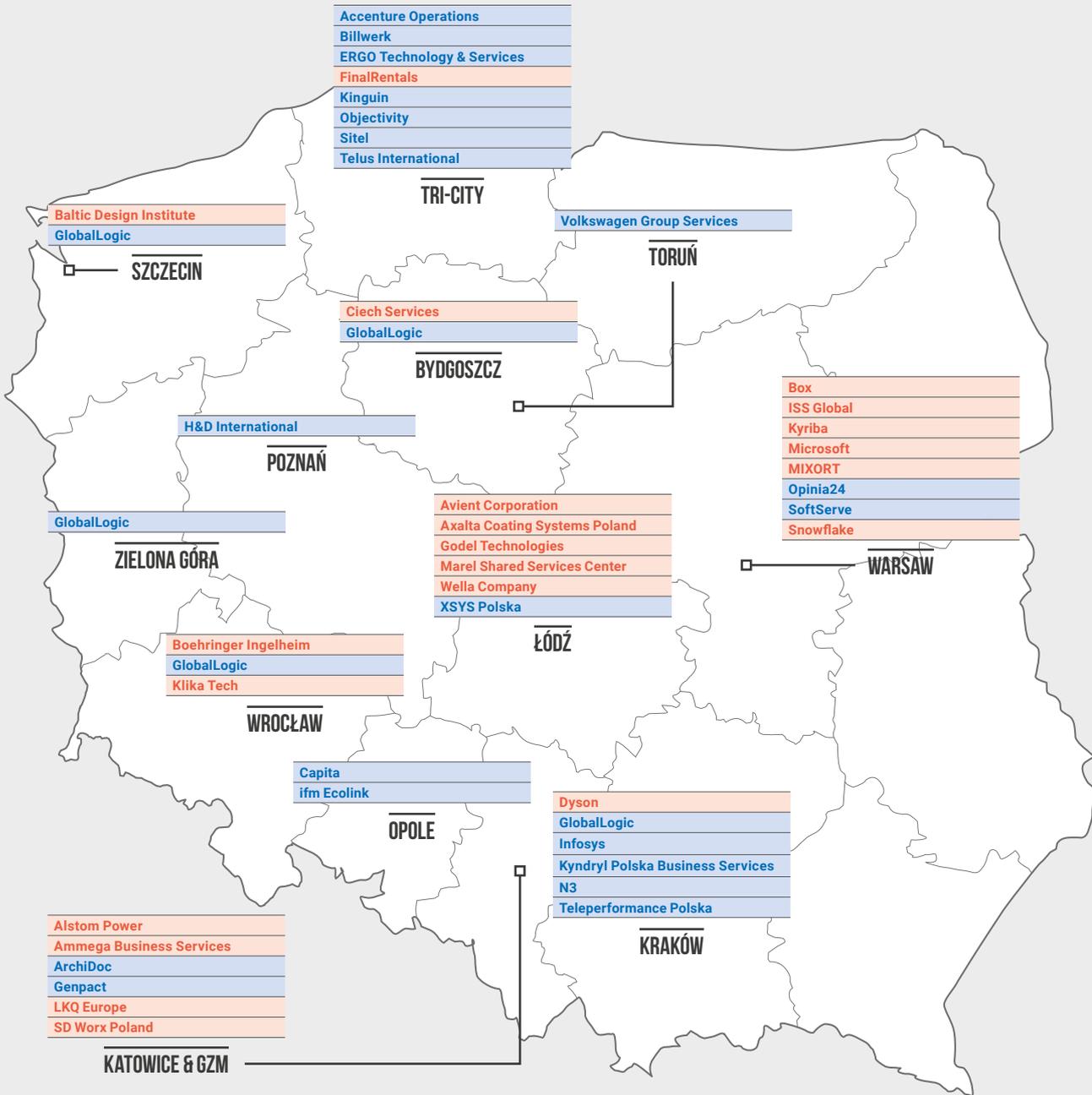
New centers since the beginning of 2021 have mainly been established by US investors (20.4%) ahead of German (16.3%) and Japanese (12.2%) investors. The role of Polish investors significantly diminished (dropping from 17.6% to 4.1%). New investors in the sector in Poland came from 18 different nations.

Regarding employment numbers, new US investors created 4,982 jobs – more than half of the sector's total (50.4%), followed by Japanese (14.3%) and German (8.9%) firms. New Polish investors created only 145 jobs (1.5%).

State of the business services sector in Poland at the end of Q1 2022

**FIGURE 1.5**

EXAMPLES OF NEW INVESTMENT IN PARTICULAR BUSINESS SERVICES LOCATIONS IN POLAND (2021 TO Q1 2022)



- New investors = first business services center in Poland
- Recent investments by existing investors = another business services center opened in Poland

Source: ABSL business services centers database

# FOREIGN TRADE IN KNOWLEDGE — INTENSIVE BUSINESS SERVICES



**\$ 26.4 billion**

The estimated overall value of business services exports in 2021.



**20.2%**

CAGR for overall exports of business services in 2005-2021 (CAGR for imports 13.6%).



**15.1%**

The estimated increase in the value of exports of business services in 2021 (10.2% in 2020).



**\$ 11.3 billion**

The estimated surplus in the trade of Poland's business services in 2021 (9.7 billion in 2020).



**Germany, United Kingdom, Switzerland & the USA**

Export destinations with a value exceeding USD 2 billion.

Using the TiSMoS (Trade in Services data by Mode of Supply) database of the WTO, WTO data on the value of the commercial trade-in services as well as the quarterly information from the balance of payments of the National Bank of Poland, we have estimated the value of exports and imports of business services in Poland.

This required assigning sector activity classifications from NACE rev. 2 to the EBOPS classification used in the TiSMoS database. The definition of KIBS is ambiguous.

We used the Schabel and Zenker approach (2013) to maintain methodological coherence with other studies using NACE rev. 2 classifications. We mapped the areas of activities indicated by the authors to the corresponding groups in the EBOPS classification.

We obtained data for 2018-2021 using the Balance of Payments from the National Bank of Poland's data. The switchover to NBP data from

WTO data led to an increase in estimates from 2018 to 2019 for both imports and exports of KIBS.

The estimates as of the end of 2021 show that the overall value of KIBS' imports equaled USD 15.0 billion, and the value of exports was USD 26.4 billion. Year-on-year exports increased by 15.1% and imports by 13.7% (10.2% & 10.4% in 2020, respectively). The surplus in KIBS trade surpassed 11.3 USD billion (9.7 billion in 2020). A surplus has been generated regularly since 2008 and has been constantly growing during this period.

Despite the enormous black swan event in the shape of the pandemic and the severe downturn in the global economy that ensued, particularly in manufacturing goods and services H1 2020, the business services industry proved to be resilient. It continued its foreign-owned expansion and positive contribution to the surplus in foreign-owned trade. **2021 proved to be very good for both the global economy and the sector, with the peak**

State of the business services sector in Poland at the end of Q1 2022

of the recovery happening in Q2 2021 with growth then moderating to lower, more traditional levels. This is likely to continue shortly unless the war in Ukraine escalates further or another wave of the pandemic emerges.

We estimate the share of the centers, analyzed in the report, in Poland's KIBS industry's overall export value to be no less than 70%.

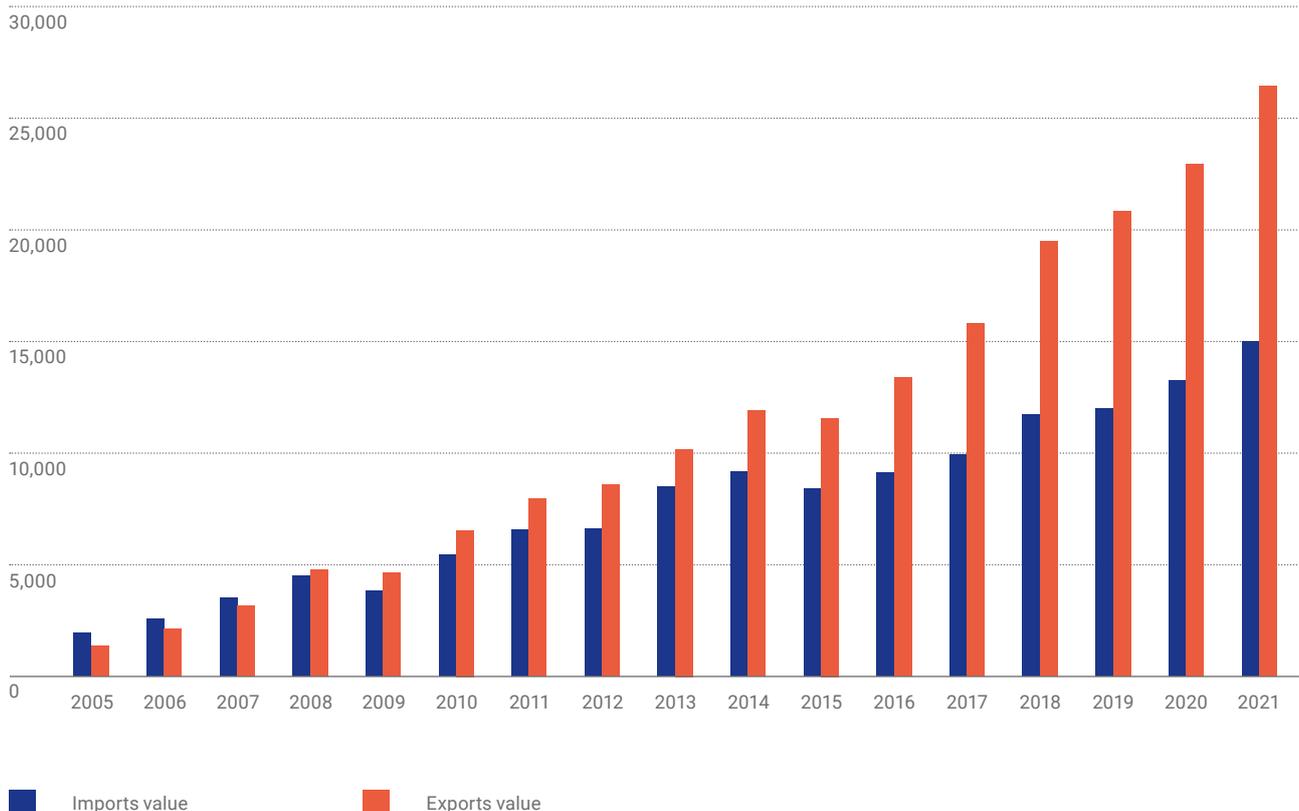
In 2019, the sector provided 27.5% of the value of exports of commercial services from Poland (26.9% in 2017). In 2005, the year after Poland's EU accession, that figure stood at just 7.7%.

The CAGR for exports of commercial services from Poland, from 2005 to 2021, was 10.4%. The CAGR for overall exports of knowledge-intensive business services in 2005-2021 was 20.2% – double the overall amount for commercial services. As for imports, the CAGR was 13.6%.

In terms of the significance of Polish exports of KIBS, four countries play a crucial role – Germany, the United Kingdom, Switzerland, and the USA, according to WTO-OECD Balanced Trade in Services (BaTIS) dataset.

**FIGURE 1.6**

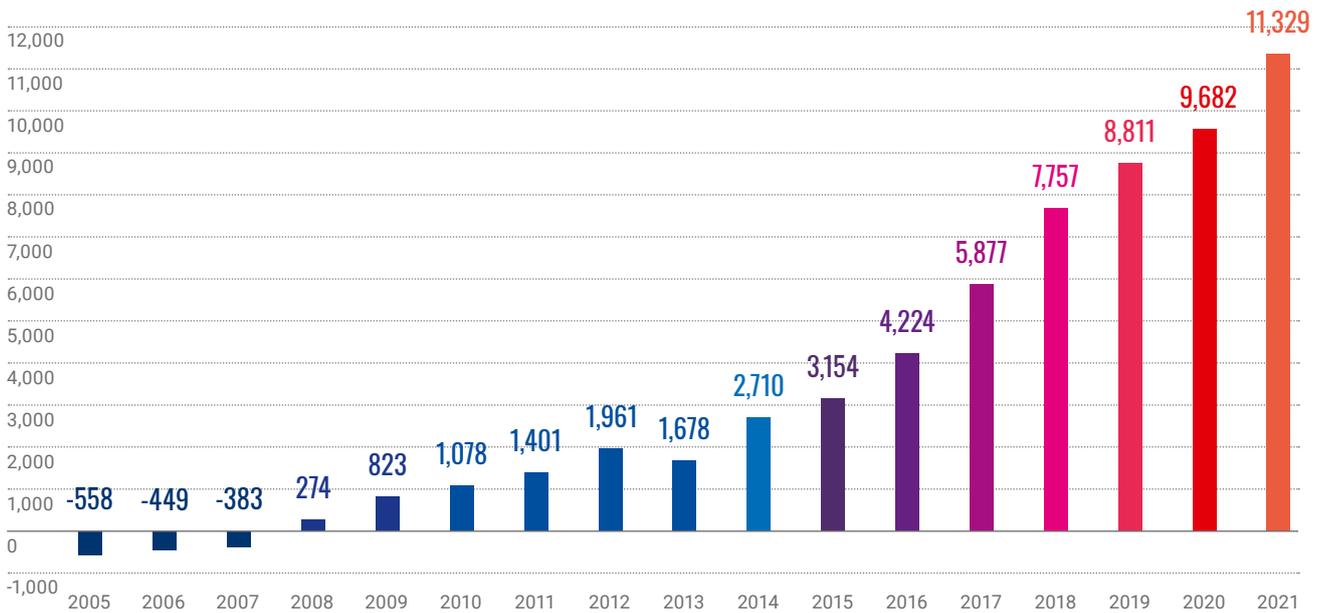
THE VALUE OF POLAND'S EXPORTS AND IMPORTS OF KNOWLEDGE-INTENSIVE BUSINESS SERVICES (USD MILLION)



Source: ABSL estimates based on WTO TiSMoS database & NBP Balance of payments data

**FIGURE 1.7**

POLAND'S TRADE BALANCE IN KNOWLEDGE-INTENSIVE BUSINESS SERVICES (USD MILLION)



Source: ABSL estimates based on WTO TiSMoS database & NBP balance of payments data

# FOREIGN-OWNED INVESTMENTS, COUNTRIES OF ORIGIN OF BUSINESS SERVICES CENTERS

**11.7%**

The employment growth in foreign-owned centers located in Poland (Q1 2021 / Q1 2022).



**112,000+**

Employment in the centers owned by American investors (Share of American companies in the new jobs generated since 2021 is 21.4 %).



**330,800**

Employment in foreign-owned centers in Poland at the end of Q1 2022.



**46**

The number of countries from which centers operating in Poland originate.



**82.6%**

The share of foreign-owned centers in the sector's total employment.

State of the business services sector in Poland at the end of Q1 2022

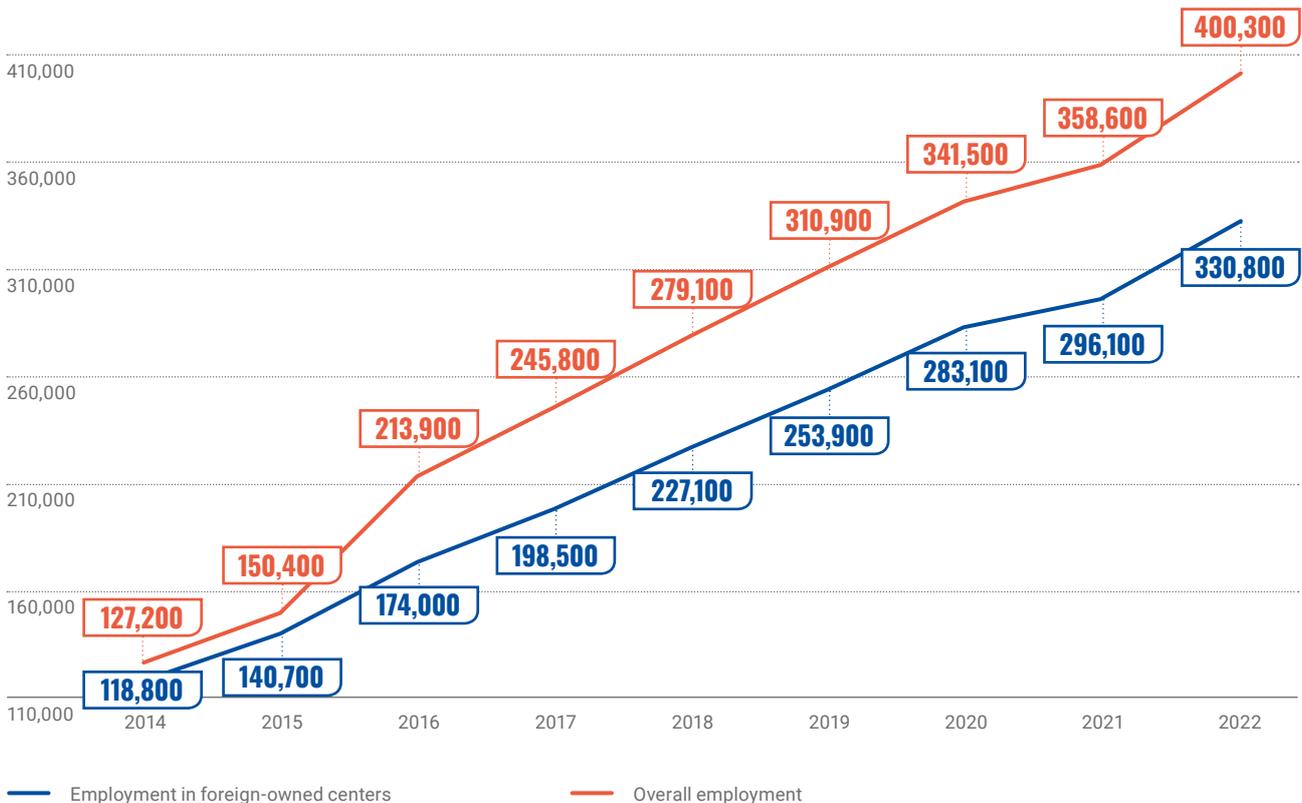
The 1,176 foreign-owned centers in Poland employ 330,800 people (Q1 2022). Foreign-owned centers are defined as those centers controlled by a foreign investor. At the end of Q1 2022, foreign investments accounted for 82.6% of the jobs in the sector (remaining stable since 2016) and managed 68.6% of the total number of business services centers in Poland. From Q1 2021 to Q1 2022, foreign-owned companies created 34,023 new jobs (compared to 13,000 in the previous year). Employment growth was 11.7% in the foreign-owned centers between Q1 2021 and Q1 2022 (compared to 11.3% in Polish-owned centers). From the beginning of 2014 to the end of Q1 2022, the CAGR for employment at centers owned by foreign investors located in Poland was 13.7%.

In the total number of 41,726 new jobs created by centers, the highest contribution was by the centers whose headquarters are in the USA (21.4%), France (17.4%), UK (9.2%), the Netherlands (8.1%), and Germany (7.4%). It is worth emphasizing that employment went down YoY in Spanish, Chinese, and Swedish companies present on the Polish market.

Please note: the previous years' figures concerning the headcount and the number of centers were verified in accordance with ABSL's current best knowledge. As part of updating the data, we also took into account differences resulting from changes in ownership and several investors terminating their operations in Poland.

**FIGURE 1.8**

EMPLOYMENT IN FOREIGN-OWNED CENTERS IN POLAND



Source: ABSL's study is based on the business services center database. Headcount information has been rounded to the nearest hundred

**TABLE 1.1**

EMPLOYMENT AND NUMBER OF CENTERS ESTABLISHED IN 2021 AND 2022 (BY COUNTRIES WHERE COMPANY HEADQUARTERS ARE LOCATED)

Country of origin or region	Employment	No. of centers
United States	1,482	9
Japan	1,415	6
Germany	881	8
France	650	3
Other	1,953	20
<b>Overall</b>	<b>6,381</b>	<b>46</b>

Source: ABSL's study based on the business services center database

**TABLE 1.2**

EMPLOYMENT IN THE INDUSTRY AND THE NUMBER OF CENTERS BY COUNTRY OF ORIGIN (2022)

Country of origin or region	Employment	Share in overall employment (%)	No. of centers	Share in the number of centers (%)
United States	112,256	28.0	340	19.8
Poland	69,490	17.4	538	31.4
United Kingdom	38,564	9.6	134	7.8
France	38,005	9.5	99	5.8
Nordic countries*	35,505	8.9	160	9.3
Germany	30,555	7.6	145	8.5
Asian countries**	19,563	4.9	83	4.8
Switzerland	18,609	4.6	50	2.9
Netherlands	17,098	4.3	50	2.9
Ireland	9,401	2.3	27	1.6
Other European***	3,751	0.9	37	2.2
Belgium	1,689	0.4	14	0.8
Austria	1,543	0.4	6	0.4
Canada	1,393	0.3	9	0.5
Italy	1,050	0.3	6	0.4
Luxembourg	1,010	0.3	6	0.4
Other non-European****	835	0.2	10	0.6
<b>Overall</b>	<b>400,317</b>	<b>100.0</b>	<b>1,714</b>	<b>100.0</b>

\* Nordic countries: Denmark, Finland, Norway, Sweden

\*\* Asian countries: China, Hong Kong, India, Israel, Japan, Qatar, Singapore, South Korea, Turkey, United Arab Emirates

\*\*\* Other European: Belarus, Bulgaria, the Czech Republic, Estonia, Greece, Hungary, Iceland, Malta, Portugal, Romania, Russia, Slovakia, Slovenia, Spain, Ukraine

\*\*\*\* Other non-European: Australia, Brazil, Mexico, South Africa

Source: ABSL's study based on the ABSL's business services centers' database

State of the business services sector in Poland at the end of Q1 2022

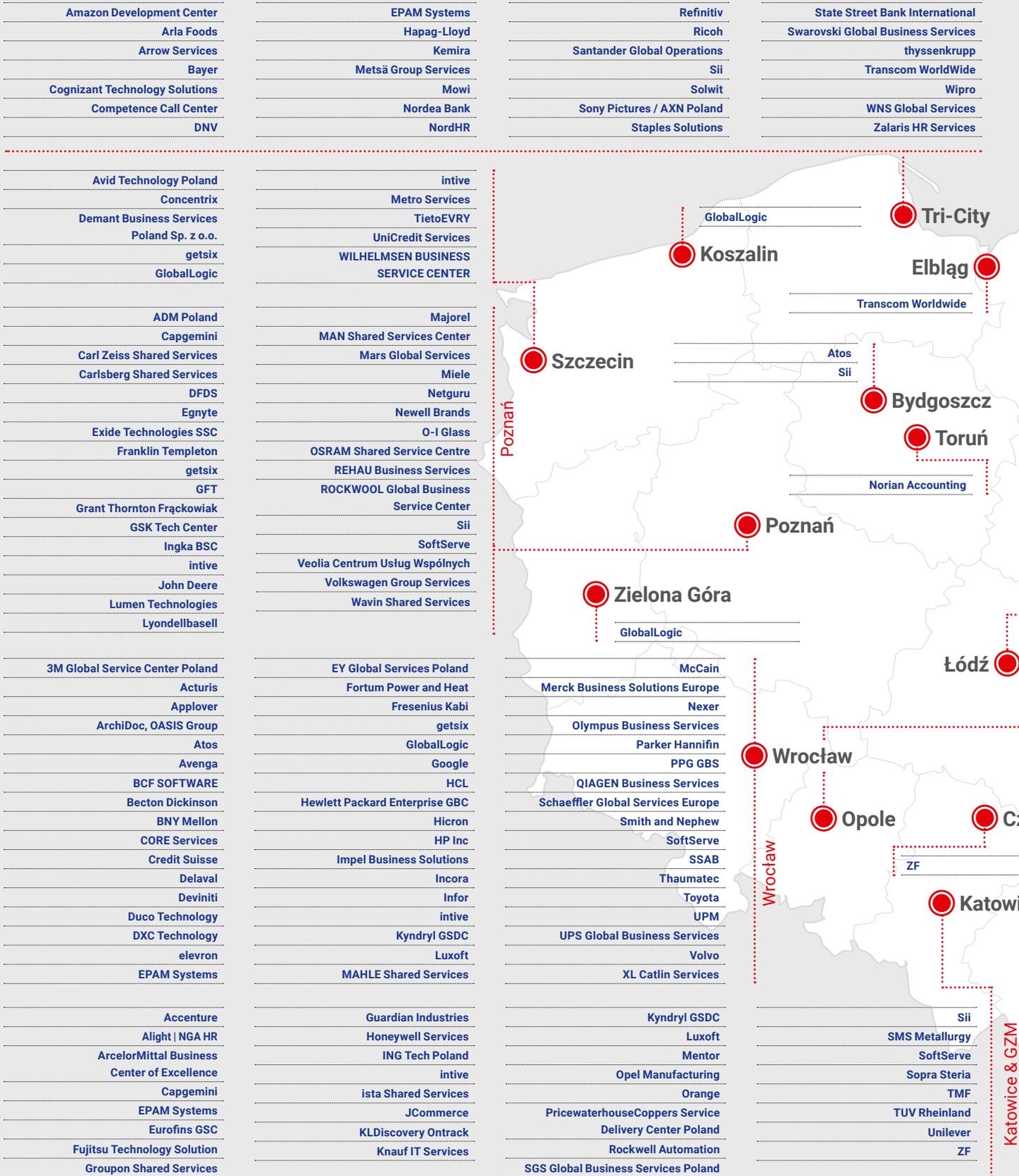


FIGURE 1.9

SELECTED BPO, SSC / GBS, IT, AND R&D BUSINESS SERVICES CENTERS IN POLAND

State of the business services sector in Poland at the end of Q1 2022



- Dentons Business Services EMEA
- Discovery
- DLA Piper GSC
- DXC Technology
- Elanco Solution Center
- Elekta Business Services
- FRISTA
- Goldman Sachs
- Groupon Shared Services
- ISS Global
- JTI GBS
- Kelly Services
- KMD
- Lingaro
- Linklaters
- Lionbridge
- Mars Global Services
- Mercer Services
- Mettler-Toledo
- MMC Group Services
- MoneyGram Poland
- MSA Safety

- Accenture
- Adaptive Group
- Ancor
- ArchiDoc, OASIS Group
- Barry Callebaut
- Billennium
- Bosch
- Capita
- Clariant
- Commerzbank
- Conduent
- Cybercom
- Digital Workforce
- Flint Group

- Billennium
- Concentrix
- Genpact
- intive
- Lingaro

- NatWest Poland
- Nexio Management
- Nielsen IQ
- Oerlikon Business Services Europe
- Pandora Jewelry
- Point72 Poland
- Procter & Gamble
- ProService Finteco
- Prudential Poland
- Robert Bosch
- Roche Polska Global IT Solution Centre
- Schenker Technology Center
- Schneider Electric
- SEB AB
- Siemens
- SIX Global Services
- Société Générale
- Standard Chartered GBS
- Teleperformance
- Verifone European Shared Services
- Westwing
- Zoetis

- Fujitsu Technology Solution Sp. z o.o.
- GFT
- Infosys
- McCormick Shared Services
- Nordea Bank
- Philips
- PKP Energetyka CUW
- Robert Bosch
- Signify
- Takeda SCE
- Tate & Lyle Shared Service Center
- UPS Global Business Services
- Veolia Centrum Usług Wspólnych
- Whirlpool

- Orange
- Phlexglobal
- ProService Finteco
- Sii
- Transition Technologies

The map presents only selected business services centers owned by companies responding to the ABSL sector survey 2022. If you would like to enhance your visibility and contribute to the next ABSL sector survey – please contact [research@absl.pl](mailto:research@absl.pl)

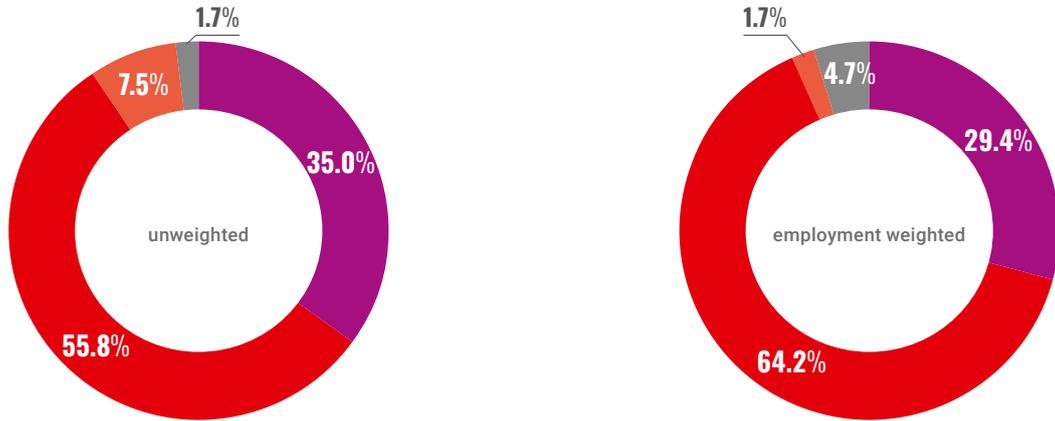
- Motorola Solutions Systems
- Pegasystems
- PepsiCo Global Business Services
- PMI Service Center Europe
- Sabre
- Shell
- Sii
- State Street Bank International
- Talent Alpha
- "TE Connectivity
- UBS Business Solutions Poland
- Universal-Investment
- Vesuvius SSC
- Xceedance Consulting

State of the business services sector in Poland at the end of Q1 2022

# SERVICES PROVIDED AND OPERATING MODELS

**FIGURE 1.10**

SSC / GBS CENTERS' OPERATING MODELS (% OF RESPONDENTS AND RESPONSES WEIGHTED BY HEADCOUNT)



- GBS (could be single or multi function)
- Multi-function (i.e., more than one function e.g., F&A + IT + HR)
- Single-function (i.e., only one function e.g., only F&A)
- Other

Source: ABSL's study is based on the results of the survey (N=120 companies)

**FIGURE 1.11**

SSC / GBS OPERATING MODEL (RESPONSES AND RESPONSES WEIGHTED BY HEADCOUNT, IN %)



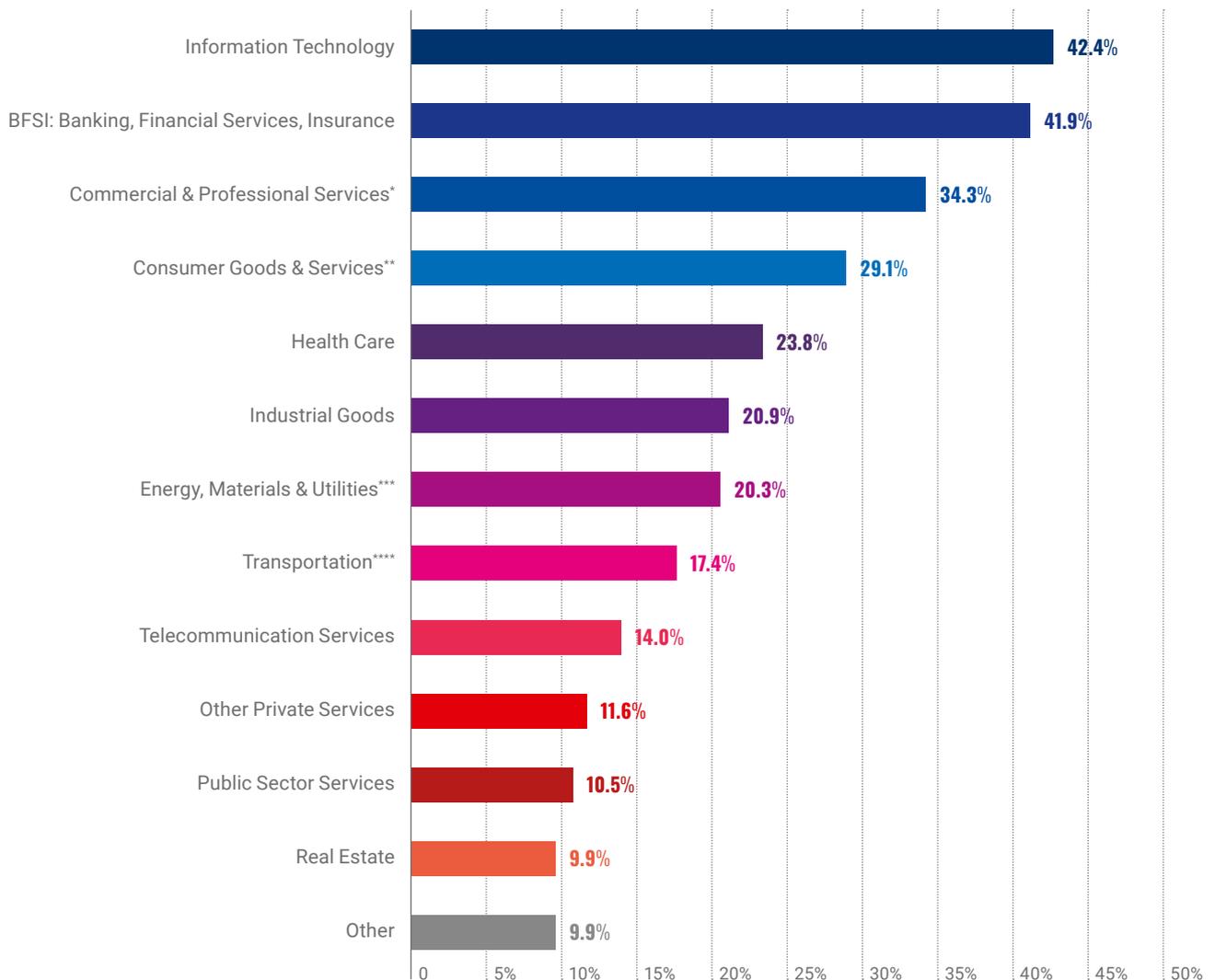
- All in-house / Captive
- Hybrid - in-house + Multiple BPOs
- Hybrid - in-house + Single BPO

Source: ABSL's study is based on the results of the survey (N=120 companies)

# STRUCTURE OF CLIENTS SUPPORTED BY INDUSTRY

**FIGURE 1.12**

WHICH SECTORS DO YOUR CENTERS IN POLAND SERVICE (BOTH FOR INTERNAL AND EXTERNAL CLIENTS)? (% OF RESPONSES)



\* i.a. Business Support Services, HR Services, Legal Services, Research & Consulting Services

\*\* i.a. Automobiles & Auto Parts, Food & Beverages, Media, Retailing, Leisure

\*\*\* i.a. Oil & Gas, Chemicals, Paper & Forest Products, Metals & Mining

\*\*\*\* i.a. Airlines, Logistics

Source: ABSL's study is based on the results of the survey (N=172 companies)

State of the business services sector in Poland  
at the end of Q1 2022

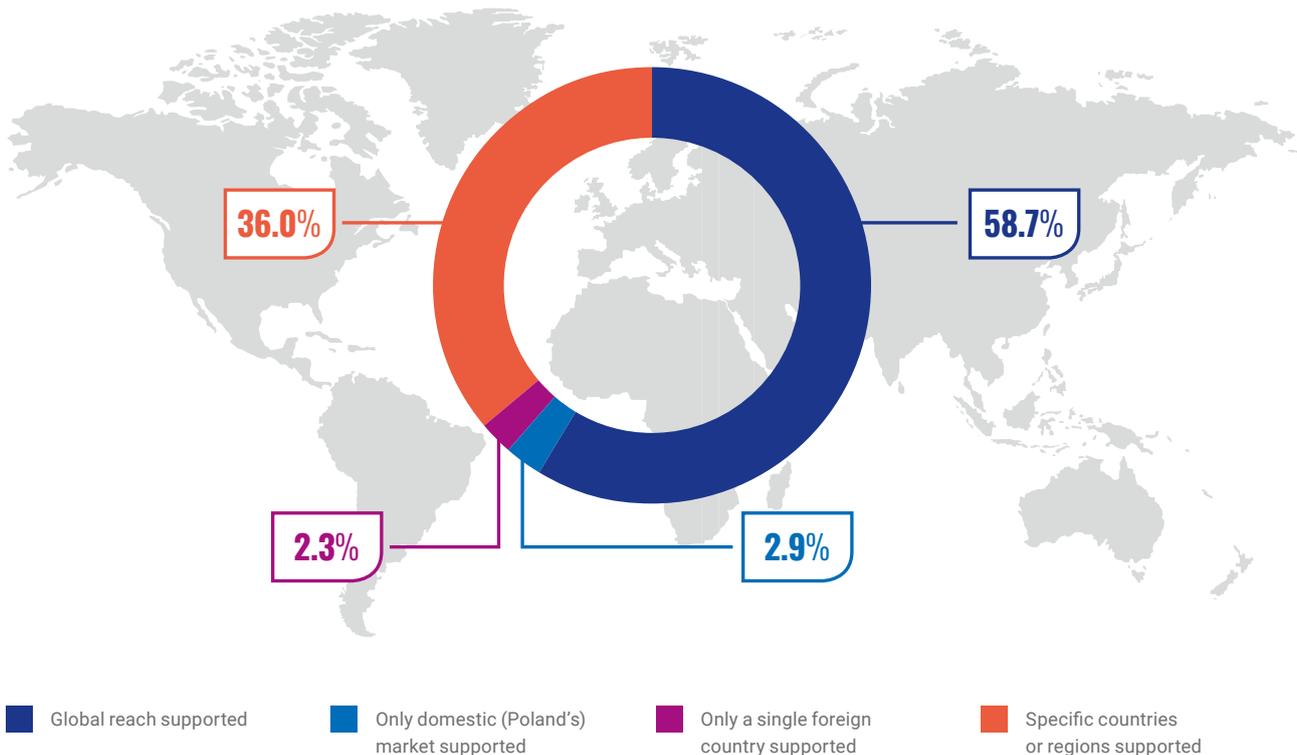
## GEOGRAPHIC SCOPE OF SERVICES DELIVERED

More than half of the analyzed centers, 58.7% (+2.3 p.p higher than in the last edition), operate globally for (internal and external) customers worldwide. Services are provided for clients from specific countries and regions 36.0% (-4.4 p.p). The number of centers serving only clients from Poland is low – at 2.9%, while only 2.3% concentrate exclusively on clients from one foreign country.

Similarly, in recent years, the most significant number of centers have focused on serving customers in Western Europe (93.0%), Central and Eastern Europe (79.5%), and Poland (74.3%), followed by Southern Europe (68.4%) and the Nordic countries (64.9%). Most of the clients served are therefore from Europe and in the same or similar time zone. On the other hand, the share of centers servicing the United States & Canada increased to 62.6% from 51.5% last year. The percentage of centers servicing clients from EMEA, APAC, and finally, LAC countries increased YoY as well.

**FIGURE 1.13**

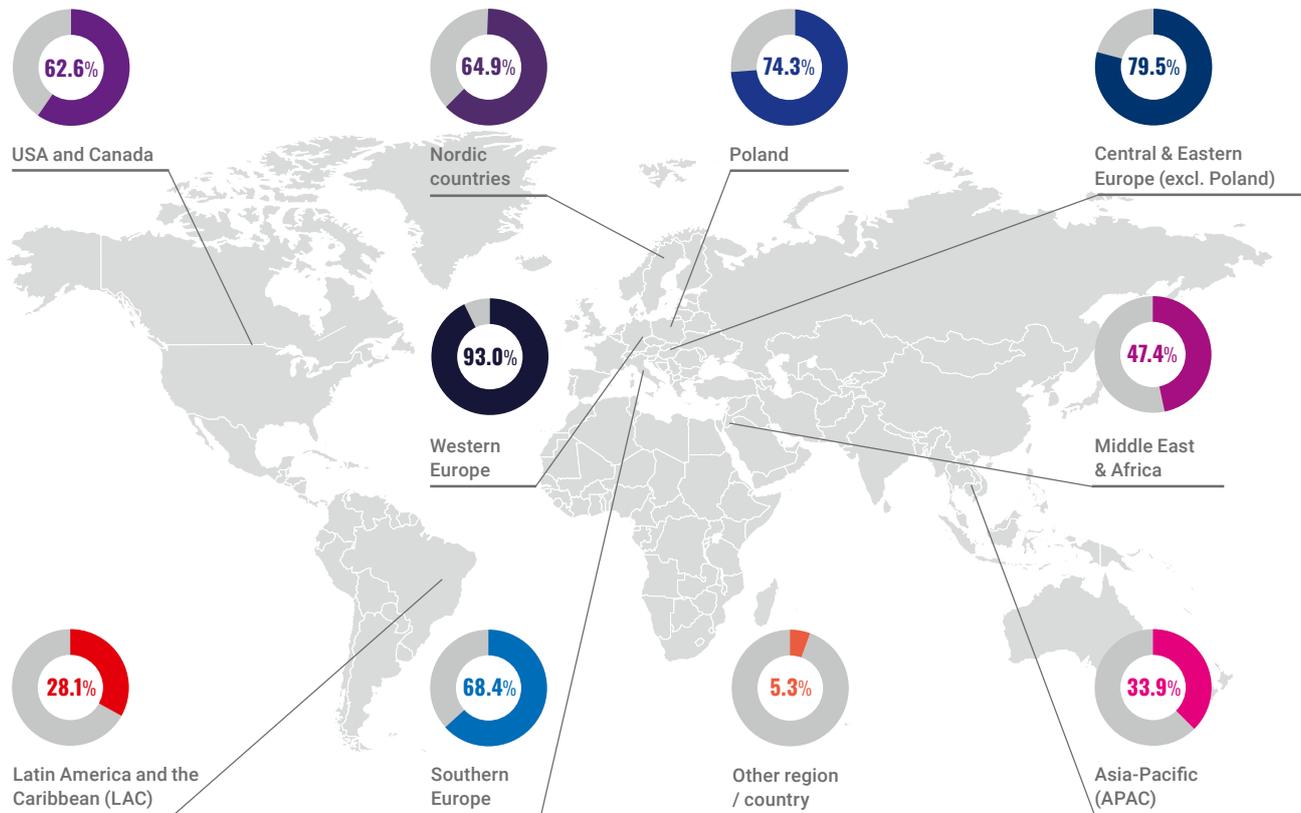
GEOGRAPHIC PROFILE OF SERVICES DELIVERED (% OF RESPONSES)



Source: ABSL's study is based on the results of the survey (N=172 companies)

**FIGURE 1.14**

GEOGRAPHIC SCOPE OF SERVICES DELIVERED BY REGIONS OF THE WORLD (% OF RESPONDENTS)



Source: ABSL's study is based on the results of the survey (N=171 companies)

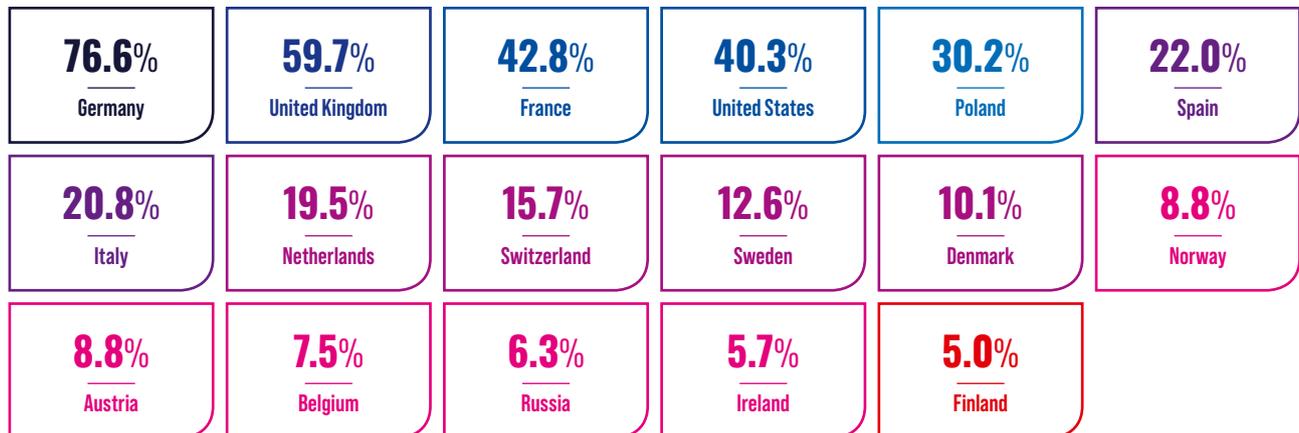
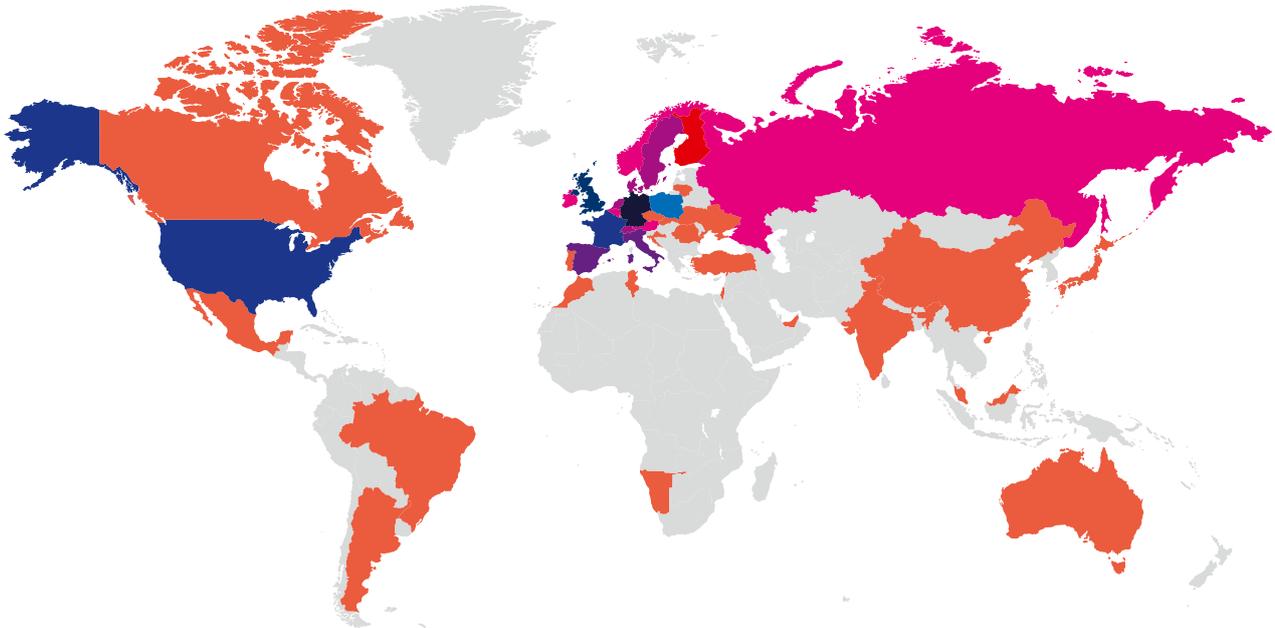
Based on the locations of the five most essential clients indicated (in recent editions, we asked for three), we have determined the ranking of sites from which clients are frequently supported. The country stated most often was Germany (76.7% of responses), followed by the United Kingdom (59.7%), and France (42.8%) which overtook the USA (40.3%) for third position. Poland (30.2%) rounded off the top five. As we stressed in the previous edition, these responses point to the significance of nearshoring.

The list of countries with shares exceeding 5.0% consisted of 11 countries from Western Europe and Russia (6.3%). The role of the Russian, Belarussian and Ukrainian markets could decrease in 2022 due to sanctions and the economic consequences of the war that started in Q1 2022. The list covers 46 countries worldwide which are served by centers located in Poland in Q1 2022.

State of the business services sector in Poland  
at the end of Q1 2022

**FIGURE 1.15**

LOCATION OF TOP CLIENTS SERVED BY CENTERS (% OF RESPONSES)



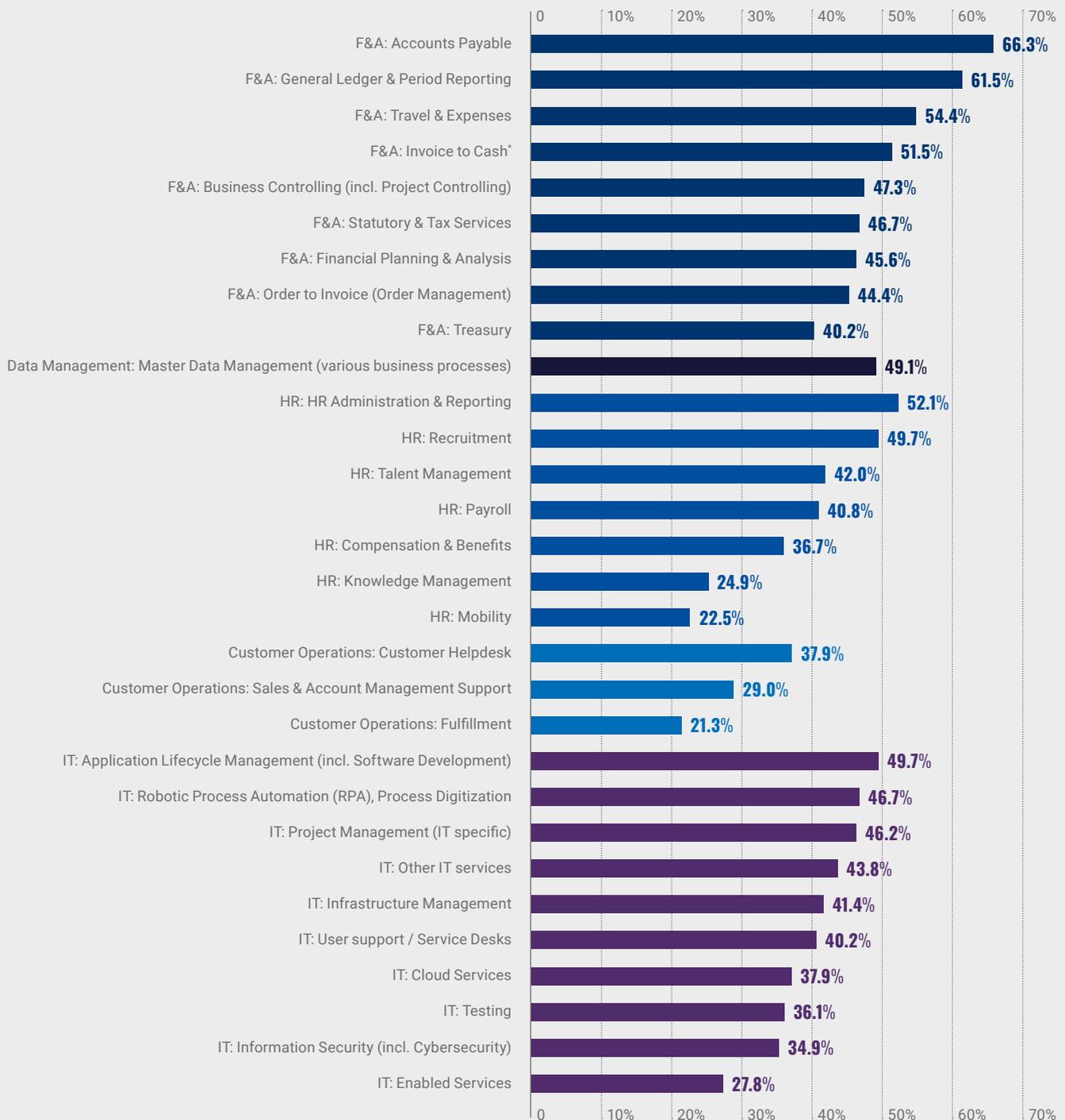
The remaining countries indicated by less than 5.0% of respondents, in decreasing order of significance: Luxembourg, Singapore, Canada, Turkey, the Czech Republic, Brazil, United Arab Emirates, China, Swaziland, Hong Kong, Slovakia, India, Liechtenstein, Australia, Ukraine, Israel, Japan, Portugal, Romania, Mexico, Malta, Morocco, Croatia, Namibia, Lithuania, Argentina, Malaysia, Tunisia.

Source: ABSL's study based on the results of the survey (N=159 companies)

# CATEGORIES OF PROCESSES SUPPORTED

**FIGURE 1.16**

PROCESS CATEGORIES SUPPORTED BY BUSINESS SERVICES CENTERS IN POLAND (PART 1)  
(% OF RESPONDENTS)



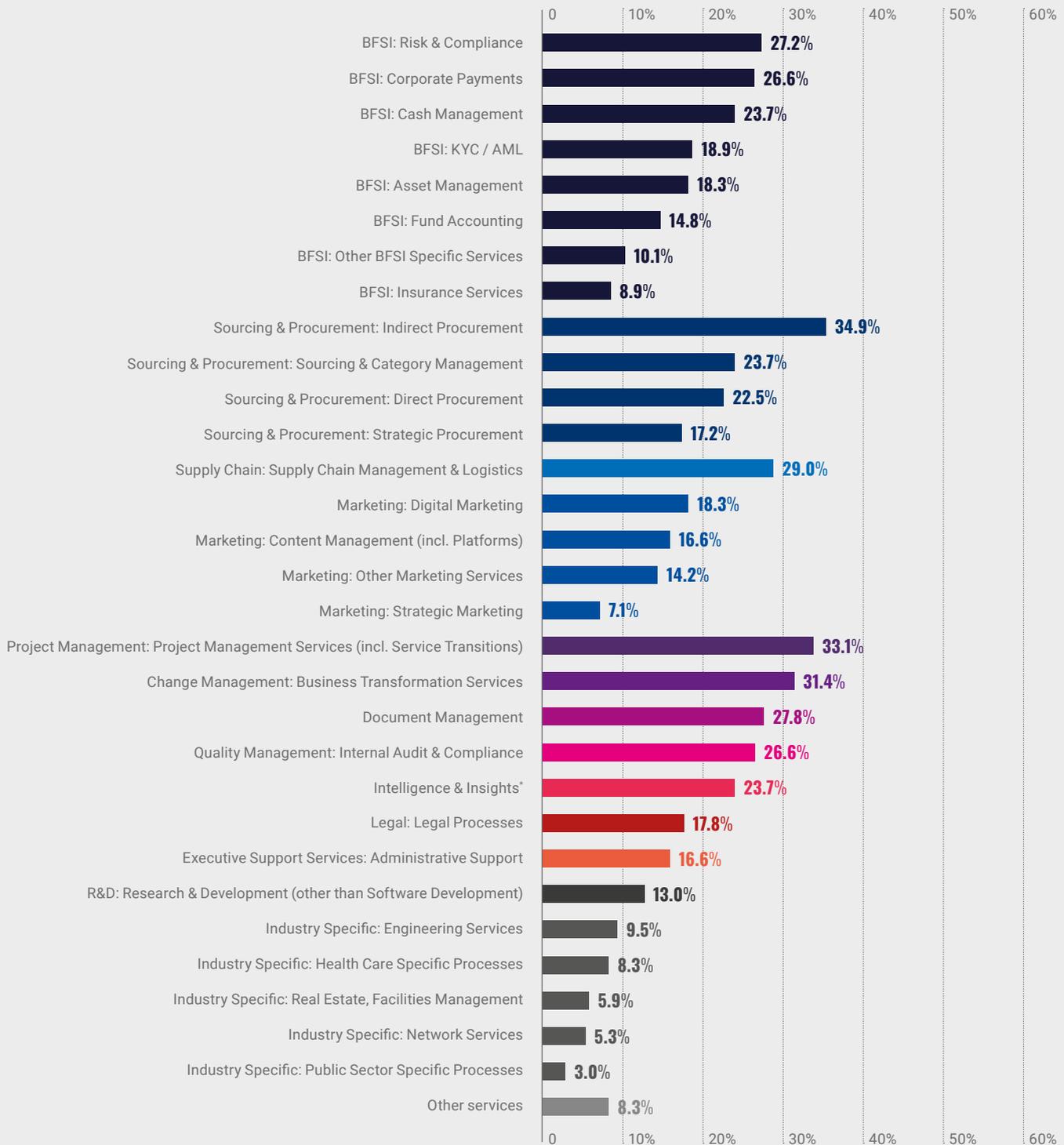
\* incl. Cash Allocation, Cash Collection, Disputes Management

Source: ABSL's study based on the results of the survey (N=169 companies)

State of the business services sector in Poland  
at the end of Q1 2022

**FIGURE 1.17**

PROCESS CATEGORIES SUPPORTED BY BUSINESS SERVICES CENTERS IN POLAND (PART 2)  
(% OF RESPONDENTS)



\* Business Intelligence, Data Analytics, Complex Performance Reporting

Source: ABSL's study based on the results of the survey (N=169 companies)

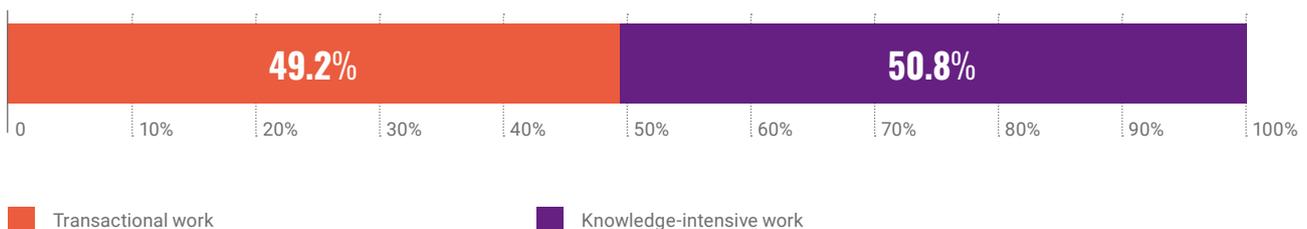
## SOPHISTICATION OF BUSINESS PROCESSES

The business services sector in Poland is changing. A gradual increase has been observed in the sophistication of the services provided by the centers. Respondents were asked to estimate the transactional vs. knowledge-intensive work ratio. Transactional work tasks are when less than six months are required to train an employee to reach the required efficiency level; it is six months or more for knowledge-intensive work.

For the first time, the percentage of knowledge-intensive processes exceeded 50%. At the end of Q1 2022, 50.8% of all processes (weighted by employment) performed in the centers were considered knowledge-intensive. The result is 6.5 p.p. higher than the 2019 report and 2.5 p. p higher than the 2021 report.

**FIGURE 1.18**

PROPORTION OF TRANSACTIONAL VS. KNOWLEDGE-INTENSIVE PROCESSES IN Q1 2022  
(EMPLOYMENT WEIGHTED RESPONSES)



Source: ABSL's study is based on the survey results (N=155). The results are weighted by overall employment

## BACK-OFFICE / MID-OFFICE / FRONT-OFFICE

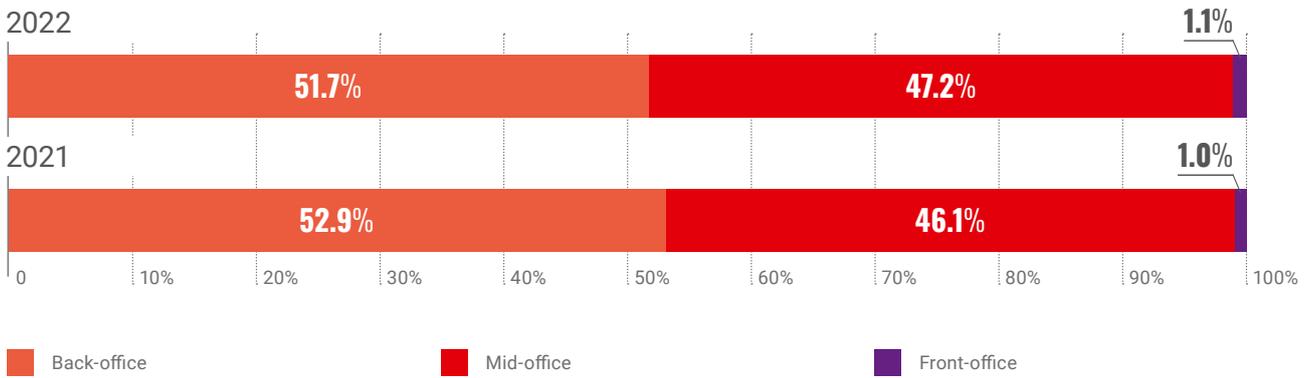
As a result of a comparison of responses to prior ABSL surveys, process categories supported in centers were assigned according to their location in the functional structure of organizations (back-office, middle-office, and front-office). Front-office positions are the most client-facing. Front-office employees consistently work directly with customers. The middle office supports the front office in dealing with more complex tasks like analytics. The back-office provides administrative & general support.

Similarly, to last year's report, we have identified a downward trend in the importance of back-office processes and an increase in the importance of mid-office and front-office functions. **The industry has gradually shifted towards functions with higher added value and greater complexity throughout the last year. On average, 51.7% of processes supported in Q1 2022 are back-office (a decrease of - 1.2% YoY), while the share of the mid-office process is 47.2% (an increase of 1.1% YoY). The percentage of mid-office processes has significantly increased over the last five years (2016-2021).**

State of the business services sector in Poland at the end of Q1 2022

**FIGURE 1.19**

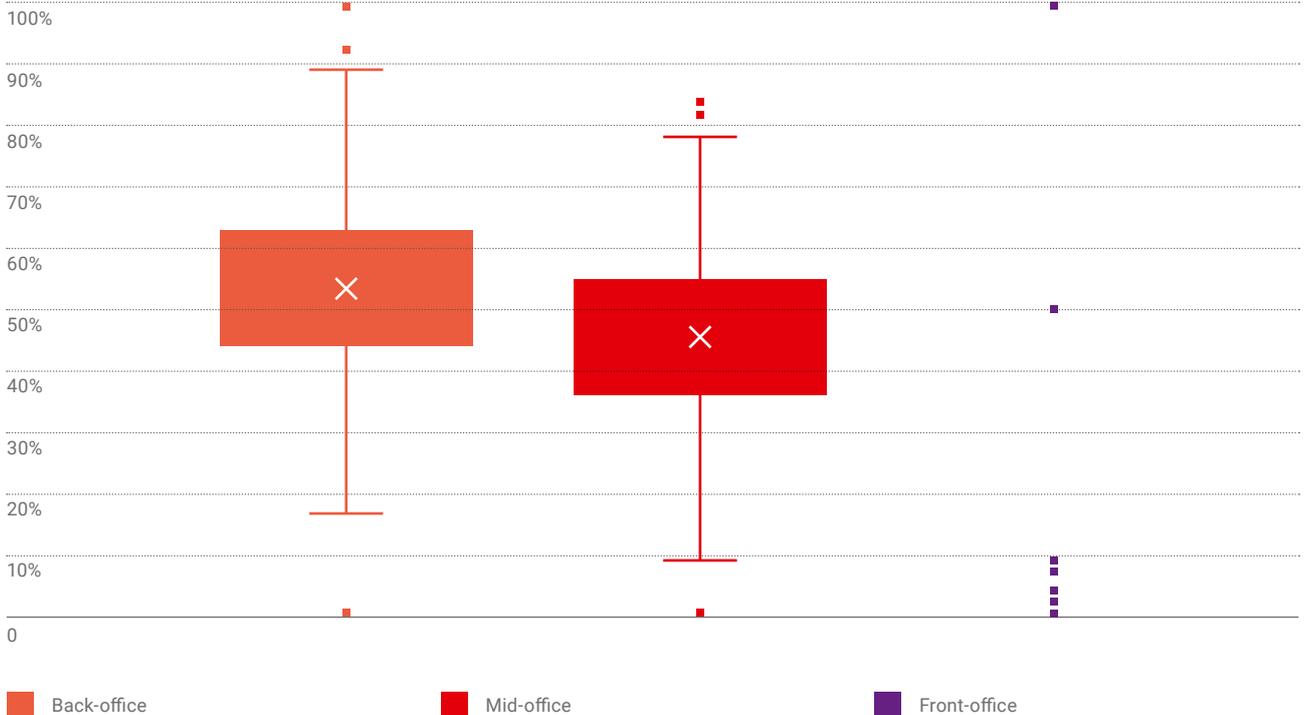
PROCESS CATEGORIES SUPPORTED BY BUSINESS SERVICES CENTERS IN POLAND (INDUSTRY AVERAGES)



Source: ABSL's study is based on the results of the surveys in 2021 & 2022

**FIGURE 1.20**

BOXPLOTS OF PROCESS CATEGORIES SUPPORTED BY BUSINESS SERVICES CENTERS IN POLAND IN Q1 2022



Source: ABSL's study based on the results of the survey in 2022 (N=169)

# LANGUAGES USED AT BUSINESS SERVICES CENTERS



**36**

The largest number of languages used at a single business services center.



**34.3%**

The rate of centers in which 21 and more processes are carried out in English only.



**7**

The average number of languages used at business services centers. Median=6.



**English**

The most popular language in which services are provided in Poland (in 95.1% of centers).



**22.7%**

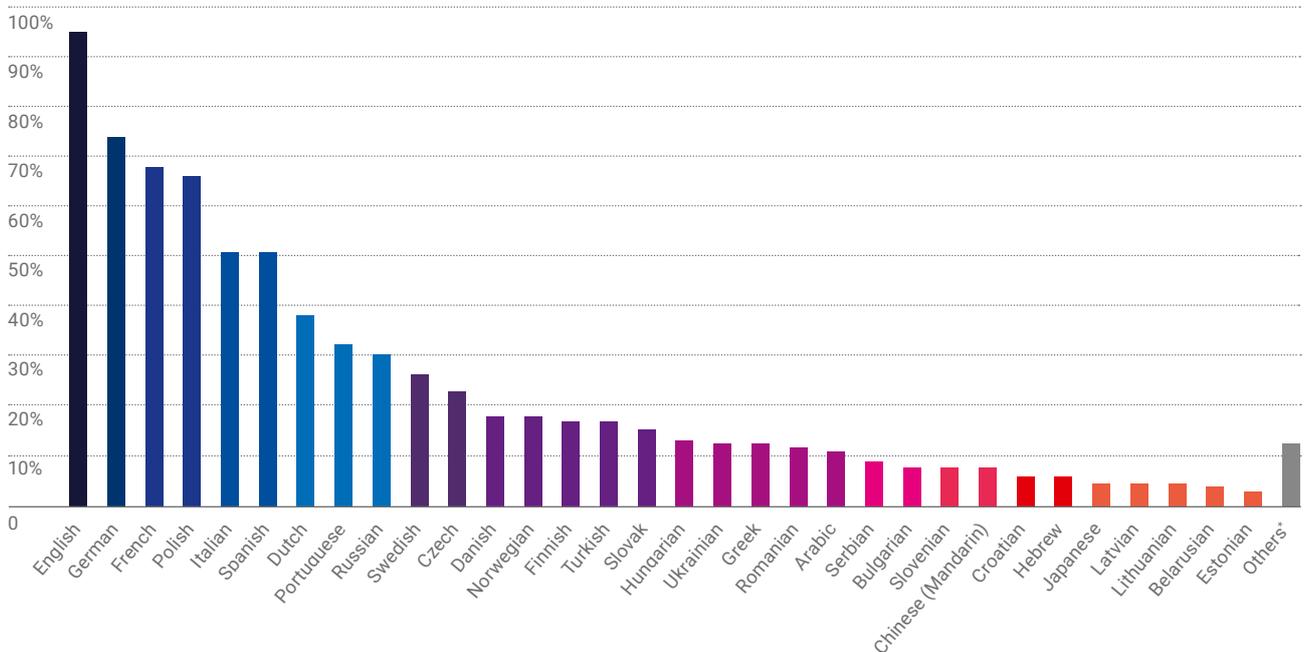
The share of business services centers using at least ten languages.



Five other languages are used to provide services in more than half of the centers.

**FIGURE 1.21**

LANGUAGES USED AT CENTERS IN SERVICING CLIENTS BY POPULARITY (% OF RESPONSES)



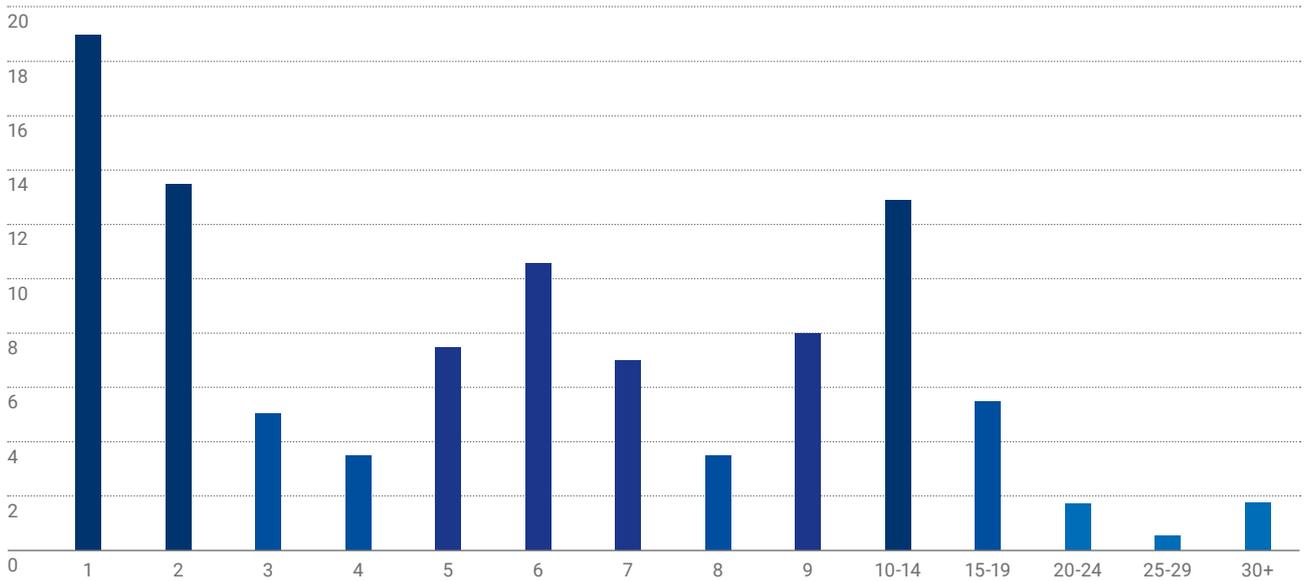
\* In the category "other" were: Chinese (other dialects), Hindi, Korean, Vietnamese, Persian, Urdu, Flemish

Source: ABSL's study is based on a survey addressed to business services centers (N=163 companies). The results do not add up to 100

State of the business services sector in Poland at the end of Q1 2022

**FIGURE 1.22**

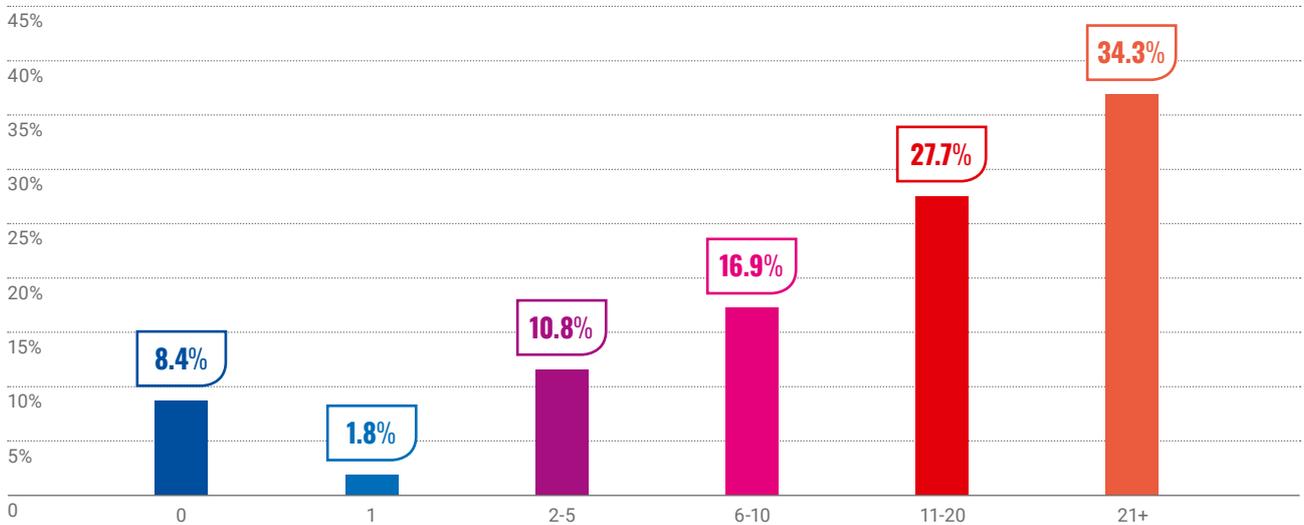
NUMBER OF LANGUAGES USED AT A CENTER (%)



Source: ABSL's study is based on a survey addressed to business services centers (N=162 companies). The results do not add up to 100

**FIGURE 1.23**

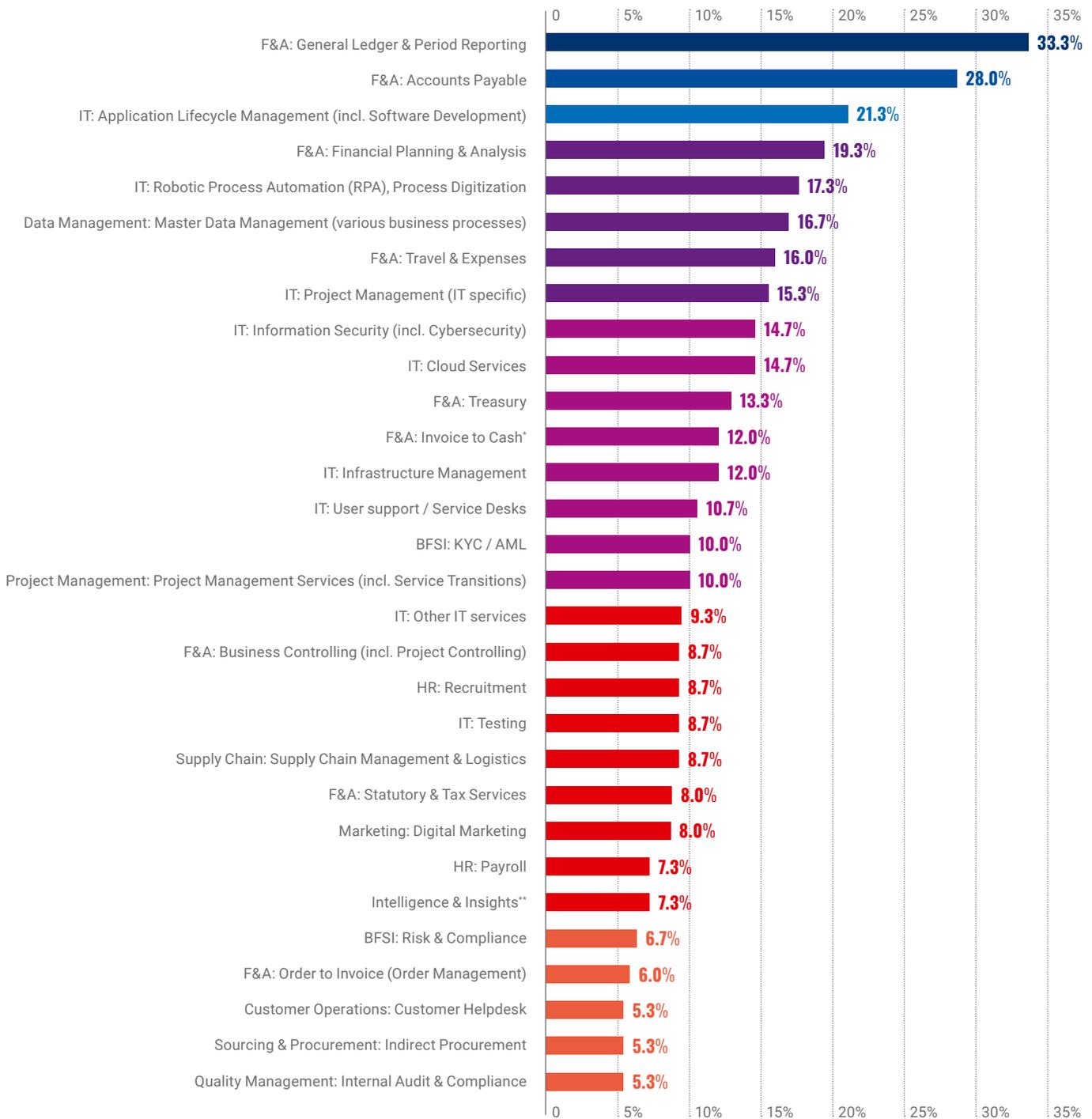
NUMBER OF PROCESSES PERFORMED IN THE CENTER REQUIRING ENGLISH ONLY (% RESPONSES)



Source: ABSL's study is based on a survey addressed to business services centers (N=166 companies). The results do not add up to 100

**FIGURE 1.24**

TOP PROCESSES PERFORMED IN ENGLISH ONLY  
(% RESPONSES, INDICATIONS WITH MORE THAN 5% SHARE)



\* Cash Allocation, Cash Collection, Disputes Management

\*\* Business Intelligence, Data Analytics, Complex Performance Reporting

State of the business services sector in Poland  
at the end of Q1 2022

## PROGRAMMING LANGUAGES AND INFORMATION TECHNOLOGIES



### SQL, JAVA, PYTHON

The three programming languages used most often  
in centers in Q1 2022.



### JAVA, PYTHON, JAVASCRIPT

The three programming languages most in demand  
till Q1 2023.



### POWER BI 97.1%

Of users of POWER BI, the technology solution most  
utilized in centers in Q1 2022 – followed by SAP (83.7%).

For the third time in a row, we asked the managers about utilizing programming languages and information technologies in their centers. In comparison to previous reports, we extended the lists of languages and information technologies reflecting this new development in the sector.

SQL (used in 82.7% of centers), JAVA (78.8%) & JAVASCRIPT (72.1%), as well as Python (76.0%), are still the top 4 programming languages most often utilized in centers. They are followed by the C#/\*.net/C/C++ language family – 50% of centers.

The results are not surprising and in line with both global trends and the results of the ABSL 2020 & 2021 Strategic Foresight studies. The significance of data in different forms and types, structured and unstructured, and the amounts of data collected are increasing. Technologies allow data to be effectively collected, processed, stored, combined, visualized, and utilized in more advanced predictive analysis.

Despite the complex nature of large-scale cloud transformation initiatives, cloud transformation is gaining pace in line with prior expectations. At the same time,

technology executives accept that agile software development methods are effective and are increasingly sophisticated in their approach to cloud transformations.

The trend toward implementing IPA that includes both RPA and AI solutions is also on the increase.

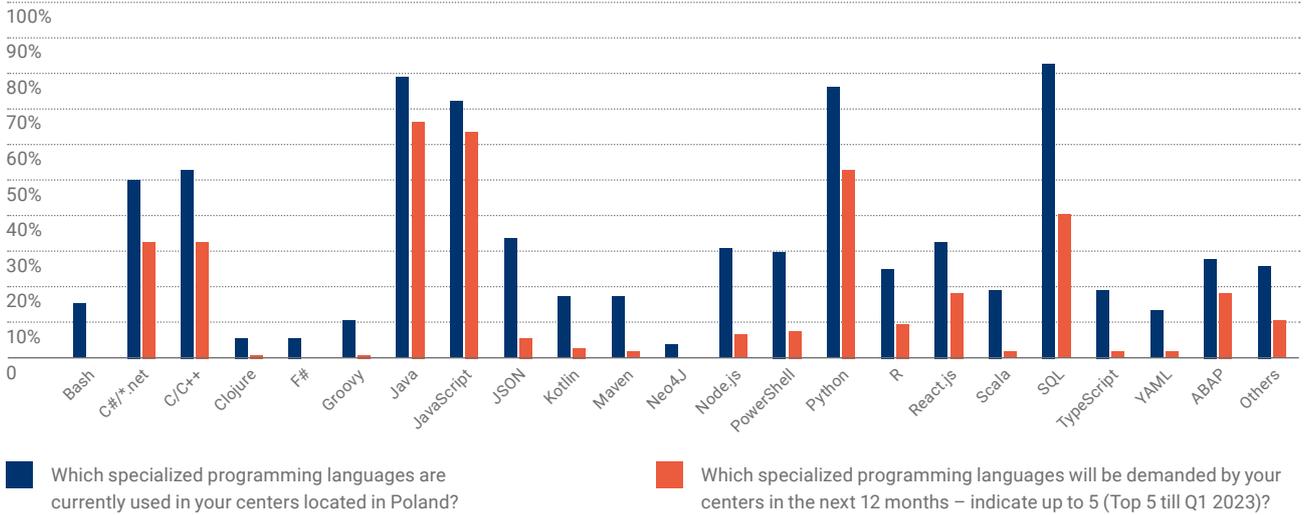
The COVID-19 pandemic has significantly accelerated digital transformation, acting as a driver of change.

Data visualization is becoming increasingly popular; it enables managers and clients to inform strategic decision-making and allows data to tell a story, including creating manager dashboards. This digital transformation also points to the integration of systems and evaluation of the effectiveness of processes based on automatically generated data. We see an increasing appetite for constant access to automatically updating data, preferably in real-time. This could be a side-effect of the COVID-19 pandemic, i.e., the disruption of GVCs forced enterprises to look more closely at financial processes, particularly those affecting cash flow.

A trend towards hyper-personalization of services will be gaining pace in the forthcoming years.

**FIGURE 1.25**

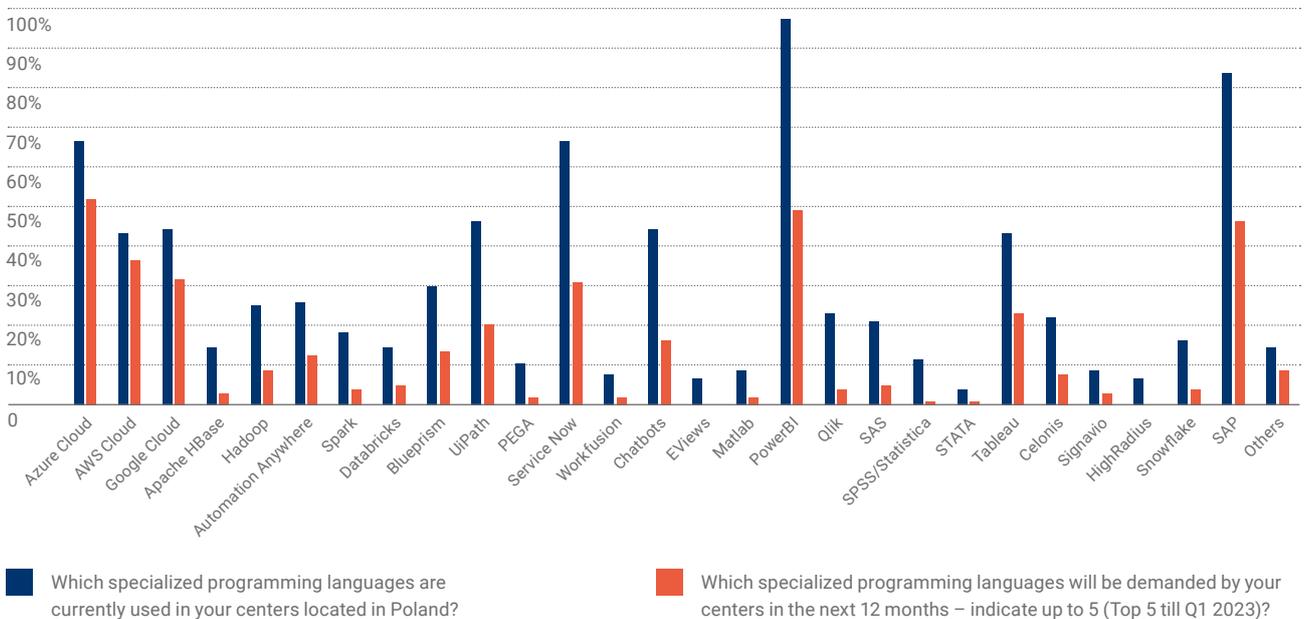
UTILIZATION OF PROGRAMMING LANGUAGES AND THE NEED FOR SPECIALISTS IN THAT AREA TO THE END OF Q1 2023 (% OF RESPONSES)



Source: ABSL's study is based on the results of the survey (N=104 companies)

**FIGURE 1.26**

UTILIZATION OF SPECIALIZED IT TECHNOLOGIES AND THE NEED FOR SPECIALISTS IN THAT AREA TILL THE END OF Q1 2023 (% OF RESPONSES)



Source: ABSL's study is based on the results of the survey (N=104 companies)

State of the business services sector in Poland  
at the end of Q1 2022

## EMPLOYMENT IN THE SECTOR



# 400,300

The number of employees in the sector  
at the end of Q1 2022.



# 114

The number of jobs created per day  
in the sector in 2021.



# 41,700

The number of jobs created in the sector since Q1 2021.



# 82.6%

The share of entities with foreign-owned capital  
in overall employment in the sector.



# 11.6%

YoY growth in employment.

The number of employees at centers in Poland stood at 400,300 in Q1 2022. This is a YoY increase of 41,700 (11.6% growth), of which 70.0% was in the three main locations (Kraków, Warsaw, Wrocław). The CAGR for the period 2017-2022 was 10.2%. The YoY employment growth rate was 15.0% in 2017, 13.5% in 2018, 11.4% in 2019, 9.8% in 2020 and 5.0% in 2021. In Q1 2021 – Q1 2022, the number of new jobs created per day in the business services sector was approximately 114, higher than in previous years.

The CAGR of employment in 2017-2022 was at its highest in Warsaw (13.7%) and Tri-City (12.6%).

In the previous year's ABSL report, the optimistic scenario's employment forecast for Q1 2022 was 387,000 jobs. The sector grew faster than

expected. This was primarily due to a quicker than expected recovery from the COVID-19 pandemic that picked up quickly in the second quarter of 2021, before growth rates returned to more moderate levels.

Total employment in Poland's economy in 2021 increased by 2.3%, while in the KIBS sector it rose by 11.6%. As a result, the share of KIBS in total employment increased in the business sector overall to 6.2% (compared to 5.6% in 2021).

Out of 41,700 jobs created, 6,400 were accounted for by new centers established in 2021 and 2022. The remainder represents the organic growth of the sector in centers that started operations in previous years.

## WORK FROM HOME AND A RETURN TO THE OFFICE

One of the consequences of the COVID-19 pandemic was the forced switch toward the WFH model. 24.1% of staff (employment weighted) works full time from home; 46.2% is primarily WFH. A comparison of the survey results for 2021 and 2022 reveals changes that reflect the consequences of the vaccination program and the fact that the sector had to become accustomed to the COVID-19 pandemic’s new reality, as well as learning to manage pandemic-related risks. In 2021, full-time WFH (no work from the office) was the dominant mode, while in 2022, it is primarily WFH (with the option of working from the office). In addition, a mix of WFH and working from the office has become more frequently indicated by respondents.

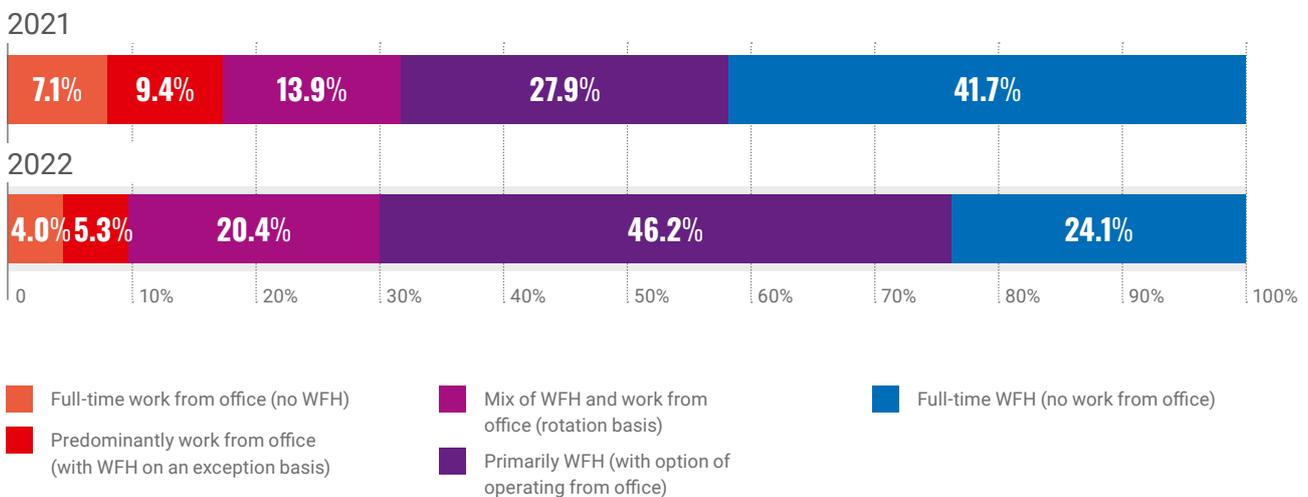
In conclusion, the pandemic has brought about new work patterns. Despite the decreasing numbers of infections and the introduction

of vaccination programs, the labor market seems to have permanently changed. In 2022 (compared to 2021), the share of full-time work from the office (no WFH) and predominantly working from the office has dropped. Detailed information on the significance of WFH by the type of center is provided in Figure 1.28. Adjusting to the new reality, many companies wonder what indicators to use in terms of WFH – whether the average monthly work in the office compared to the entire population or the working population on average X days a week (1, 2, or 3 days), etc. Adequate data is needed to make decisions, e.g., related to office costs and the issue of investment in equipment for WFH.

More importantly, 63.5% of respondents believe office occupancy will never return to pre-covid levels, confirming the depth of change in work patterns brought on by the pandemic.

**FIGURE 1.27**

WORK FROM HOME (%) IN 2021 AND 2022

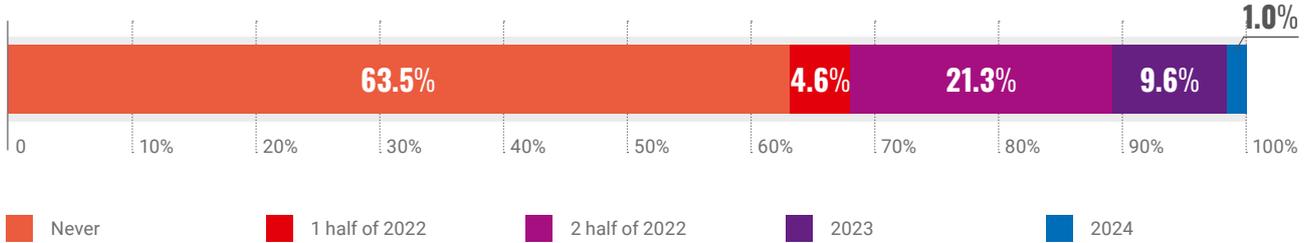


Source: ABSL’s study based on the business services center database (N for 2022 = 197). The results are weighted by overall employment

State of the business services sector in Poland at the end of Q1 2022

**FIGURE 1.28**

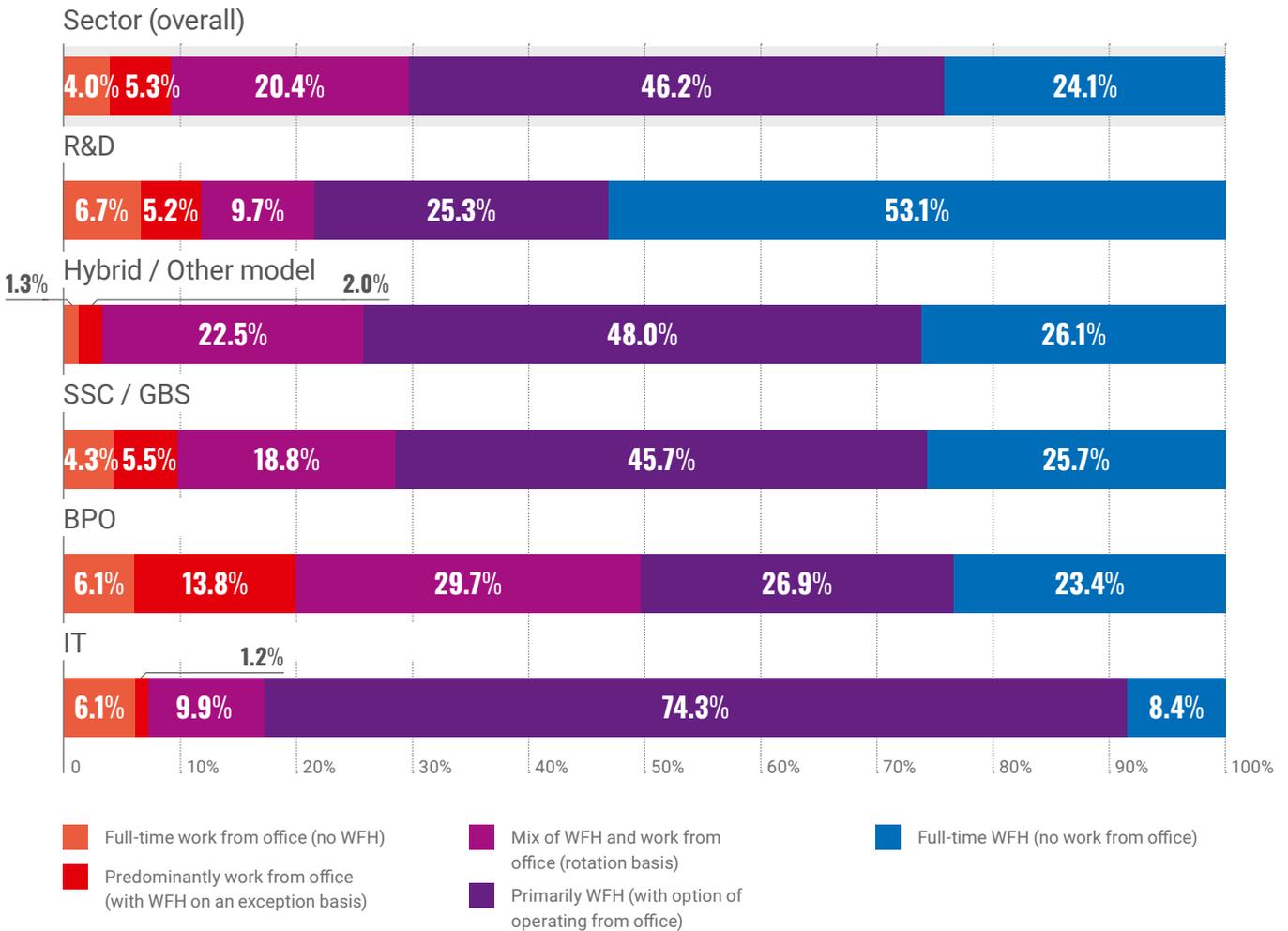
WHEN DO YOU THINK OFFICE OCCUPANCY WILL RETURN TO PRE-COVID LEVELS? (%)



Source: ABSL's study based on the business services center database (N=197)

**FIGURE 1.29**

WORK FROM HOME BY TYPE OF CENTER (%)



Source: ABSL's study is based on the business services center database (N=197). The results are weighted by overall employment

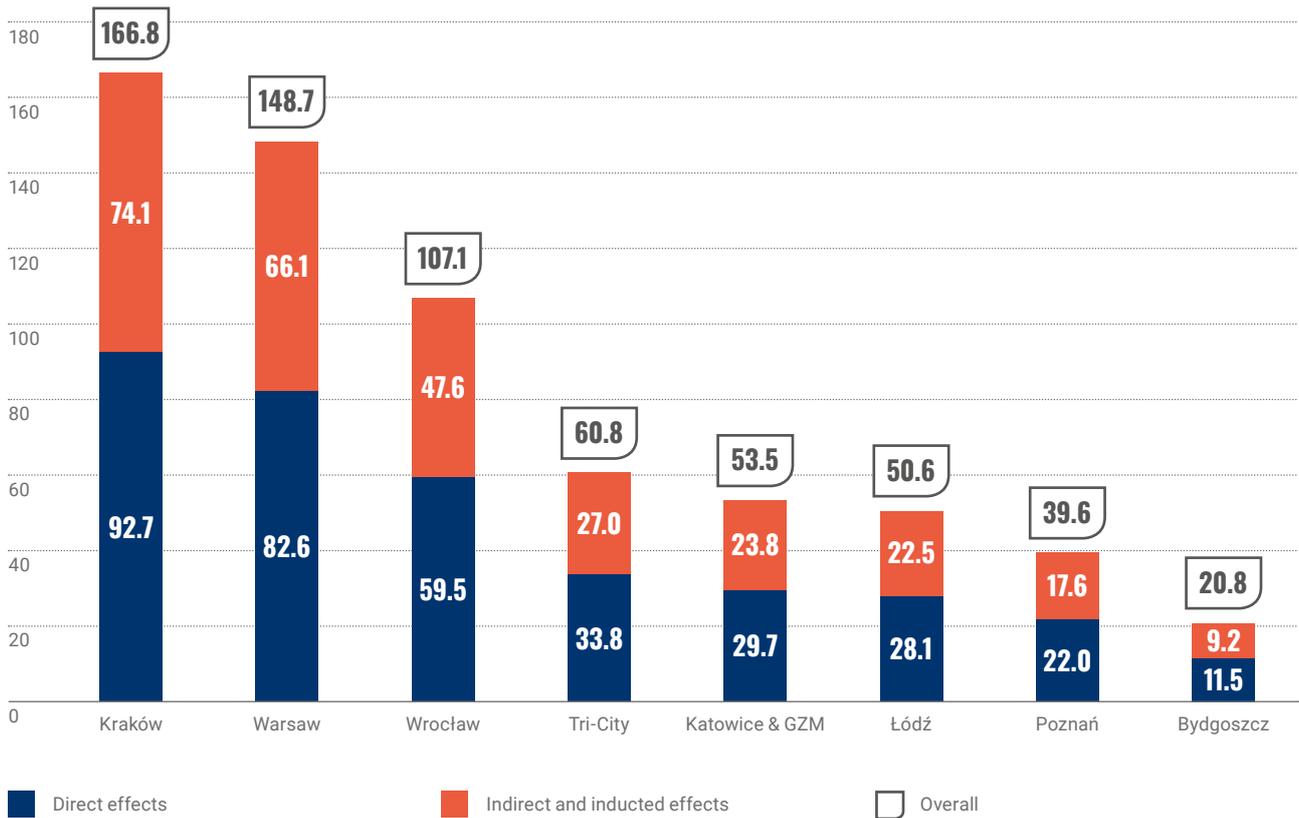
## CONTRIBUTION TO THE LABOR MARKET IN POLAND AND REGIONALLY

The contribution of the business services sector to the labor market in Poland is more significant than what a simple analysis of employment in those centers would reveal. Indirect and induced multiplier effects should be considered as well. Using the multiplier developed by EY<sup>1</sup> (equal to 1.8), the number of jobs generated by centers in Poland

should be estimated at 720,600. The graph depicts the influence of business services centers on the labor market in Poland’s central locations in 2022, and is divided into direct, indirect, and induced effects. The main locations have been defined as those with employment above 10,000 people.

**FIGURE 1.30**

THE INFLUENCE OF THE FUNCTIONING OF BUSINESS SERVICES CENTERS ON THE LABOR MARKET IN THE MAIN LOCATIONS IN 2022 (1,000 EMPLOYEES)



Source: ABSL’s study is based on the business services center database and information from EY’s Spectrum model

<sup>2</sup> EY (2019) “Global Business Services last decade and outlook for the next years”, based on the EY SPECTRUM model, based on data from Statistics Poland, ABSL, Randstad Sourceright, and JLL.

State of the business services sector in Poland at the end of Q1 2022

## EMPLOYMENT FORECAST

Considering the trends in the global economy, and the forecasts of the International Monetary Fund from January this year (GDP growth rate in 2022 for the global economy in 2022 of 4.4%, with growth forecasts for advanced countries of 3.9% and the euro area with 3.9%), we predict that employment in Poland's modern business services sector in 2023 will increase to 432,000 people. This means that employment growth dynamics will be 7.9%.

The dynamics of the sector's growth seems to depend more on the global economic situation than the economic situation in Poland and the region as a whole. This is due to the specific nature of the supported business processes and the customers' base of operations.

2021 saw an increase in employment dynamics, resulting from a rebound after the shock caused by the COVID-19 pandemic. After the boom which occurred in Q2 2021, the dynamics of the global economy then began to decline – we have entered a period of global growth moderation that is likely to last well into 2022-23. The developments in Q1 2022 point to a significant slowdown or even recession in some of the key countries for the sector in 2023.

The surveyed companies declared that they would increase employment in 2022. Still, their plans have to face the deteriorating access to the talent pool (see, among others, Poland's deteriorating position in the global talent pool ranking – World Talent Ranking) and the increase in uncertainty and investment risk caused by Russia's aggression against Ukraine (the survey was conducted in the run-up to the invasion). We therefore believe that jobs will be created primarily in centers already operating in Poland, reducing the inflow of new investments.

The global economic situation in 2022 and 2023 will depend primarily on the further course of the COVID-19 pandemic (including the possibility of the emergence of new variants) and other scenarios of the war in Ukraine.

The data available at the time of writing indicate a further deterioration in the global economy due to war, problems, and disruptions in global supply chains, with higher levels of uncertainty, which could further increase inflationary pressures. Inflation in Poland is at its highest in 20 years and in the United States for over 40 years. At the same time, the location of Poland in the immediate vicinity of the ongoing conflict means a higher level of uncertainty and a greater probability of disruption, which may translate into more significant inflationary issues, a depreciation of the zloty (in the short-run protecting competitiveness of our exports and allowing some cost savings due to conversion into zloty but in the long-run further stimulating inflation), as well as a potential decline in the Polish economy, which can be seen, for example, in an inversion of the yield curve. Further erosion of the macroeconomic foundations of the Polish economy is taking place, which may pose a threat to its further development. This factor was also indicated by the respondents of this year's survey as the main threat to the sector's development.

This will mean a need for more restrictive monetary policy tools to be applied by the world's major states. As a consequence, the global economy will function in an environment of significant supply-side disruptions with a high level of inflation and increasing inflationary trends, which in case of some economies may cause stagflation and a de facto return to the economic conditions that existed in the 1970s.

Poland's modern business services sector is characterized by a relatively high internationalization, illustrated by the share of foreigners in employment at a level close to 14%. Increased investment risk in Poland in connection with Russia's aggression toward Ukraine may result in an outflow of some foreign workers from Poland and difficulties in attracting new ones. At the same time, this potential outflow may be balanced, at least to a certain extent, by an inflow of employees from Ukraine, Belarus, and Russia.

Considering the above factors, we also proposed two alternative versions of the employment development scenarios in the sector with relation

to the baseline (continuation scenario). Considering the balance of positive and negative factors in both cases, we decided to indicate employment growth, but at a lower rate than in the baseline scenario, which is 4.9% in the case of the slowdown scenario and 2.4% in the pessimistic scenario.

The employment forecast focuses on quantitative aspects. Qualitative changes are taking place and will occur with changing demand for skills and talents, the co-existence of various forms of employment, and the need for greater flexibility (B2B, alternating employment contracts, increased tax-deductible costs for developer roles, etc.).



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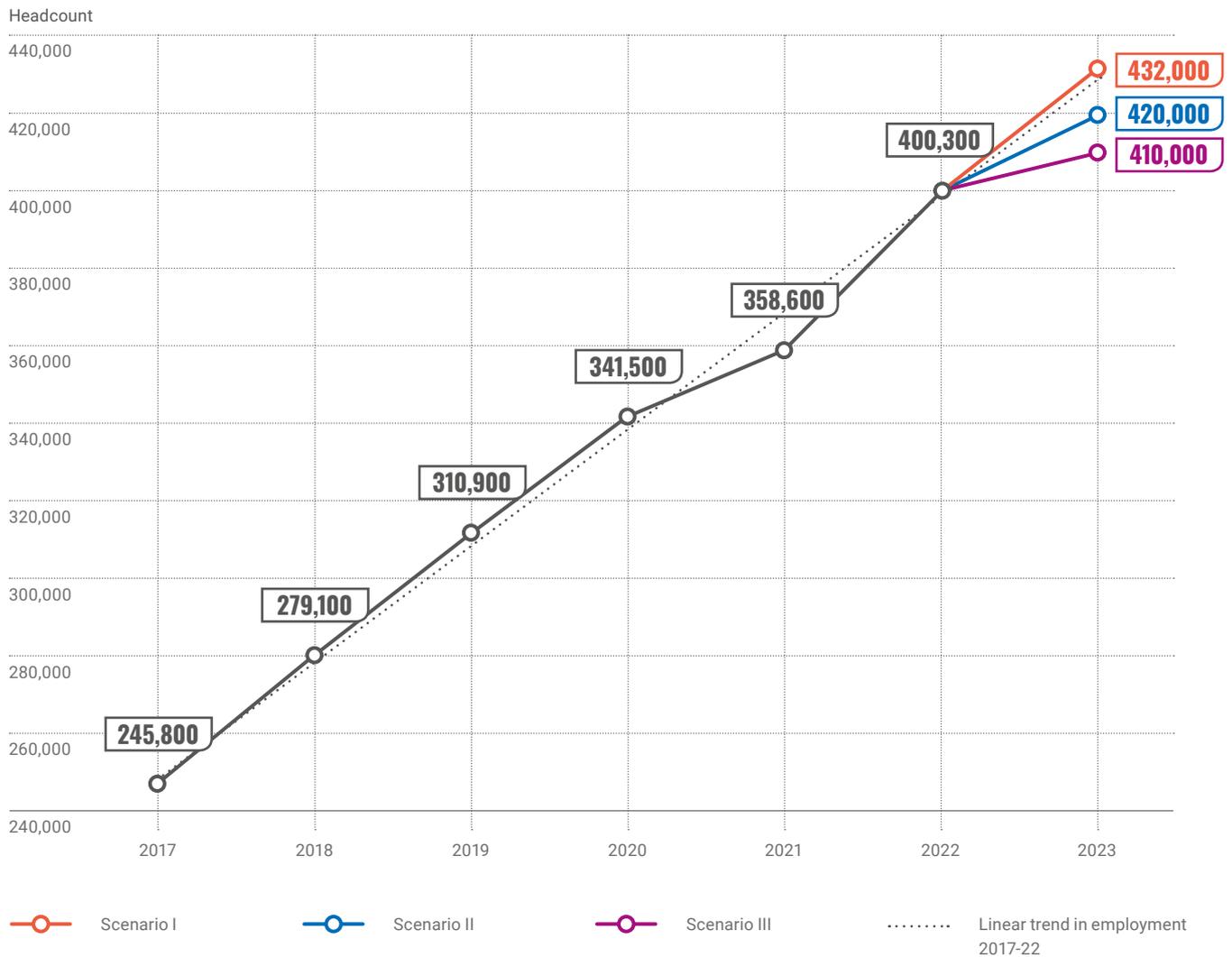


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State of the business services sector in Poland  
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**FIGURE 1.31**

CHANGES IN EMPLOYMENT AT BUSINESS SERVICES CENTERS SINCE 2017



Source: ABSL's study based on the business services centers' database

## EMPLOYMENT IN THE LARGEST CENTERS

In Poland, 79 centers employ at least 1,000 people. Compared with the previous report, the number of such centers has risen by 14. In these centers, 148,900 people work (a YoY increase of 23,400), while their share in the sector's overall employment is 37.2%. Among the largest centers operating in Poland, entities with foreign-owned capital dominate. Four of the centers that employ at least 1,000 people are domestic entities. Compared with the previous report, their number has risen by one. Out of the overall number of centers employing at least 1,000 people, 74.1% (110,300 people) are Tier 1 centers, 18.4% (27,400 people) are Tier 2 centers; 41.0% (61,100 people) work in SSC/GBS centers, and 22.6% (33,600 people) in IT centers.

The ten largest investors employ 66,100 people or 16.5% of the overall number of jobs. The number of employees in the centers of each of these companies is over 5,000 people. Among the most prominent investors, there is one Polish company, Comarch. Domestic investors that employ more than 1,500 people include CC Inter Galactica, Asseco, Arteria, KRUK, PZU, and Avenga IT Professionals. Companies that employ 900 to 1,500 people include EUVIC, Tauron, OEX, CD PROJEKT RED, Billennium, Transition Technologies, Future Processing, and Telmon.

**TABLE 1.3**

THE 10 LARGEST INVESTORS IN POLAND IN TERMS OF HEADCOUNT IN BUSINESS SERVICES CENTERS

Investor	Parent company's headquarters' location	Number of employees at centers
Cappgemini		10,000-11,000
Nokia		6,000-7,000
Sii		6,000-7,000
Comarch		6,000-7,000
Atos		6,000-7,000
State Street		6,000-7,000
Credit Suisse		6,000-7,000
Citigroup		6,000-7,000
Kyndryl		5,000-6,000
HSBC		5,000-6,000

Source: ABSL's study based on the ABSL's business services centers' database

State of the business services sector in Poland  
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## AVERAGE HEADCOUNT

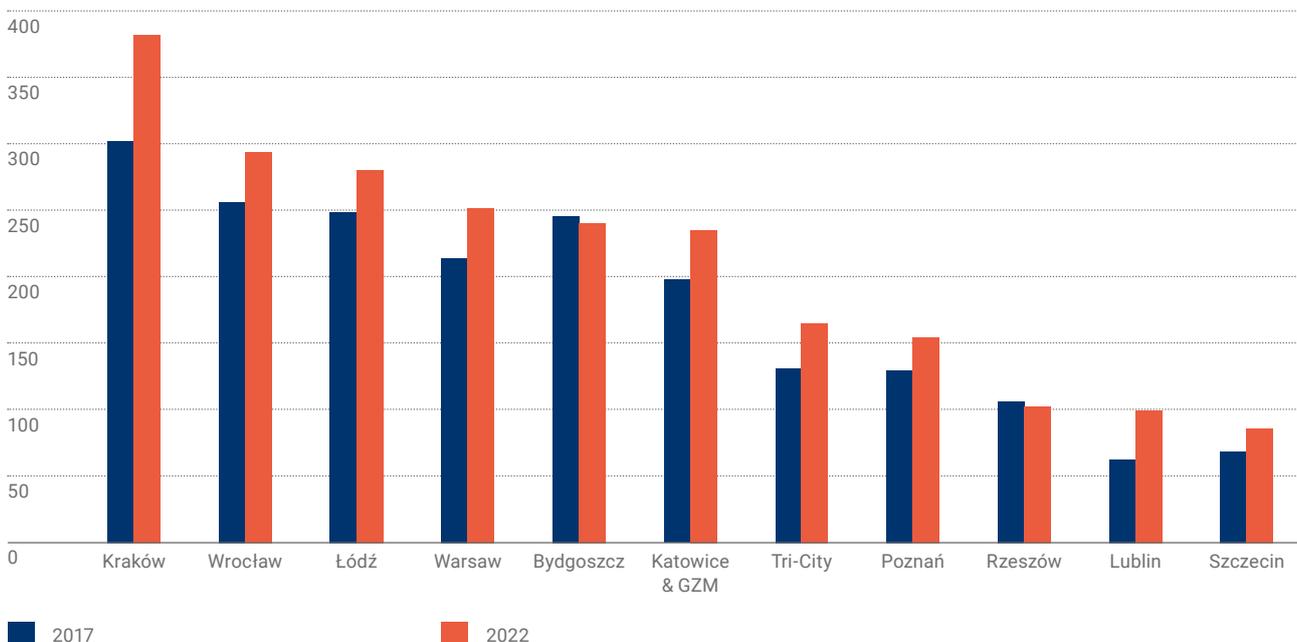
Among the eleven most significant business services locations (employment in each exceeds 5,000 people), the highest average headcount is in Kraków (361). Twenty-six centers in Kraków employ 1,000 or more people (33.0% of all such centers in Poland). In second place (289 employees) in Wrocław (nine centers employing 1,000 or more people), and in third place (278 employees) is Łódź (four such centers).

The average headcount in business services centers in Poland is 236. Last year brought an increase in the average headcount. Since 2017, the most meaningful average headcount growth among the eleven most significant locations, has been seen in Kraków (+65), Warsaw (+31), Katowice & GZM, Lublin, and Wrocław (+30 each).

There is a difference in the average headcount between entities with foreign-owned capital and domestic capital (in which the main shareholder is a Polish entity). In foreign-owned companies, this figure is 284, while in domestic companies, it's 130. Such differences exist in the business services sector and the global economy (not only the Polish economy). Entities with foreign capital are larger, more productive as a rule, and thereby more internationalized. The highest average headcount is seen for centers whose headquarters are in France (396), Switzerland (380), and Ireland (362).

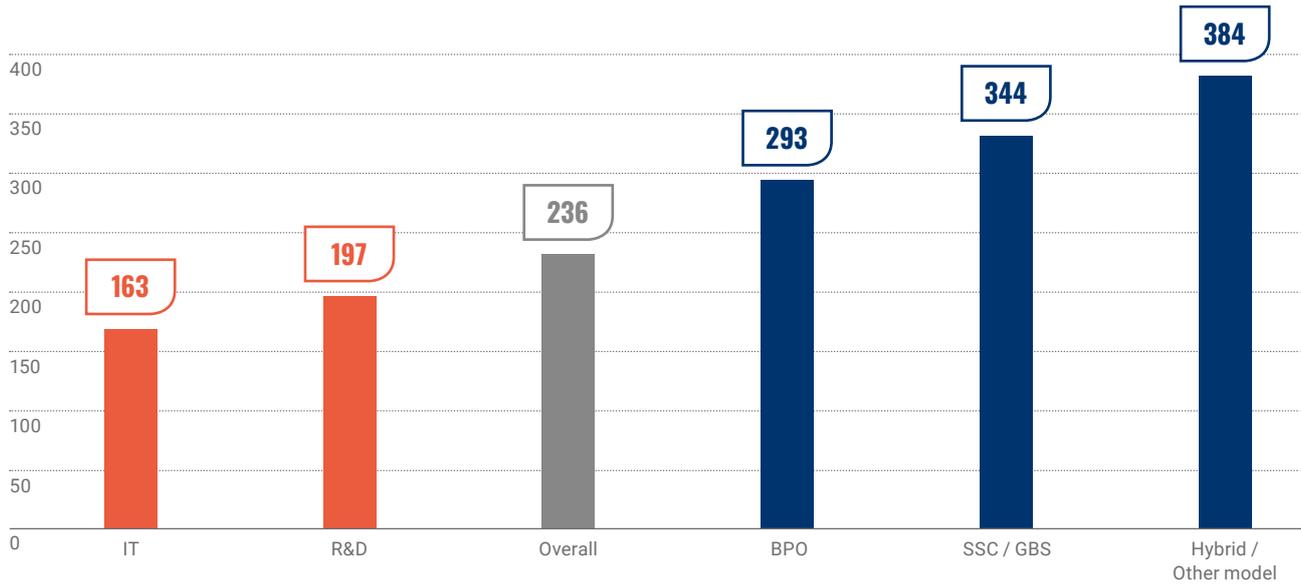
**FIGURE 1.32**

THE AVERAGE HEADCOUNT AT BUSINESS SERVICES CENTERS IN POLAND'S MAIN LOCATIONS  
(NUMBER OF PEOPLE, 2017 AND 2022)



**FIGURE 1.33**

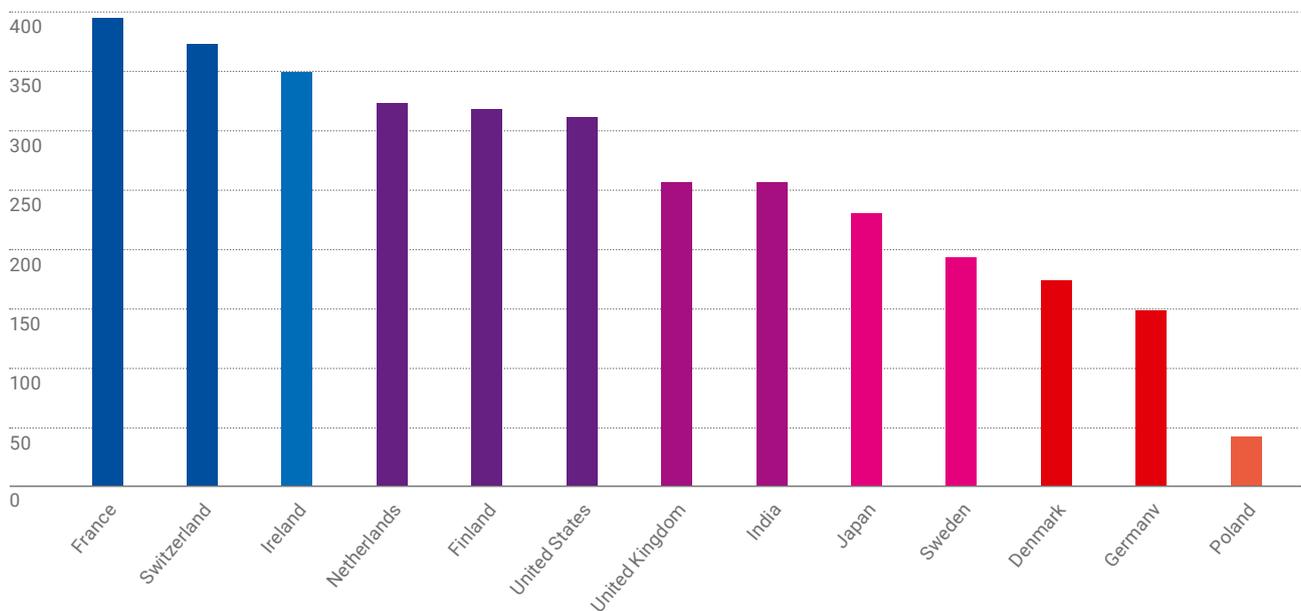
THE AVERAGE HEADCOUNT BY TYPE OF CENTER (NUMBER OF PEOPLE, 2022)



Source: ABSL's study based on the ABSL's business services centers' database

**FIGURE 1.34**

THE AVERAGE HEADCOUNT BY COUNTRY OF INVESTOR'S HEADQUARTER (NUMBER OF PEOPLE, 2022)



Source: ABSL's study based on the ABSL's business services centers' database

State of the business services sector in Poland  
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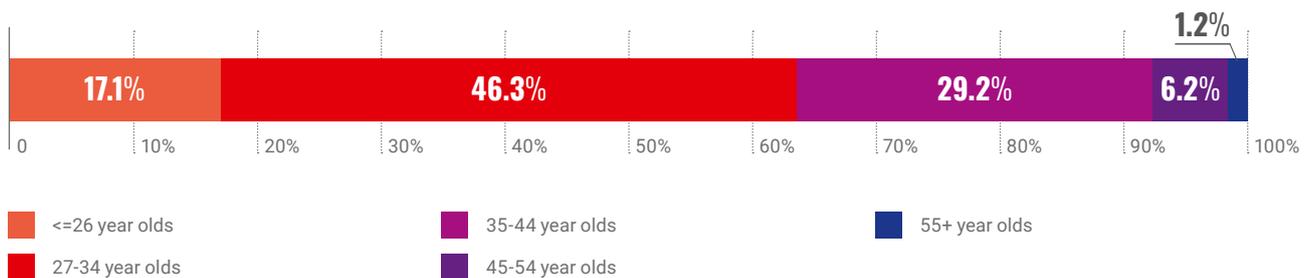
## EMPLOYMENT BY AGE GROUP, JOB POSITION, AND BUSINESS PROCESS

Since 2019, there has been an increase in the 35+ years-old group (by 7.6 p.p.) in overall employment. These changes have been accompanied by a rise (+2.7 p.p.) in the share of specialized positions in the

employment structure of centers, as well as team leaders and managers (+3.9 p.p). The percentage of junior classes is decreasing (-3.2 p.p). This trend reflects the sector entering a phase of maturity.

**FIGURE 1.35**

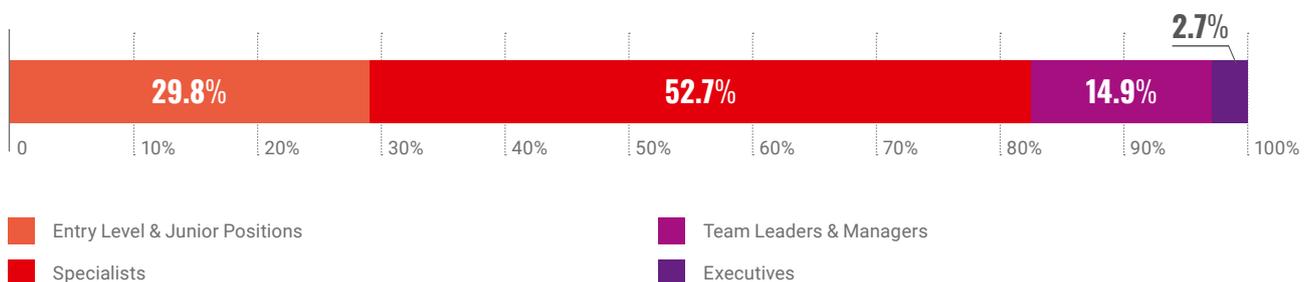
THE EMPLOYMENT STRUCTURE OF BUSINESS SERVICES CENTERS ACCORDING TO THE AGE OF EMPLOYEES (%)



Source: ABSL's study is based on a survey addressed to business services centers (N=164). The results are weighted by overall employment

**FIGURE 1.36**

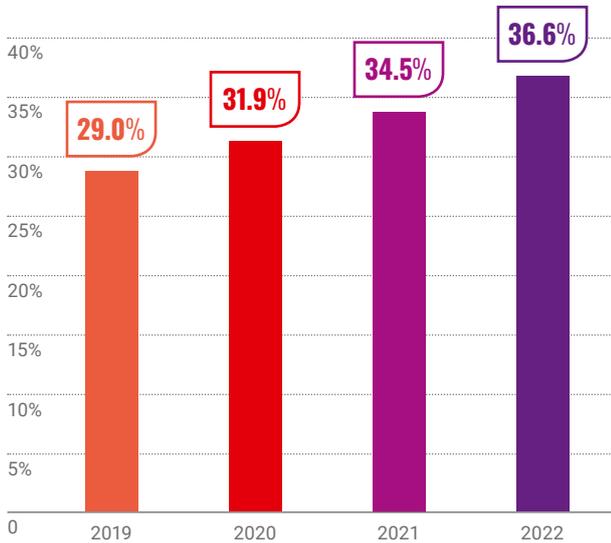
EMPLOYMENT STRUCTURE OF BUSINESS SERVICES CENTERS BY JOB CATEGORY (%)



Source: ABSL's study is based on a survey addressed to business services centers (N=173). The results are weighted by overall employment

**FIGURE 1.37**

THE SHARE OF 35+ YEAR OLDS IN THE SECTOR'S EMPLOYMENT (2019-2022)



Source: ABSL's study is based on a survey addressed to business services centers. The results are weighted by overall employment

## SHIFT WORK

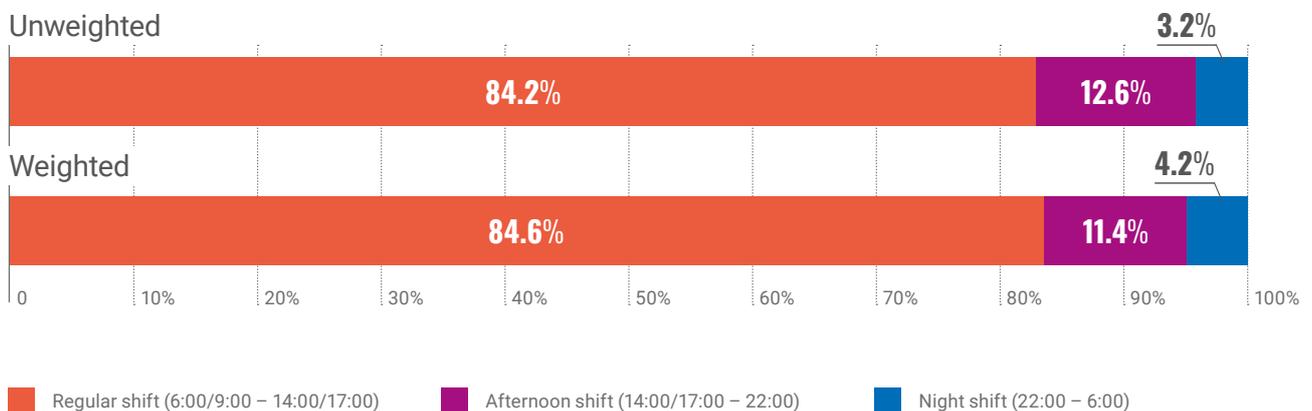
The majority (66.7%) of companies analyzed do not operate in shifts. The highest percentage of those organizations who do work shifts is in the BPO centers (62.5%), followed by SSC/GBS (30.7%) and IT (30.0%).

Among the centers that declared partial shift work, 84.6% (82.0% last year) of employees work a regular shift pattern (6/9 – 14/17), 11.4% (previous year 13.0%) work an afternoon shift (14/17-22), and 4.1% (5.0% last year) a night shift (10pm-6am).

If organizations operate more than one shift, 68.4% (73.0% last year) employees are rotated between shifts periodically. The overall share and structure of shift work again points to the dominance of nearshoring.

**FIGURE 1.38**

THE STRUCTURE OF EMPLOYEES WORKING IN SHIFTS (%)



Source: ABSL's study is based on the results of the survey. The results are weighted by overall employment (N=51 companies)

State of the business services sector in Poland  
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## FOREIGNERS IN BUSINESS SERVICES CENTERS



### 93.5%

The share of business services centers employing foreigners. Exactly the same percentage as last year.



### 13.8%

The percentage of foreigners in overall employment in business services centers analyzed by ABSL. The same value as last year.



### 47.0%

The rate of centers where at least 10.0% of employees are foreigners. The same value as last year.



### 60.0%

The highest percentage of foreign-owned workers in overall employment in a center (among centers covered by the ABSL survey).



### 25

The estimated number of foreigners (in thousands) working in business services centers covered by the ABSL survey (the same value as in the previous year).



### 55,400

The number of foreigners (in thousands) employed at services centers nationwide.

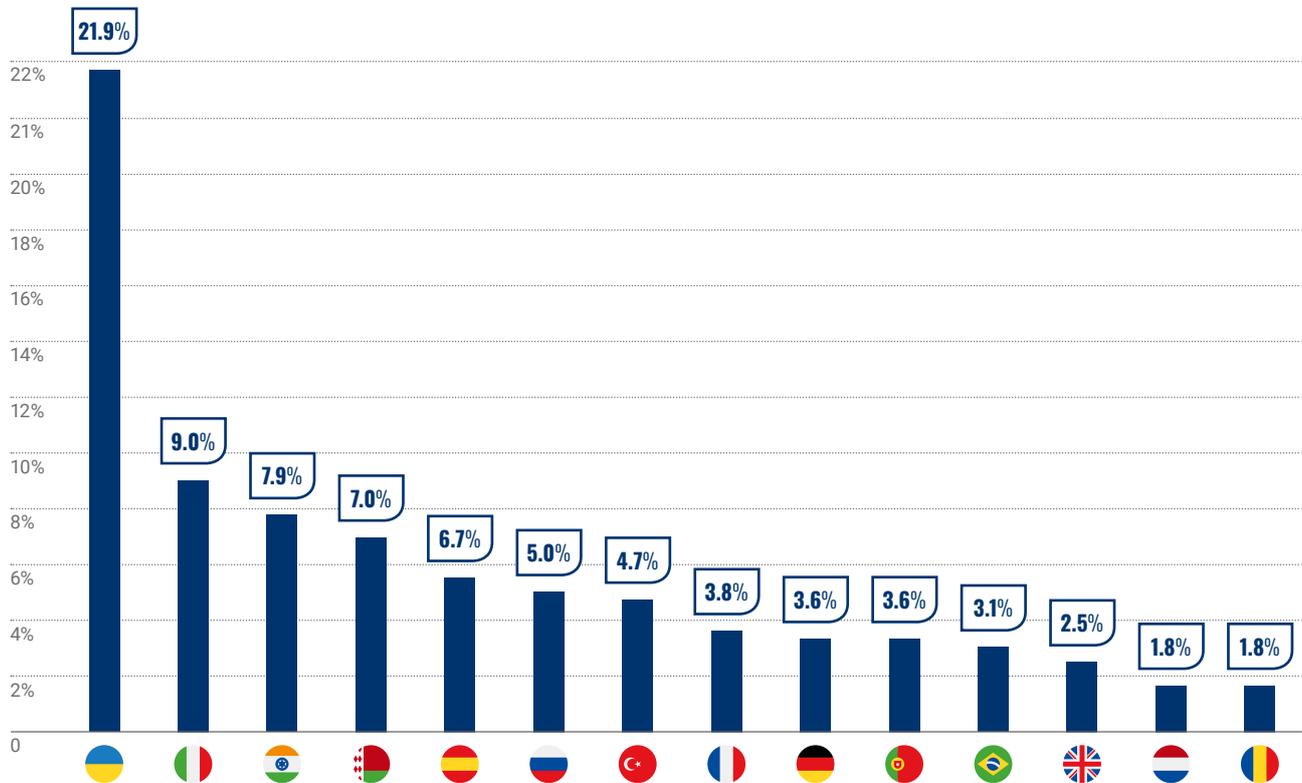
Respondents indicated the five leading countries of origin of foreigners working at the business center they represent. Ukraine, Italy, and India occupy the “top three” positions. India has replaced Spain, which had occupied third position since 2017. As in previous years, Ukraine is the most frequently indicated country of foreigners’ origins employed at business services centers. Ukrainians are the largest group of foreigners at 56% of the companies that employ foreigners (9 p.p. higher than in the previous report). Multiculturalism is a characteristic feature of the business services sector in Poland. This is why Diversity & Inclusion plays a particularly significant role in the industry and its future growth. The industry is already based on a diverse workforce, but it will increase further with talent being sought globally to meet growing demands.

This is particularly true of the most prominent business services locations. The degree of multiculturalism will continue to be on the rise. The number of countries from which foreign-owned workers are sourced is 50 (65 in 2020 and 53 in 2021). The share of foreigners in overall employment in business services centers analyzed by ABSL is 13.8% (the same as the previous year). Employees are being sought from outside of Poland as companies declare difficulties finding them in Poland. 20.4% of investors intend to recruit from abroad.

The share of foreigners in overall employment is largest in BPO centers (25.4%), followed by SSC/GBS (13.3%). For IT and hybrid, it is around 11%, while in R&D it stands at 6.4% (results weighted by overall employment).

**FIGURE 1.39**

COUNTRIES MOST OFTEN INDICATED AS THE COUNTRY OF ORIGIN OF FOREIGNERS EMPLOYED IN BUSINESS SERVICES CENTERS (% OF INDICATIONS)



Source: ABSL's study based on the results of the survey (N=150, the number of indications 556)

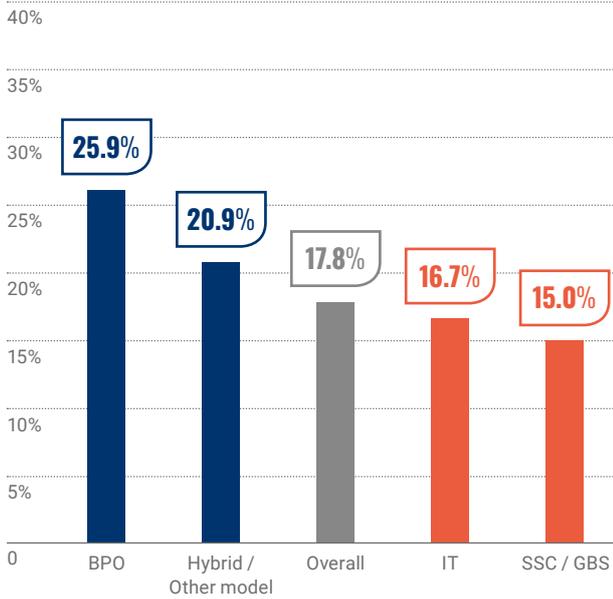
## EMPLOYEE TURNOVER

The voluntary turnover rate in business services centers, analyzed by ABSL for 2021, is 17.8%. The second year of the COVID-19 pandemic has increased the turnover rate (in 2020, it was 13.0%). The highest voluntary turnover rate was reported

by BPO centers (25.9%). The involuntary turnover rate (not dependent on the employee) for 2021 was 3.7% (the same as the previous year). Again, it was BPO centers which reported the highest percentage.

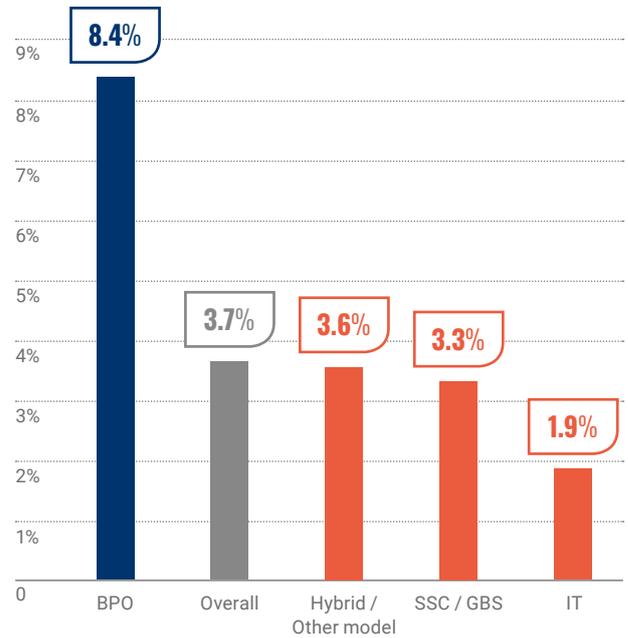
State of the business services sector in Poland at the end of Q1 2022

**FIGURE 1.40**  
VOLUNTARY TURNOVER RATE BY CENTER TYPE (%)



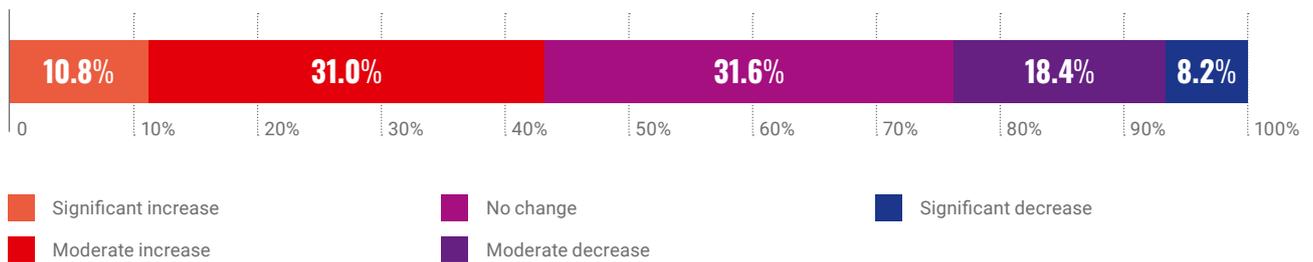
Source: ABSL's study is based on the survey results (N=153 companies). The results are weighted by overall employment

**FIGURE 1.41**  
INVOLUNTARY TURNOVER RATE BY CENTER TYPE (%)



Source: ABSL's study is based on the survey results (N=135 companies). The results are weighted by overall employment

**FIGURE 1.42**  
HOW HAS THE COVID-19 PANDEMIC AFFECTED THE TURNOVER RATE AT YOUR CENTER (%)?



Source: ABSL's study is based on the survey results (N=158 companies). The results are weighted by overall employment

## WOMEN IN THE SECTOR



**53.0%**

The share of women in overall employment at business services centers in Poland.



**46.0%**

The share of women in first-line management.



**39.0%**

Share of women in senior management.



**211,000**

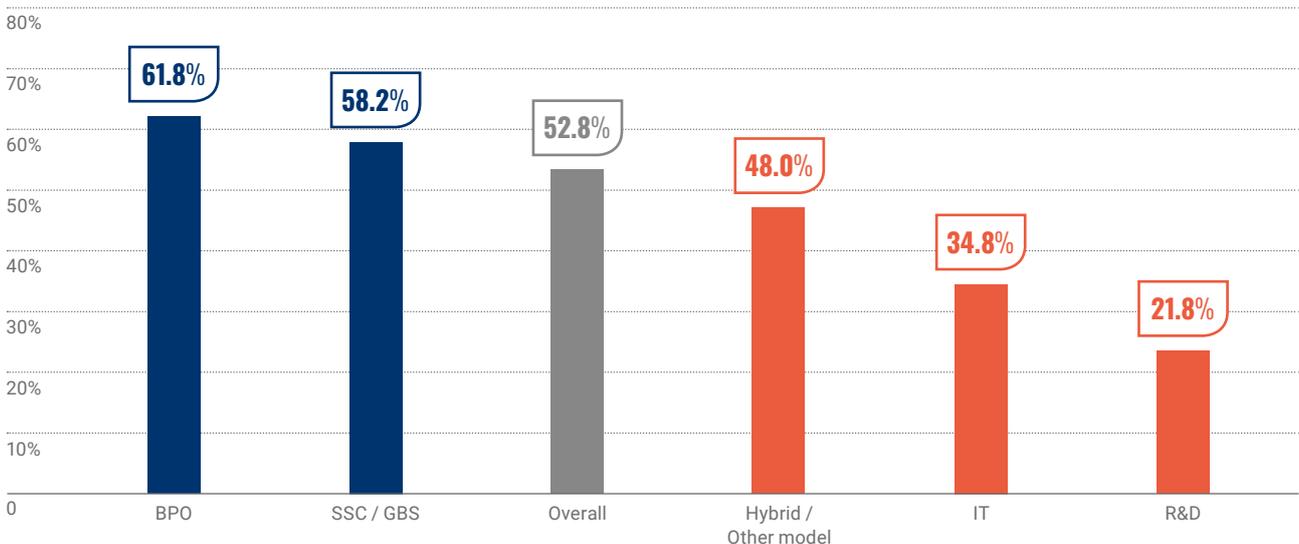
Estimated number of women in the sector in Poland.

The share of women in overall employment is 53%. In the case of first-line management (team leader level), it is 46%, and in the case of senior management, 39%. These levels are significantly higher than in other areas of the Polish economy and have been stable over the last three years. The highest percentages are found

in BPO and SSC/GBS centers. However, the continuing gender pay gaps and unequal parenting circumstances are factors limiting the increase in the proportion of women in senior managerial positions. In the context of D&I strategies, the share is likely to gradually increase.

**FIGURE 1.43**

THE SHARE OF WOMEN IN OVERALL EMPLOYMENT BY TYPE OF CENTER (%)



Source: ABSL's study is based on the results of the survey. The results are weighted by overall employment (N=175 companies)

State of the business services sector in Poland  
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## NON-PAYROLL BENEFITS

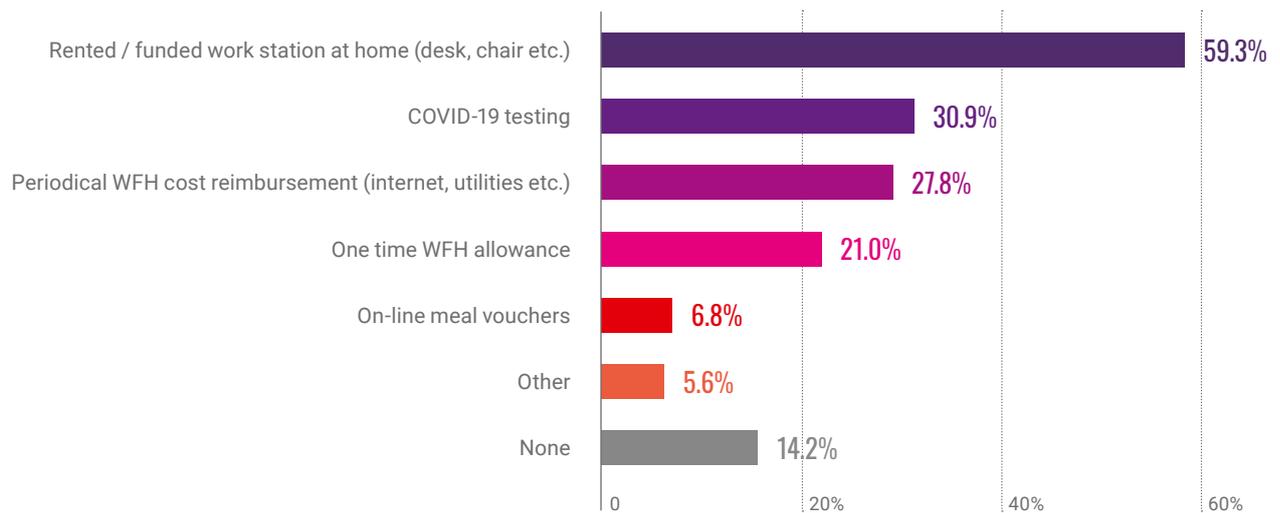
Highly skilled workers are the most critical asset of the industry. The modern business service sector in Poland offers highly competitive salaries. It provides its employees with a whole range of non-payroll benefits that go well beyond what is standard in the Polish labor market and is in fact a trend-setter for other industries.

In comparison to the 2021 edition of the ABSL report, we adjusted the list of non-payroll benefits to suit the specific circumstances of the COVID-19 era, with most of the employees in the sector working entirely or partially from home and likely to remain so (please see the section on returning to the office and WFH).

We have also decided to split the results into standard non-payroll and COVID-19 related benefits for the sake of clarity.

**FIGURE 1.44**

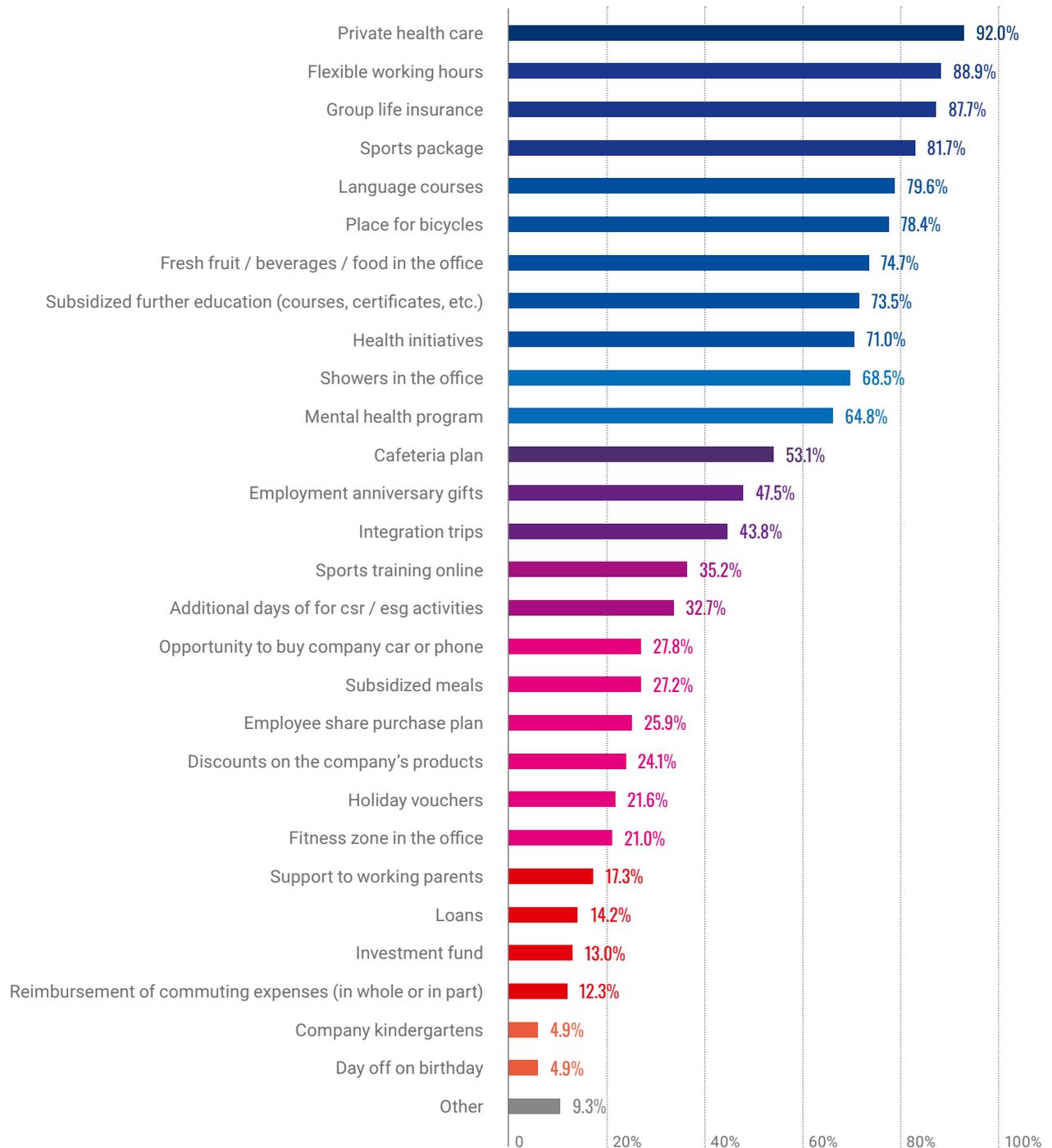
COVID-19 SPECIFIC BENEFITS PROVIDED AT THE END OF Q1 2022 (% OF RESPONDENTS)



Source: ABSL's study based on the results of the survey (N=159 companies)

**FIGURE 1.45**

NON-PAYROLL BENEFITS & ALLOWANCES OFFERED TO EMPLOYEES AT THE END OF Q1 2022  
(% OF RESPONDENTS)



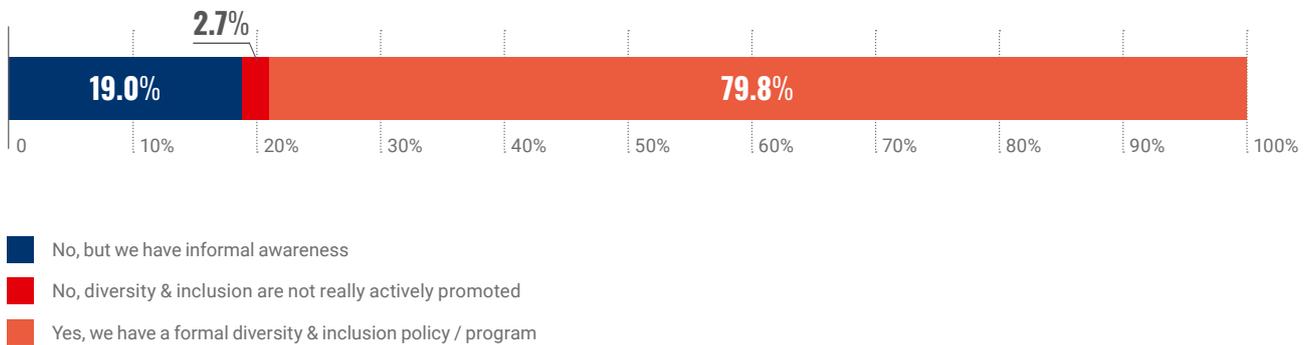
Source: ABSL's study based on the results of the survey (N=159 companies)

State of the business services sector in Poland  
at the end of Q1 2022

## DIVERSITY, INCLUSION & BELONGING

**FIGURE 1.46**

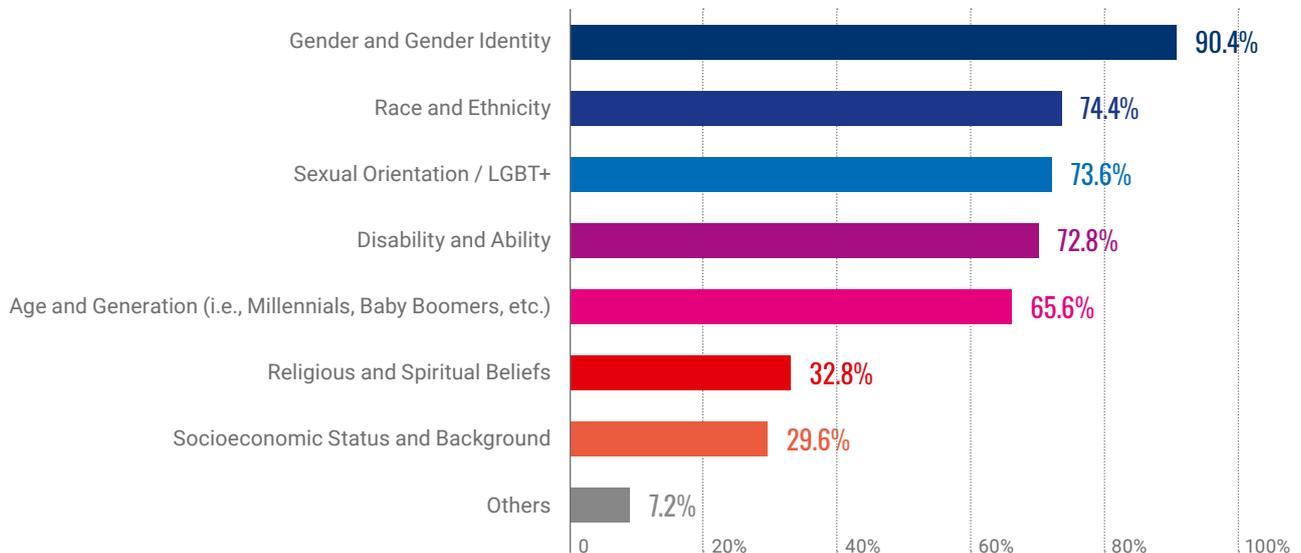
IS DIVERSITY & INCLUSION PART OF YOUR BUSINESS STRATEGY? (% OF RESPONDENTS)



Source: ABSL's study based on the results of the survey (N=164 companies)

**FIGURE 1.47**

WHAT IS YOUR DIVERSITY & INCLUSION POLICY/PROGRAM FOCUSED ON? (% OF RESPONDENTS)



Source: ABSL's study based on the results of the survey (N=125 companies)

# INTELLIGENT PROCESS AUTOMATION AND INNOVATION IMPERATIVE



**72.3%**

The share of companies declaring an introduction of innovation(s) in the preceding three years (72.9% in 2021 report).



**36.4%**

The share of respondents declaring to be ad-hoc innovators.



**42.7%**

The mean reported digitalization of processes (median=33%).



**57.1%**

The share of respondents declaring to have been permanently introducing more minor or significant changes in products, product range, processes, or organizations of business during the last three years.



**26.9%**

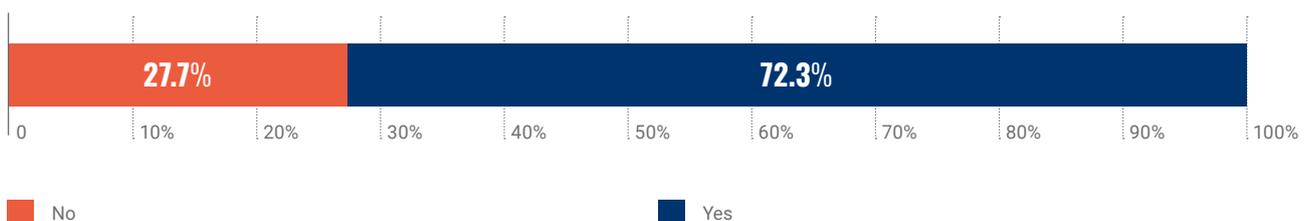
Have a separate product development / R&D / transformation unit located in Poland.

Last year, 72.9% of companies declared to have introduced innovation(s) understood as integrated products/services in the preceding three years and thus could be considered innovators. According to Statistics Poland, this was significantly higher than the nationwide mean. From 2016 to 2018, the share of innovatively

active enterprises in the industrial sector was 26.1%, and in-services it was 21.0%. For the group of services enterprises with employment above 250 employees, it was 50.2%. **The share was the same in the current edition, 72.3%, pointing to stability in the innovation domain.**

**FIGURE 1.48**

HAVE YOU INTRODUCED INNOVATION(S) (INTEGRATED PRODUCTS/SERVICES) IN THE PRECEDING THREE YEARS? (%)



Source: ABSL's study based on the results of the survey (N=155 companies)

State of the business services sector in Poland  
at the end of Q1 2022

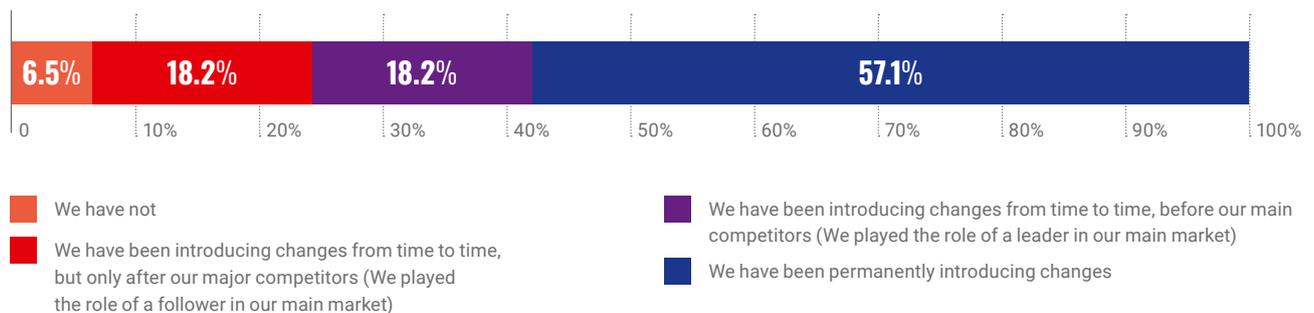
57.1% (compared to 69.7% of respondents in 2021) have permanently introduced minor or significant changes in products, product range, processes, or business organizations during the last three years (from 2019 to 2021). They could be considered creative (permanent innovators). At the other end of the scale, 6.5% (compared to 4.2% in the 2021 edition) of centers have not introduced any of the above changes (non-innovators). However, 36.4%

of firms (26.2% in 2021) stated innovations on an ad hoc basis had been introduced. Among them, 18.2% (14.4%) played the role of leader (strategic behavior) and 18.2% (12.0%) adopted the part of follower in the market (reactive behavior).

26.9% have a separate product development / R&D / transformation unit located in Poland (compared to last year's 21.4% of firms).

**FIGURE 1.49**

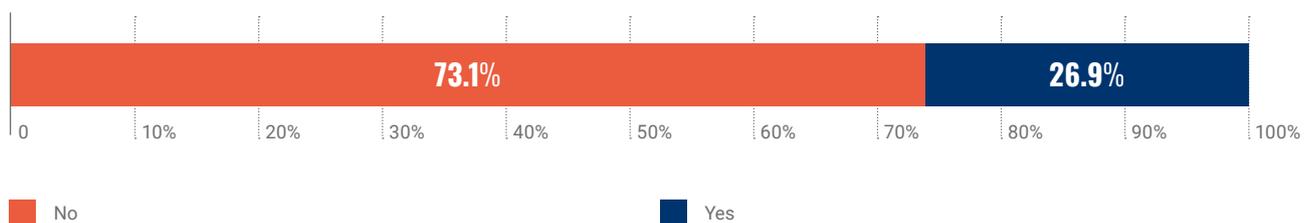
HAVE YOU INTRODUCED SMALLER OR MAJOR CHANGES IN YOUR PRODUCT, PRODUCT RANGE, PROCESSES, OR ORGANIZATIONS OF BUSINESS, DURING THE LAST THREE YEARS (2019-2021)? (% OF RESPONDENTS)



Source: ABSL's study based on the results of the survey (N=154 companies)

**FIGURE 1.50**

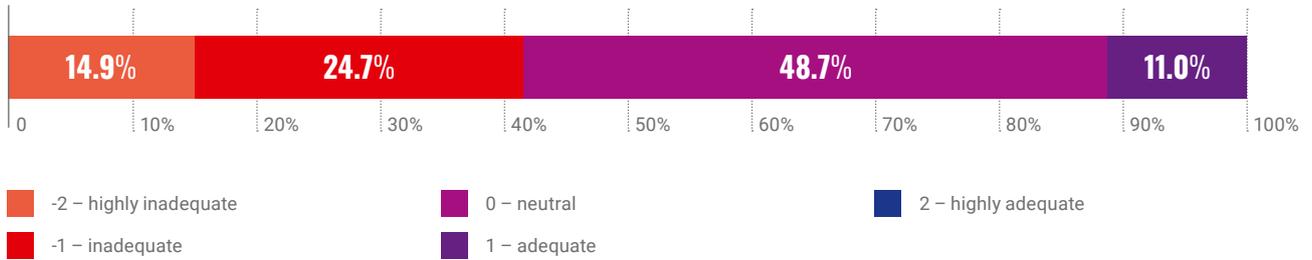
DO YOU HAVE A SEPARATE PRODUCT DEVELOPMENT / R&D / TRANSFORMATION UNIT LOCATED IN POLAND? (% OF RESPONDENTS)



Source: ABSL's study based on the results of the survey (N=156 companies)

**FIGURE 1.51**

HOW DO YOU ASSESS THE SKILLS OF THE LOCAL MANAGING TEAM IN THE AREA OF CHANGE MANAGEMENT? (% OF RESPONDENTS)



Source: ABSL's study based on the results of the survey (N=154 companies)

One of the most distinctive trends in both the global industry and Poland is the growth in intelligent process automation.

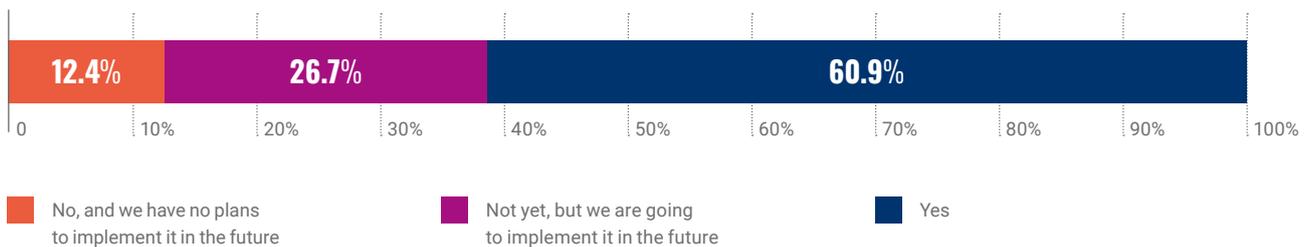
In 2021, 62.2% of business services centers in Poland declared they utilized IPA (to varying degrees), 26.5% intended to implement it in the future, with only 8% stating they were not interested in introducing it. In this year's survey, the share of users was 60.9%,

with another 26.7% planning to implement IPA in the future while 12.4% were not interested.

IPA, according to this year's results from the survey, is most often implemented by BPO centers (71.4%), followed by SSC/GBS (65.7%) and hybrid centers (56.0%). The extent of IPA's implementation was lower, as was the case in previous years, in IT companies (40.0%) and R&D centers (33.3%).

**FIGURE 1.52**

IS INTELLIGENT PROCESS AUTOMATION (E.G., ROBOTIC PROCESS AUTOMATION) PART OF YOUR OPERATIONS? (% OF RESPONSES)



Source: ABSL's study based on the results of the survey (N=161 companies)

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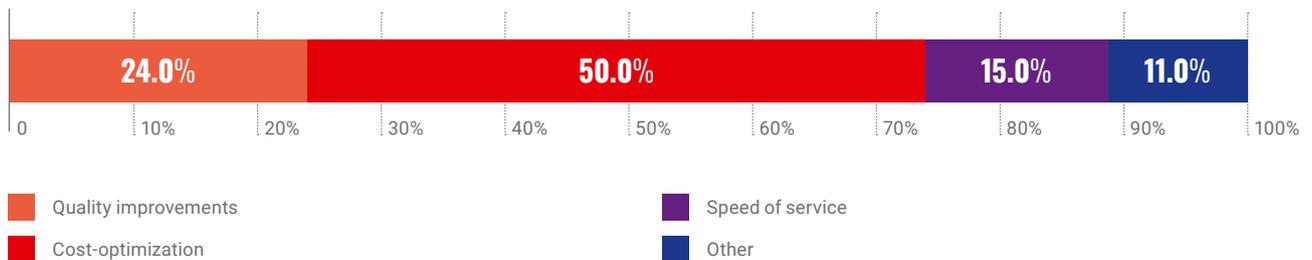
The main objective of introducing IPA (50.0% of respondents) is cost-optimization, with companies utilizing IPA, increasing 6.0% YoY. 24.0% of respondents said it is the quality improvement, and 15.1% the speed of the service provided. 11.0% of respondents indicated other motives, such as standardization, increase in efficiency or productivity, adjusting to customer solutions or reaching global capabilities, increasing scalability, eliminating simple tasks and risks of human error, while several respondents declared

a combination of all of the aforementioned main reasons. One respondent claimed that the software development process required it.

In this year's survey, we asked managers about the overall perception of IPA actions undertaken by centers. Most of the responses point to positive (58.3%) or very positive effects (10.7%). In 29.1%, impact perception was neutral, and 1 in 25 projects were perceived to have brought adverse effects (1.9%).

**FIGURE 1.53**

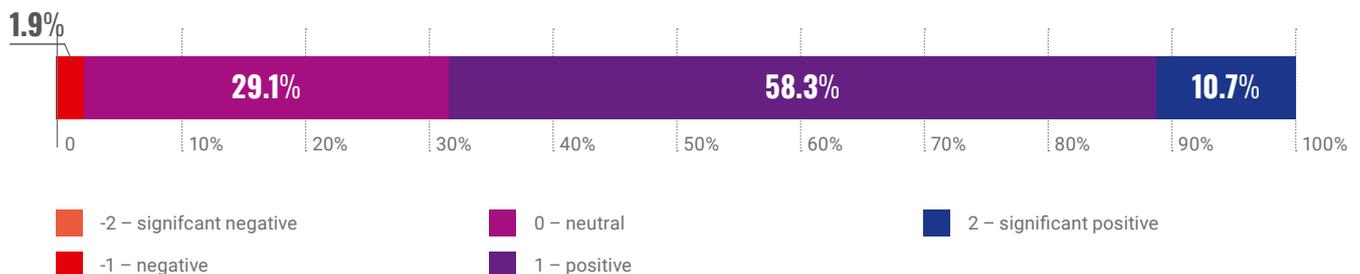
THE KEY AIM OF IMPLEMENTING IPA IN YOUR CENTERS IN POLAND (% OF RESPONSES)



Source: ABSL's study is based on the results of the survey (N=146 companies)

**FIGURE 1.54**

HAS THE AUTOMATION IMPLEMENTED SO FAR BROUGHT THE EXPECTED RESULTS? (% OF RESPONSES)



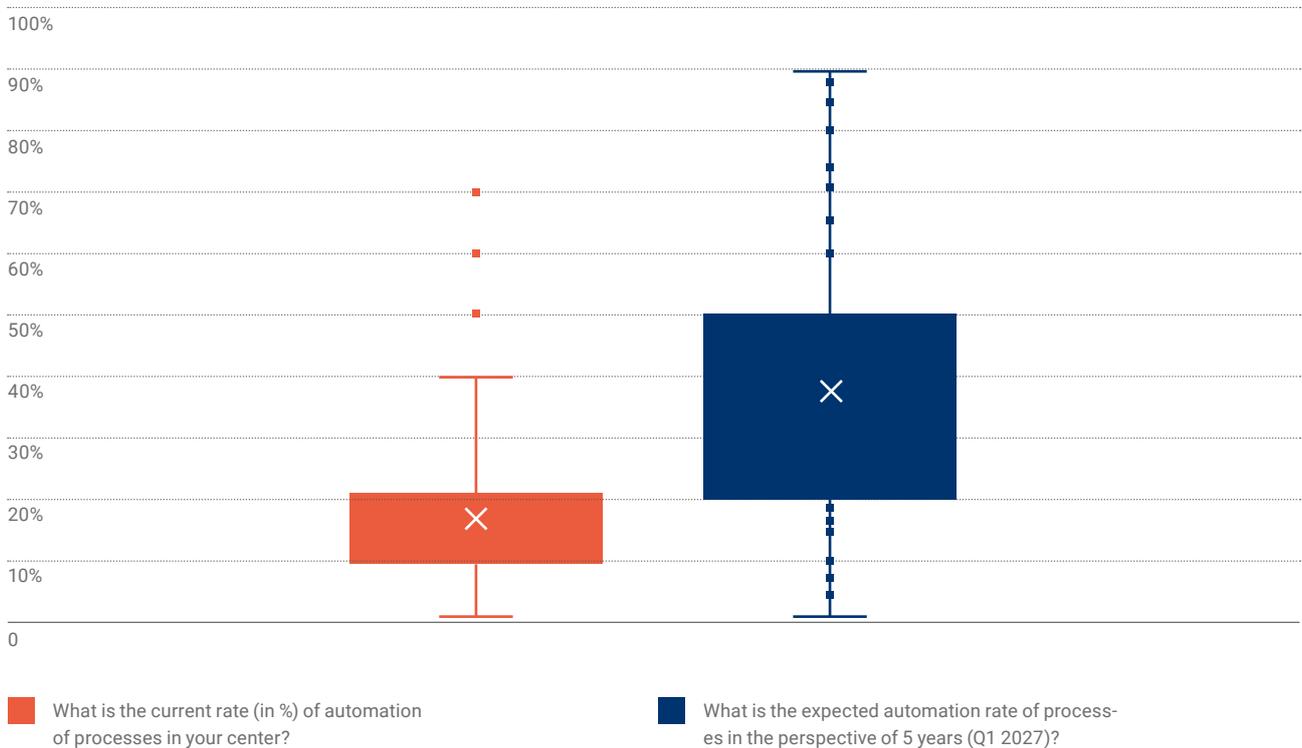
Source: ABSL's study is based on the results of the survey (N=102 companies)

We also asked center managers about the current rate (in %) of the automation of processes in their centers (at the end of Q1 2022) and the expected automation rate of processes in the next five years (to Q1 2027).

The mean current automation rate is 18.75%, with the median at 15.0%. The expected automation rate in the next five years (from Q1 2022) is 38.1%, with a median of responses standing at 35.0%.

**FIGURE 1.55**

THE CURRENT AND EXPECTED AUTOMATION RATE OF PROCESSES AT THE CENTER – BOXPLOT OF RESPONSES



Source: ABSL's study based on the results of the survey (N=85 companies)

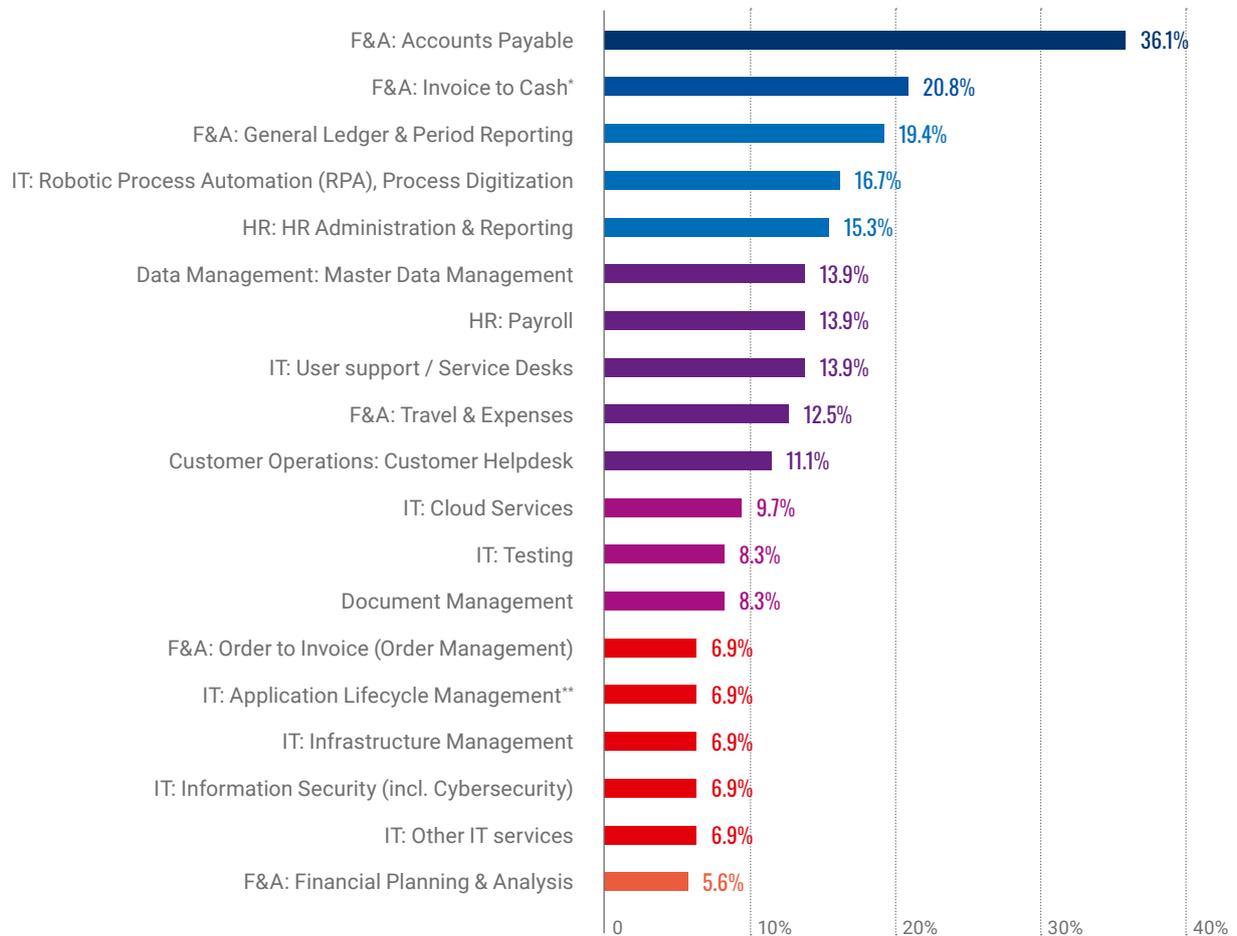
We also asked about the processes performed in centers that have been automated (IPA) by at least 70%. The top methods indicated by more than 15% of respondents included F&A: Accounts Payable – 36.1% of respondents, F&A: Invoice to Cash

(incl. Cash Allocation, Cash Collection, Disputes Management) – 20.8%, F&A: General Ledger & Period Reporting – 19.4%, Robotic Process Automation (RPA), Process Digitization – 16.7% and HR Administration & Reporting – 15.3% of respondents.

State of the business services sector in Poland  
at the end of Q1 2022

**FIGURE 1.56**

WHICH OF THE PROCESSES HAS BEEN AUTOMATED (IPA) (BY AT LEAST 70%) IN YOUR CENTERS  
(% OF RESPONSES)?



\* incl. Cash Allocation, Cash Collection, Disputes Management

\*\*incl. Software Development

Source: ABSL's study is based on the results of the survey (N=102 companies)

89.2% of centers in Poland have introduced IPA that utilizes robotic process automation. 49.0% of centers utilize ML, and 43.1% use virtual assistants (chatbots). For the first time in this year's edition, we enquired about advanced analytics. It appeared

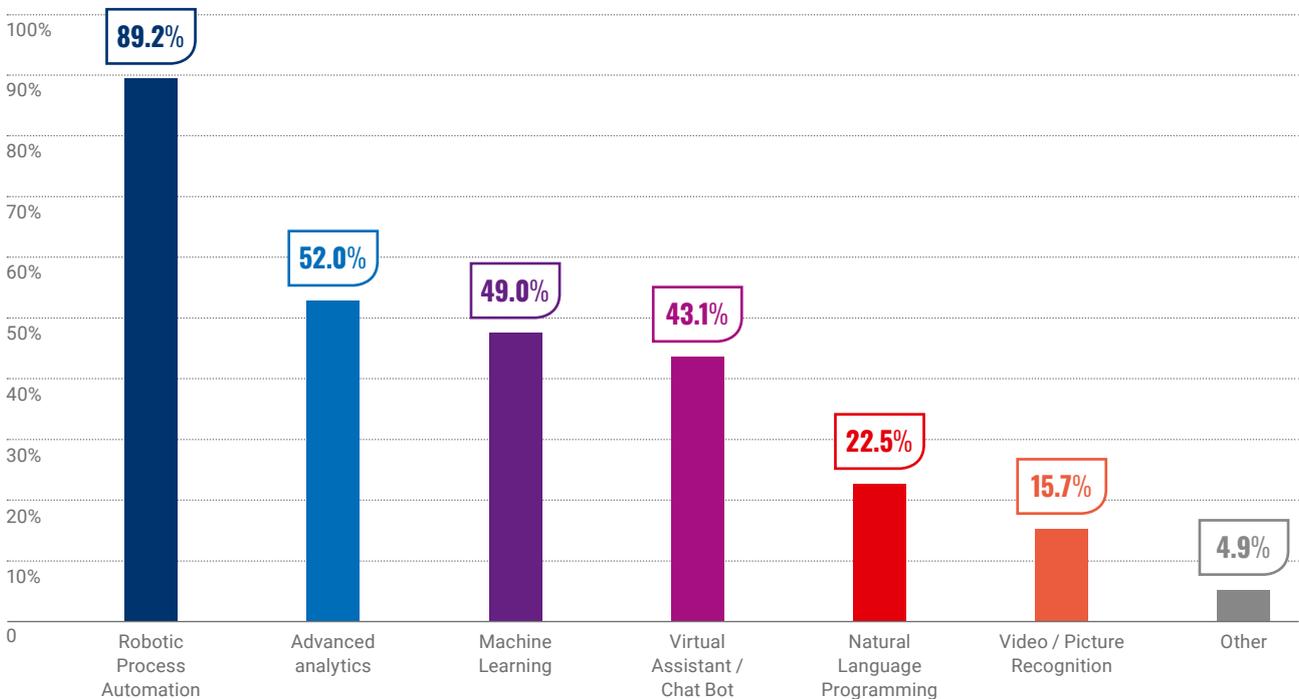
to be very popular, with 52.0% of managers declaring its utilization in their centers. At this stage, the least popular IPA technologies are image and video/picture recognition tools (15.7%) and NLP tools (22.5%).

RPA focuses on creating software robots (bots) that simulate the activities of users performing defined, repetitive tasks in IT systems. The percentage of companies using various RPA tools shows a YoY increase.

The other IPA tools that managers said were utilized included automation of software development processes / DevOps, workflow tools, and macros.

**FIGURE 1.57**

WHICH IPA TECHNOLOGIES ARE CURRENTLY UTILIZED IN YOUR CENTERS LOCATED IN POLAND? (%)



Source: ABSL's study is based on the results of the survey (N=102 companies)

47% of respondents declared that they have a center of excellence in Poland for process automation (a YoY decrease of 2.0%).

The main barriers to process automation in Poland's business centers, indicated by respondents, have changed slightly since last year's edition of the survey. These can be considered significant challenges for upskilling,

State of the business services sector in Poland  
at the end of Q1 2022

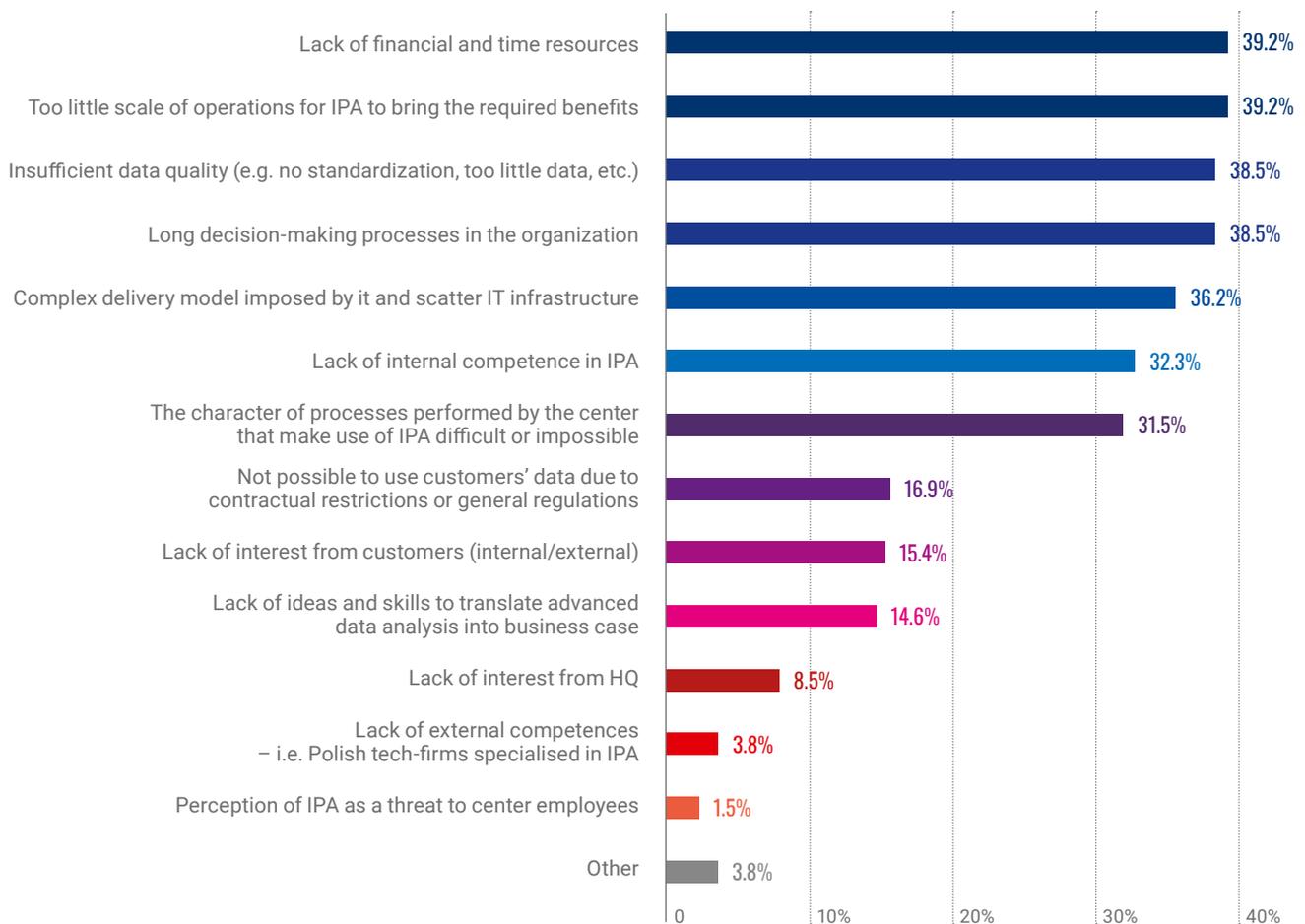
changes to the business operating model for centers as well as their future development in Poland.

These major hurdles now include a lack of financial and time resources (39.2%), the scale of operations being too small for IPA operations to be able to generate the required benefits (39.2%), insufficient data quality (38.5%), long decision-making processes in the organization (38.5%) as well as a complex delivery model and dispersed IT infrastructure (36.2%).

A lack of internal competence in IPA (32.3%) and the character of processes performed by the center that make use of IPA difficult or impossible (31.5%) were also cited as barriers. Around one-fifth of companies pointed to a lack of interest in IPA on the part of their clients or their inability to use clients' data due to contractual restrictions or general regulations. So, these barriers to IPA could be internal or due to the nature of processes performed at the center.

**FIGURE 1.58**

MAIN BARRIERS TO IMPLEMENTATION OF IPA IN CENTERS LOCATED IN POLAND (% OF RESPONSES)



Source: ABSL's study is based on the results of the survey (N=130 companies)

# LOCATION OF BUSINESS SERVICES CENTERS



## 84

The number of locations in Poland where business services centers have been established.



## 92,700

The number of people in the sector's largest city – Kraków.



## 18

The number of locations in which centers employ more than 1,000 people.

Business services centers have created jobs in 84 locations (an increase of 27 compared to the previous ABSL report), including 18 which employ 1,000 people or more. Changes are ongoing in the sector, with employment at centers ramping up or down due to various processes including consolidation, difficulties in finding employees, or changes in the business models of individual companies. The eleven most prominent locations<sup>3</sup> employ 95.3% (381,600 people) of the sector's workforce. In eight primary areas, the headcount exceeds 10,000, while the following nine most prominent locations employ between 1,000 and 10,000 people each.

Kraków remains the leader in terms of headcount with 92,700 people (23.2% of overall employment in the sector). Next comes Warsaw with 82,600 jobs followed by Wrocław with 59,500.

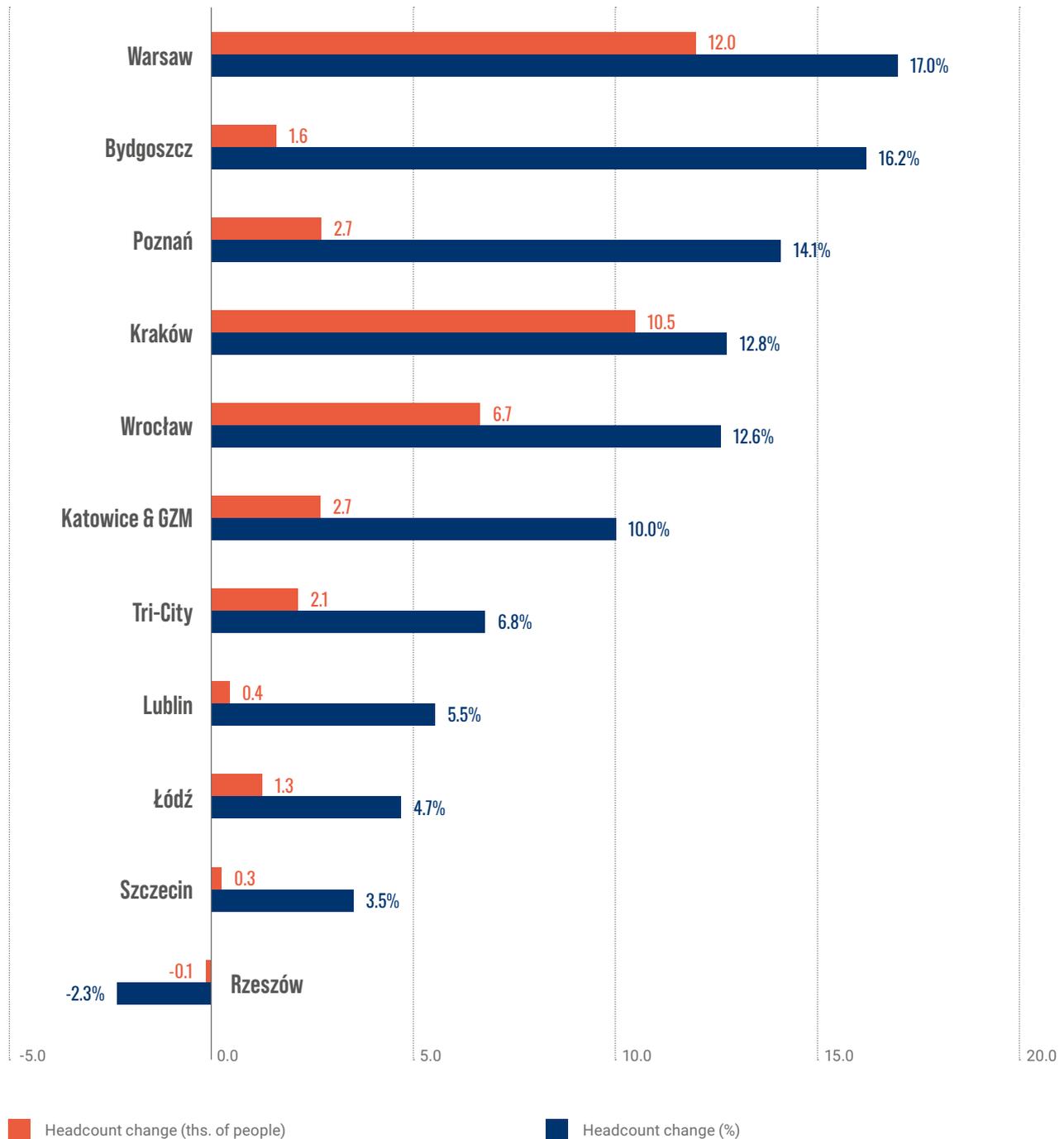
Interesting changes can be observed (2021/2022), particularly in Tier 1, Tier 2, and Tier 3 locations. As the overall employment in the sector grew by 11.6%, the largest increases were registered in Warsaw [Tier1] (17.0%), Bydgoszcz [Tier3] (16.2%) and Poznań [Tier2] (14.1%). Above-average employment growth was also the case for other Tier 1 cities, Kraków (12.8%) and Wrocław (12.6%).

<sup>3</sup> In each of these locations employment in the sector is higher than 5,000 people.

State of the business services sector in Poland  
at the end of Q1 2022

**FIGURE 1.59**

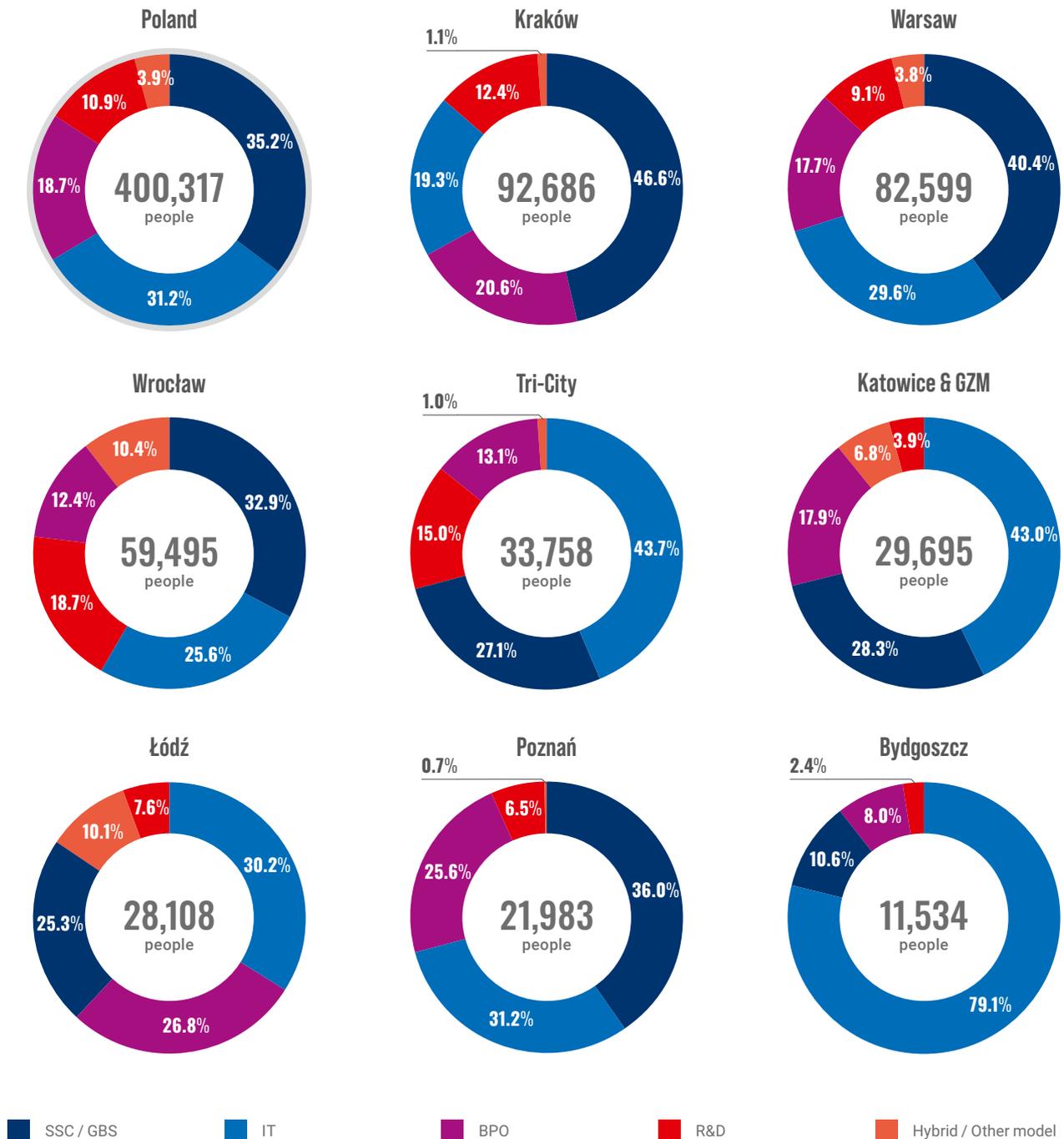
CHANGES IN EMPLOYMENT (IN TIERS 1, 2, AND 3 LOCATIONS) BETWEEN Q1 2021 AND Q1 2022  
(PERCENT AND HEADCOUNT CHANGE)



Source: ABSL's study based on the ABSL's business services centers' database

**FIGURE 1.60**

EMPLOYMENT STRUCTURE OF SELECTED BUSINESS SERVICES LOCATIONS (WITH EMPLOYMENT EXCEEDING 10,000) BY TYPE OF CENTER



Source: ABSL's study based on the ABSL's business services centers' database

State of the business services sector in Poland  
at the end of Q1 2022

Between 2017 and 2022, there has been a marked change in employment in the sector by location category. An increasing share in overall employment in the industry (+1.2 p.p.) has been seen in Tier 1 locations and Tier 2 (+0.5 p.p.).

However, Tier 3 and Tier 4 locations have seen a decline in the number of employees. 2021, the second year of the COVID-19 pandemic, has accelerated the trend of increasing employment concentration in Tiers 1 and 2.

**TABLE 1.4**

EMPLOYMENT IN THE SECTOR BY CATEGORY OF LOCATION; CHANGES IN THE YEARS 2017-2022

Tier	Locations	2017		2022		Change 2017-2022	
		Number of people	%	Number of people (% change over 2021)	%	Number of people	Percentage points
Tier 1	Kraków, Warsaw, Wrocław	141,147	57.4	234,700 (1.3)	58.6	93,553	1.2
Tier 2	Tri-City, Katowice & GZM, Łódź, Poznań	68,403	27.8	113,514 (-0.8)	28.4	45,111	0.5
Tier 3	Bydgoszcz, Lublin, Rzeszów, Szczecin	22,659	9.2	33,382 (-0.8)	8.3	10,723	-0.9
Tier 4	Other (including Kielce, Bielsko-Biała, Białystok, Opole, Olsztyn, and Częstochowa)	13,560	5.5	18,721 (-0.1)	4.7	5,161	-0.8

Source: ABSL's study based on the ABSL's business services centers' database

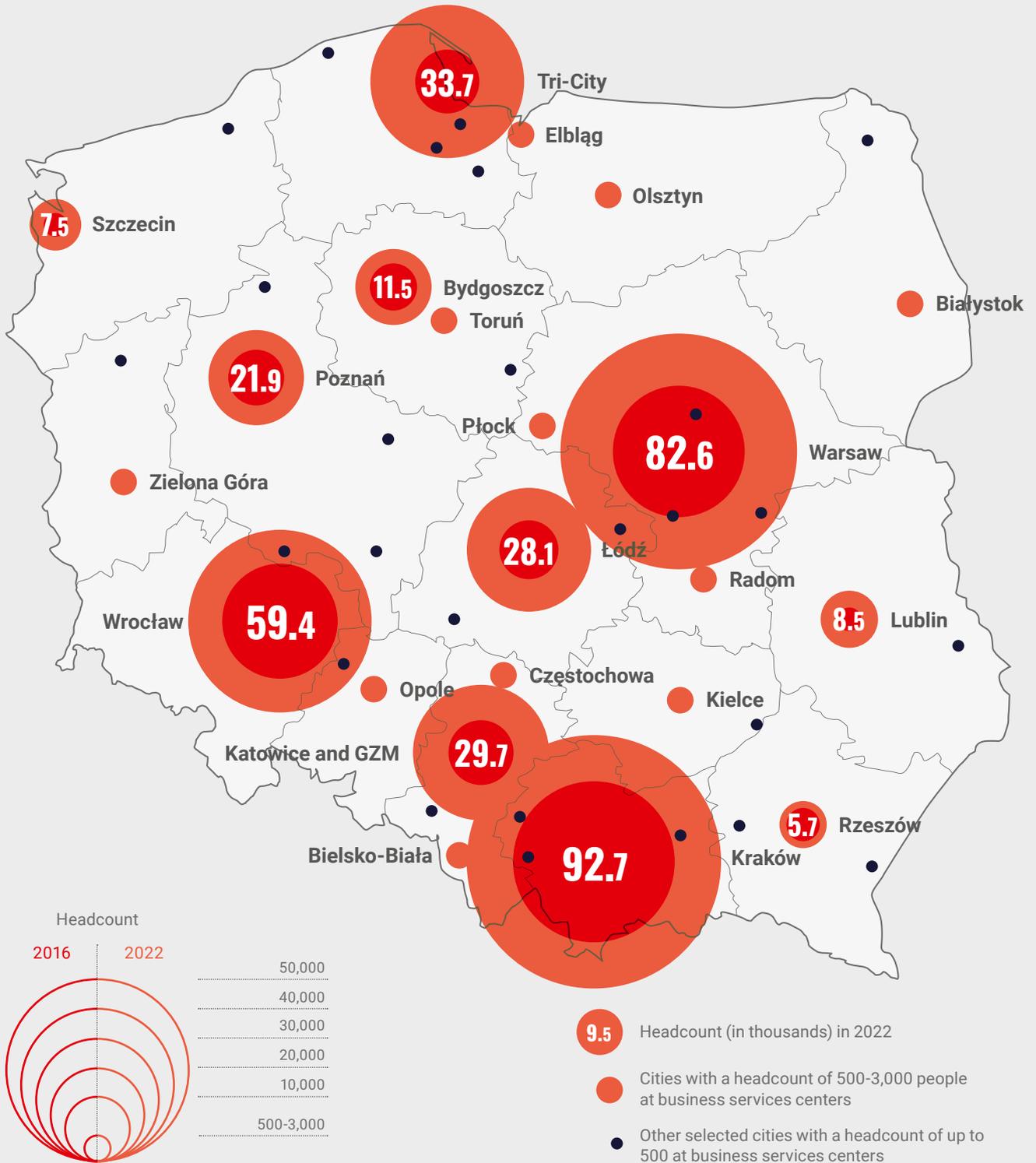


In 2017-2022, employment in the business services sector went up by 154,500, and by 41,700 YoY.

Among all the locations in which centers employ more than 5,000, in 2022, Warsaw registered the largest YoY increase (17.0% or 12,000 people).

FIGURE 1.61

HEADCOUNT IN BUSINESS SERVICES CENTERS BY LOCATION

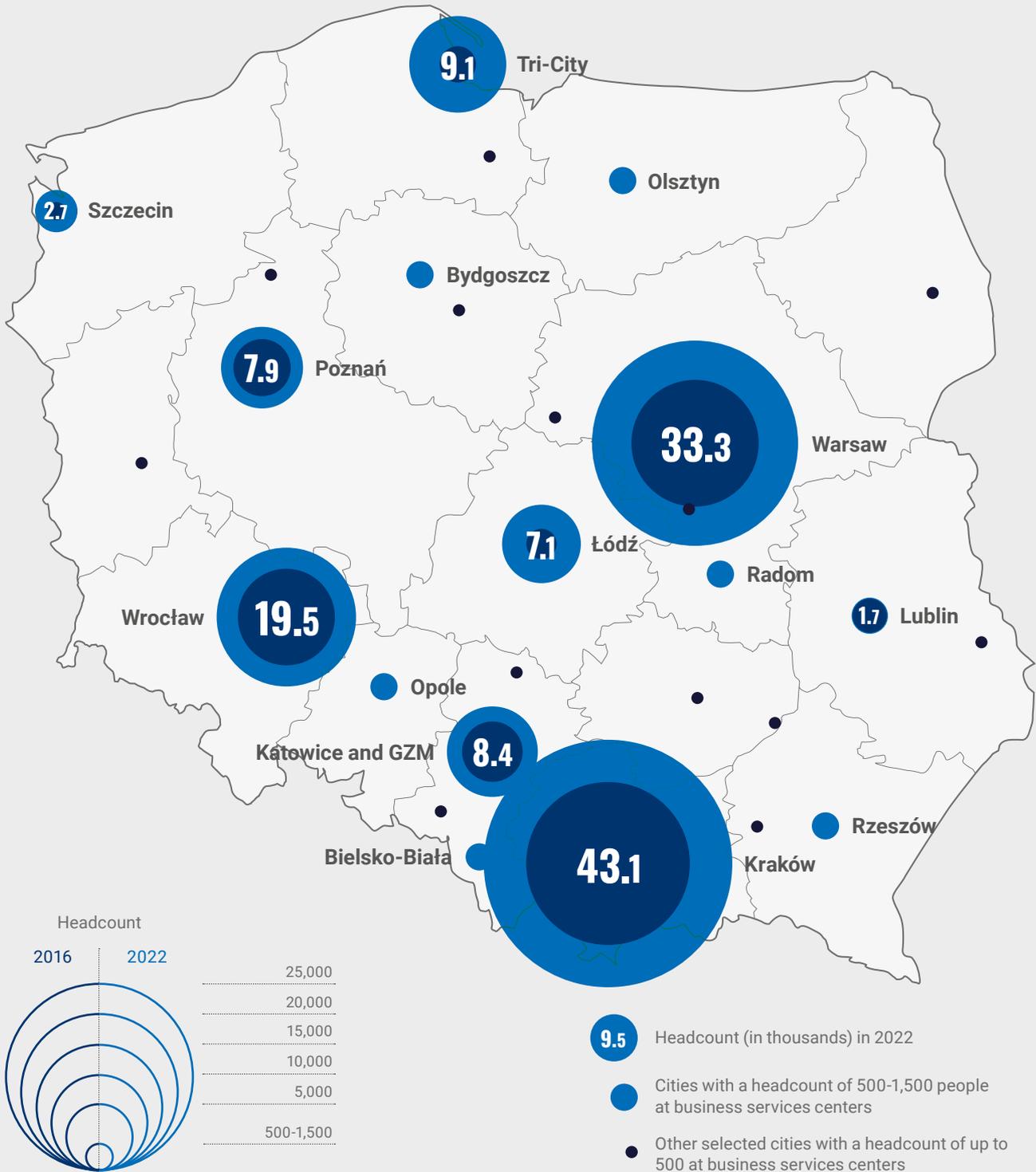


Source: ABSL's study based on the ABSL's business services centers' database

State of the business services sector in Poland at the end of Q1 2022

**FIGURE 1.62**

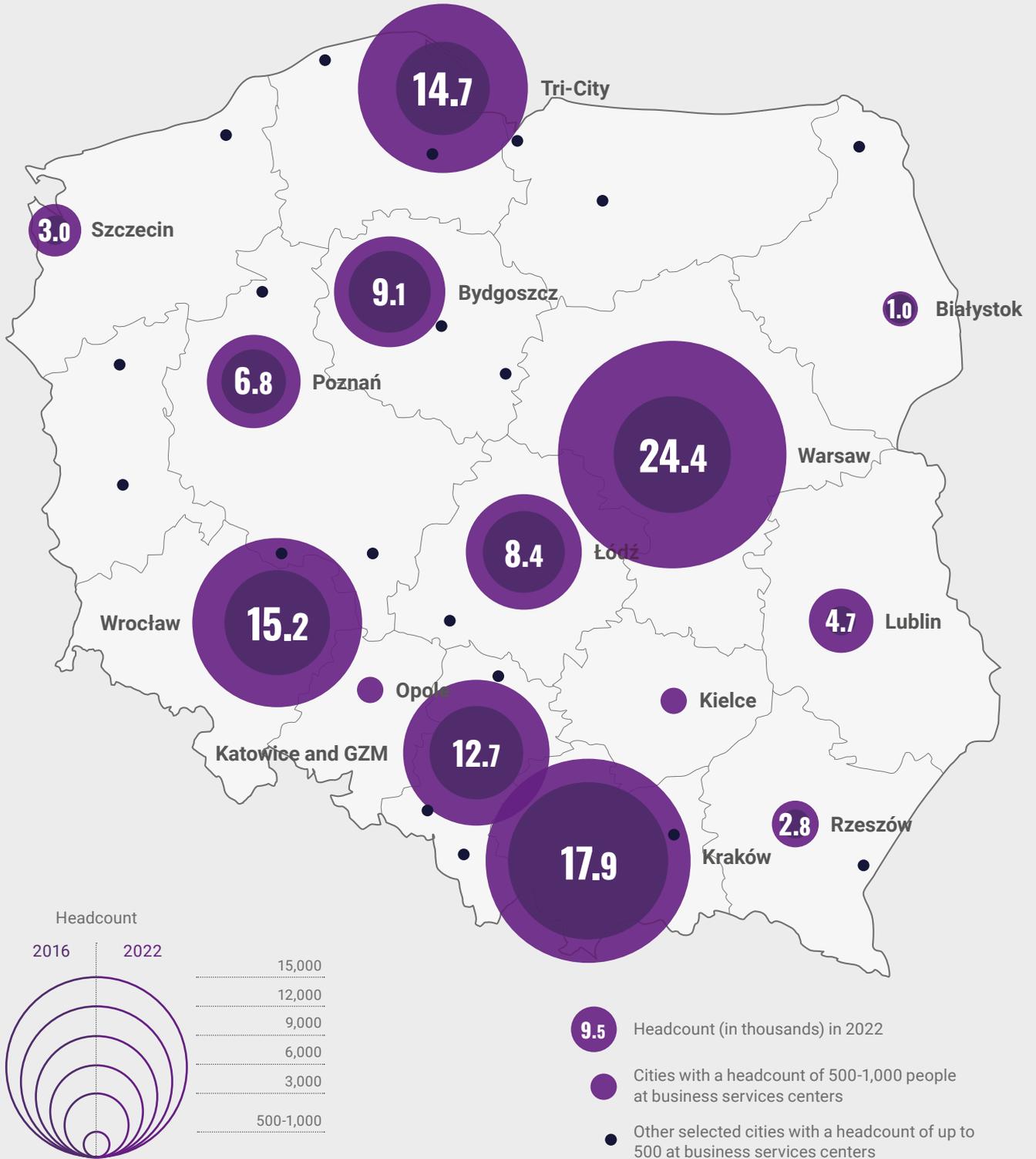
HEADCOUNT IN SSC / GBS CENTERS BY LOCATION



Source: ABSL's study based on the ABSL's business services centers' database

**FIGURE 1.63**

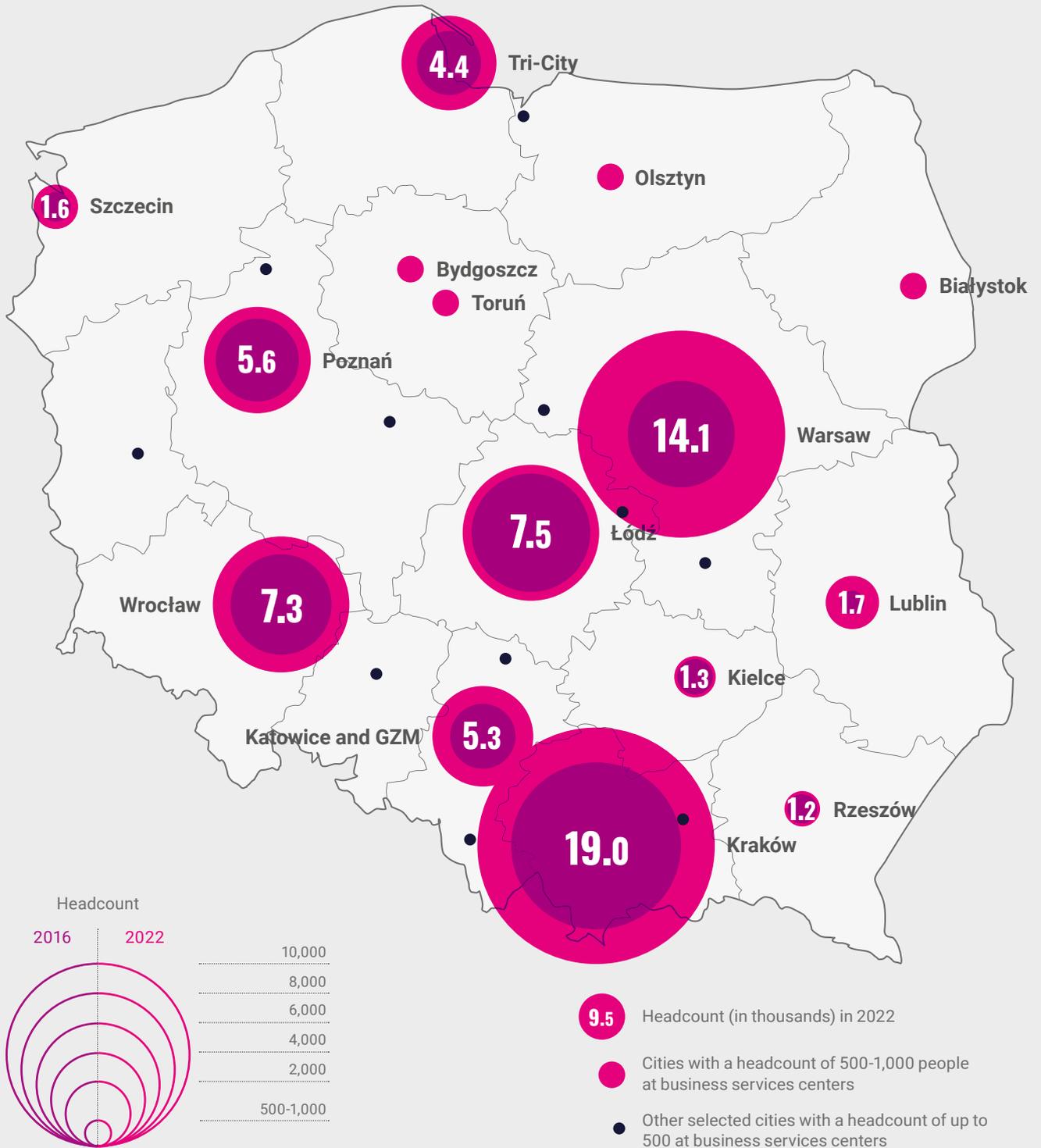
HEADCOUNT IN IT CENTERS BY LOCATION



Source: ABSL's study based on the ABSL's business services centers' database

State of the business services sector in Poland at the end of Q1 2022

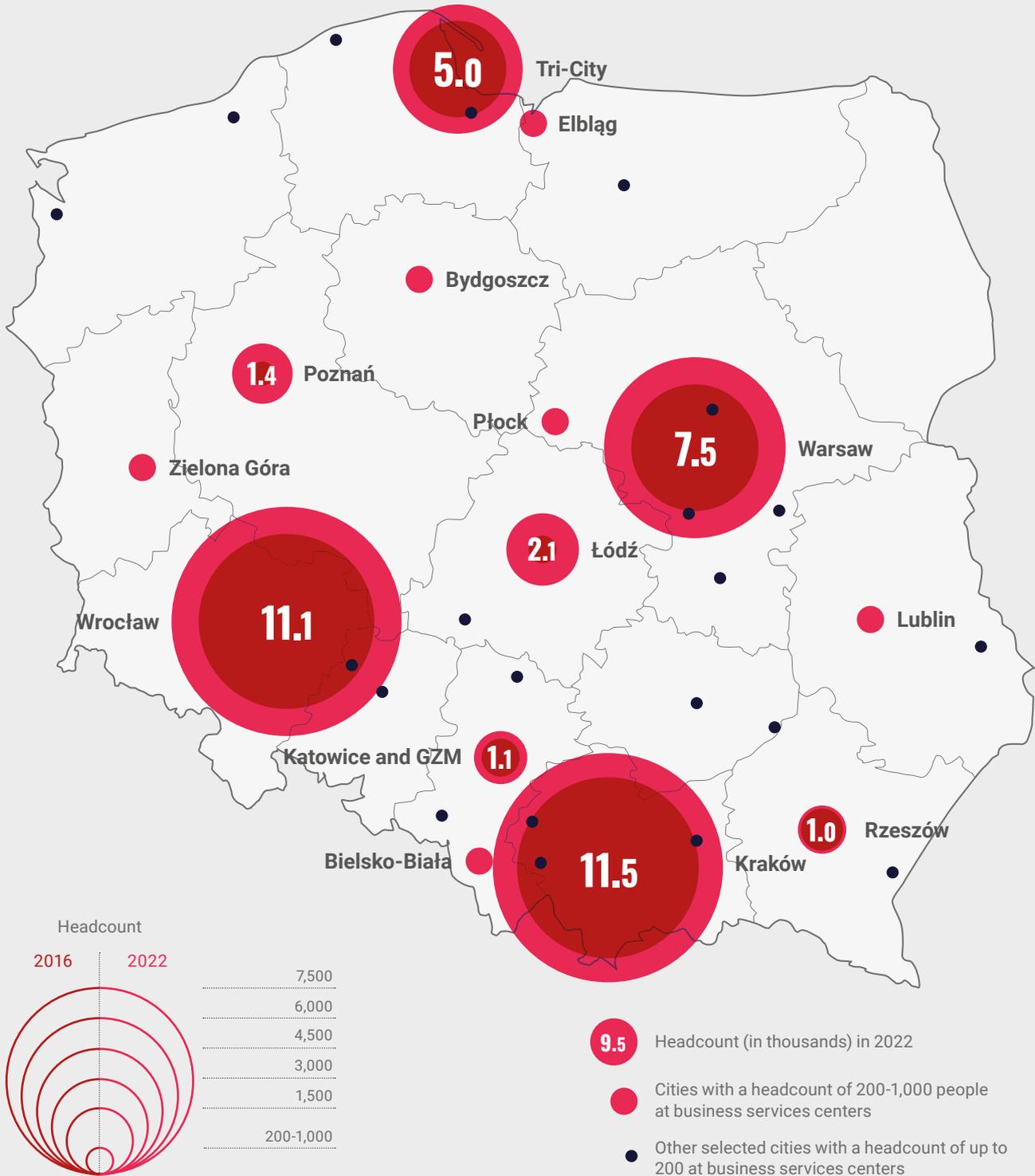
**FIGURE 1.64**  
HEADCOUNT IN BPO CENTERS BY LOCATION



Source: ABSL's study based on the ABSL's business services centers' database

**FIGURE 1.65**

HEADCOUNT IN R&D CENTERS BY LOCATION



Source: ABSL's study based on the ABSL's business services centers' database

State of the business services sector in Poland  
at the end of Q1 2022

## KNOWLEDGE-INTENSIVE BUSINESS SERVICES INDUSTRY AS A LOCAL SPECIALIZATION

$$LQ = \frac{\frac{\text{headcount at business services centers in a given location}}{\text{employment in a given location}}}{\frac{\text{total headcount at business services centers in all locations under analysis}}{\text{employment at all locations under analysis}}}$$

This part of the report attempts to identify the locations where the business services sector is a local specialization. As was the case in previous editions of the report, we have used an approach based on location quotient (LQ).

We have kept the methodology from last year's edition that relates employment in the knowledge-intensive business services sector in a given location to total jobs in the exact location (that is, its share thereof) in relation to the average value in Poland for all locations in which the ABSL database identifies business services centers (at the end of Q1 2022).

Information on employment in particular years originates from the most recent edition of the GUS BDL Database (Bank Danych Lokalnych).

The location quotient value (LQ) enables the determination of locations where employment in the business services centers is "over-represented" /over-concentrated (LQ>1) or "under-represented" (LQ<1) in relation to the national average. In academic studies, the threshold for signaling the occurrence of a local specialization is taken to be an LQ of 25.0% above the national average, that is, LQ>1.25. We provide the figures separately for Katowice, and Katowice as part of GZM (Katowice & GZM).

With the above considerations taken into account, at the end of Q1 2022, the business services sector could

be regarded as a solid local specialization in **Kraków (LQ 3.5), Tri-City (3.4), Wrocław (2.8), Katowice (2.0)**, Łódź (1.5) and Bydgoszcz (1.3). Poznań (1.2) and Warsaw (1.2) are also above the benchmark value of 1.0. There are only slight YoY changes in the LQ value. The changes are more noticeable over the mid-term (2016-2022).

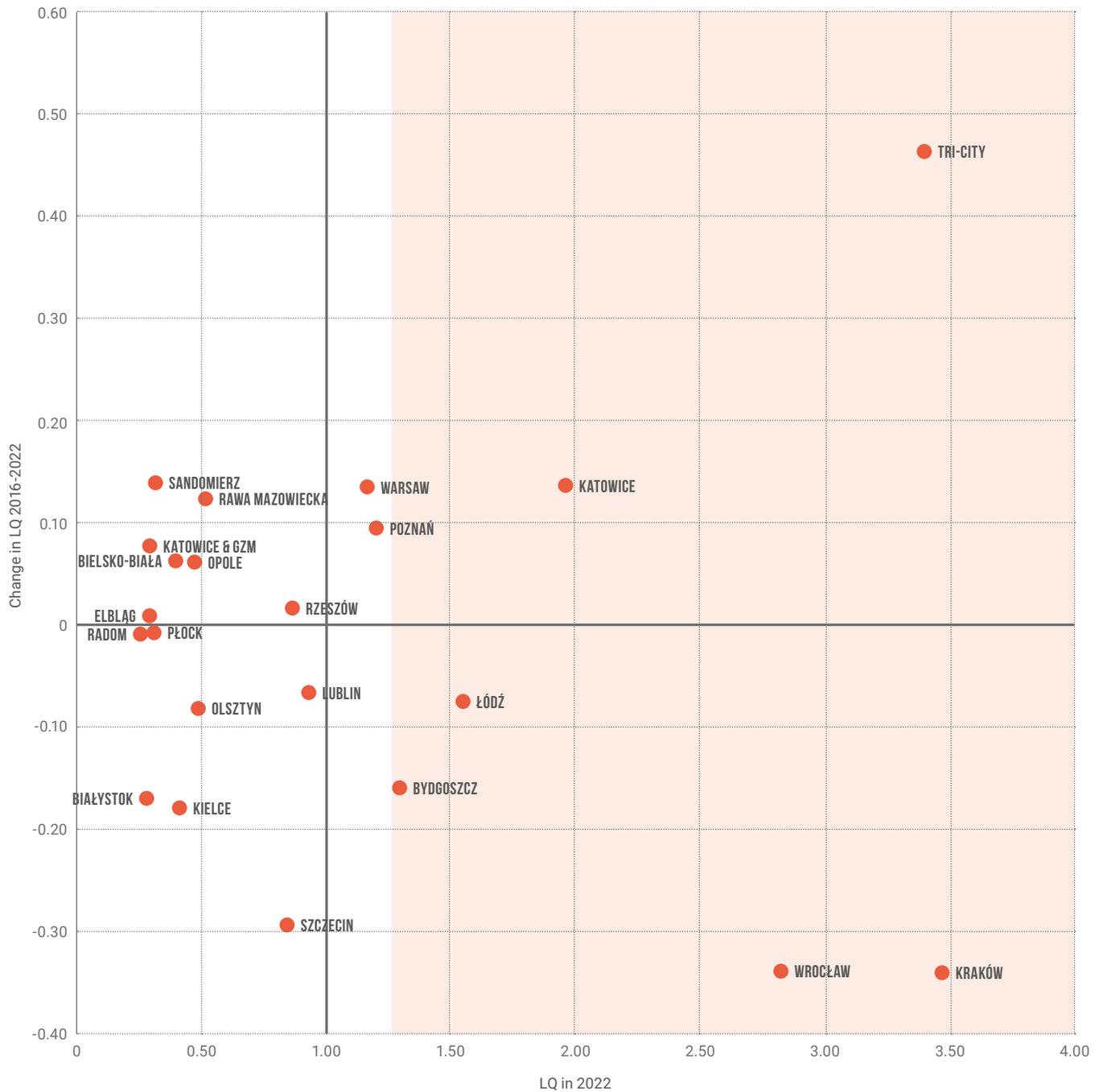
Among Tier 1 & Tier 2 locations, the importance of the business services sector as a local specialization relative to 2016 is growing in Tri-City, Katowice (separate from GZM), Warsaw & Poznan; it is low but stable in Katowice & GZM.

As was the case last year, the sector still has significant LQ values in Kraków and Wrocław. Still, the values are continuously falling (employment in other industries is rising faster in these locations than in the KIBS). This is also visible in Łódź.

In the case of Tier 3 cities, Bydgoszcz, for example has seen the business services sector decline in relation to other sectors of the economy. However, the city remains a significant destination in Poland, with an LQ value at the higher threshold of 1.25. All other Tier 3 cities have LQ values below 1. A decline in LQ was also observed in Rzeszów & Lublin while the values were stable for Szczecin. In all Tier 4 locations, the importance of LQ was continually below 1.00, indicating a lack of specialization in KIBS relative to the national average.

**FIGURE 1.66**

LOCATION QUOTIENT FOR THE BUSINESS SERVICES SECTOR IN 2022 AND CHANGES SINCE 2016



Source: ABSL's study based on the ABSL database & GUS BDL database

State of the business services sector in Poland  
at the end of Q1 2022

## ASSESSMENT OF LOCATIONS AS A PLACE FOR DOING BUSINESS

Part of the ABSL annual survey is an assessment of factors that affect doing business in particular locations in Poland with representatives of companies participating in the survey. In the case of companies with more than one center in Poland, the three most important centers that employ the most significant numbers of people were subject to assessment. We obtained information from respondents in 17 cities. As in previous years, given the need to analyze a sufficiently large number of responses, we examined the seven cities for which we obtained the most information: Warsaw, Wrocław, Kraków, Poznań, Tri-City, Katowice & GZM, and Łódź. There were 220 responses concerning these cities. Three new categories have been added to this year's the location attractiveness assessment edition: availability of flex / coworking office space, quality of the local natural environment, and location of office premises relative to the city center (attractive place in the city center). We applied the Likert scale, which enabled us to present a more comprehensive assessment of individual cities. The respondents made an overall subjective valuation of a given location as a place to do business; it was not a result of calculations or weightings introduced by the ABSL team.

The overall position of a city in the subjective ranking reflects the opinion of the managers. In this year's edition of the subjective ranking, we have introduced an additional overall score. This has been further elaborated by ABSL with the scores of cities in all the assessment categories averaged out, except "overall position in the subjective ranking by managers." This alternative approach negates the case of a particular city ranking low in most attractiveness assessment categories while obtaining high scores in its overall position. Accordingly, the overall top scorers were (1) Tri-City, (2) Warsaw, and (3) Kraków.

**TABLE 1.5**

ASSESSMENT OF LOCATIONS AS A PLACE OF DOING BUSINESS (2022)

The overall position in the ranking			
	①	②	③
	<b>TRI-CITY</b>	<b>WARSAW</b>	<b>KRAKÓW</b>
The overall position in the subjective ranking by managers			
	①	②	③
	<b>WROCLAW</b> (Wrocław)	<b>TRI-CITY</b> (Warsaw)	<b>WARSAW</b> (Tri-City, Poznań)*
Position in the subcategories of the ranking			
Categories of locations' attractiveness assessment	①	②	③
Availability of talent pool/ highly qualified staff	<b>KRAKÓW</b> (Kraków)	<b>TRI-CITY</b> (Warsaw, Wrocław)*	<b>WARSAW</b> (-)
City accessibility by airport	<b>WARSAW</b> (Warsaw)	<b>KRAKÓW</b> (Kraków)	<b>WROCLAW</b> (Tri-City)
City accessibility by road	<b>WARSAW</b> (Warsaw)	<b>POZNAŃ</b> (Poznań)	<b>ŁÓDŹ</b> (Wrocław)
City accessibility by train	<b>WARSAW</b> (Warsaw)	<b>POZNAŃ, TRI-CITY*</b> (Tri-City)	<b>-</b> (Kraków)
Quality of public transport	<b>WARSAW</b> (Warsaw, Tri-City)*	<b>POZNAŃ, TRI-CITY*</b> (-)	<b>-</b> (Poznań)
Perception of the general quality of life	<b>TRI-CITY</b> (Tri-City)	<b>WROCLAW</b> (Wrocław)	<b>POZNAŃ</b> (Poznań)

State of the business services sector in Poland  
at the end of Q1 2022

Categories of locations' attractiveness assessment	Position in the subcategories of the ranking		
	①	②	③
Quality of local universities	<b>KRAKÓW</b> (Warsaw, Kraków)*	<b>WARSAW</b> (-)	<b>POZNAŃ</b> (Łódź)
Availability of modern office space	<b>WARSAW</b> (Kraków)	<b>KRAKÓW</b> (Warsaw)	<b>TRI-CITY</b> (Tri-City)
Cooperation with local universities	<b>ŁÓDŹ</b> (Łódź)	<b>KATOWIEC &amp; GZM</b> (Kraków, Wrocław)*	<b>KRAKÓW</b> (-)
Cooperation with a local investor support office	<b>TRI-CITY</b> (Tri-City)	<b>ŁÓDŹ</b> (Łódź)	<b>POZNAŃ</b> (Wrocław)
Level of wages	<b>TRI-CITY</b> (Łódź)	<b>ŁÓDŹ</b> (Katowice & GZM)	<b>KATOWIEC &amp; GZM</b> (Poznań)
Cost of renting office space	<b>ŁÓDŹ</b> (Łódź)	<b>TRI-CITY</b> (Wrocław, Warsaw, Tri-City)*	<b>KRAKÓW</b> (-)
Availability of flex/ coworking office space	<b>WARSAW</b>	<b>KRAKÓW</b>	<b>ŁÓDŹ</b>
Quality of the local natural environment	<b>TRI-CITY</b>	<b>POZNAŃ</b>	<b>WROCŁAW</b>
Location of office premises relative to the city center (attractive location in the city center)	<b>POZNAŃ</b>	<b>TRI-CITY</b>	<b>WROCŁAW</b>

(City) 2021 rankings

\* cities with the same position

The information presented reflects the opinions of the representatives of centers, is subjective, and derived from many factors such as the type of business conducted, preferences of the parent company, and perceptions of the importance of agglomeration benefits. It is worth emphasizing that a given position in the ranking does not necessarily reflect the actual situation of the subject matter under analysis. The results may also be tied to the geographic distribution of the respondents' locations.

Source: ABSL's study is based on the results of the survey (N=220 responses for locations)

# KRAKÓW



**92,686**

Number of employees in business services centers in 2022



**10.2%**

Accumulated job growth in the sector (CAGR) 2017-2022



**261**

Number of business services centers (Q1 2022)



**35,562**

Number of jobs created since Q1 2017



**41**

Number of centers employing a minimum of 500 people (Q1 2022)



**3.47**

Location Quotient



**5**

Number of new centers established in 2021 and 2022



**100,000**

The forecast for the number of jobs in the sector in Q1 2023

## EXAMPLES OF NEW INVESTMENTS

Dyson

GlobalLogic

Infosys

Kyndryl Global Services  
Delivery Centre Polska

State of the business services sector in Poland  
at the end of Q1 2022

# WARSAW



## 82,599

Number of employees in business  
services centers in 2022



## 13.7%

Accumulated job growth in the sector  
(CAGR) 2017-2022



## 330

Number of business services centers  
(Q1 2022)



## 39,150

Number of jobs created  
since Q1 2017



## 51

Number of centers employing a minimum  
of 500 people (Q1 2022)



## 1.11

Location Quotient



## 9

Number of new centers established  
in 2021 and 2022



## 89,500

The forecast for the number of jobs  
in the sector in Q1 2023

## EXAMPLES OF NEW INVESTMENTS

Box

ISS Global

Kyriba

Microsoft

MIXORT

Opinia24

Snowflake

SoftServe

# WROCLAW



**59,495**

Number of employees in business services centers in 2022



**8.0%**

Accumulated job growth in the sector (CAGR) 2017-2022



**208**

Number of business services centers (Q1 2022)



**18,921**

Number of jobs created since Q1 2017



**28**

Number of centers employing a minimum of 500 people (Q1 2022)



**2.80**

Location Quotient



**3**

Number of new centers established in 2021 and 2022



**64,200**

The forecast for the number of jobs in the sector in Q1 2023

## EXAMPLES OF NEW INVESTMENTS

Boehringer Ingelheim

GlobalLogic

Klika Tech

State of the business services sector in Poland  
at the end of Q1 2022

# TRI-CITY



## 33,758

Number of employees in business  
services centers in 2022



## 12.6%

Accumulated job growth in the sector  
(CAGR) 2017-2022



## 184

Number of business services centers  
(Q1 2022)



## 15,112

Number of jobs created  
since Q1 2017



## 16

Number of centers employing a minimum  
of 500 people (Q1 2022)



## 3.42

Location Quotient



## 9

Number of new centers established  
in 2021 and 2022



## 36,400

The forecast for the number of jobs  
in the sector in Q1 2023

## EXAMPLES OF NEW INVESTMENTS

Accenture Operations

Agente Studio

Billwerk

ERGO Technology & Services

FinalRentals

Kinguin

Objectivity

Sitel

Telus International

# KATOWICE & GZM



**29,695**

Number of employees in business services centers in 2022



**10.9%**

Accumulated job growth in the sector (CAGR) 2017-2022



**126**

Number of business services centers (Q1 2022)



**11,975**

Number of jobs created since Q1 2017



**17**

Number of centers employing a minimum of 500 people (Q1 2022)



**0.30\***

Location Quotient



**6**

Number of new centers established in 2021 and 2022



**32,000**

The forecast for the number of jobs in the sector in Q1 2023

## EXAMPLES OF NEW INVESTMENTS

Alstom Power

Ammega Business Services

ArchiDoc

Genpact

SD Worx Poland

\* LQ for Katowice equals 2.03

State of the business services sector in Poland  
at the end of Q1 2022

# ŁÓDŹ



## 28,108

Number of employees in business  
services centers in 2022



## 8.5%

Accumulated job growth in the sector  
(CAGR) 2017-2022



## 101

Number of business services centers  
(Q1 2022)



## 9,422

Number of jobs created  
since Q1 2017



## 13

Number of centers employing a minimum  
of 500 people (Q1 2022)



## 1.62

Location Quotient



## 6

Number of new centers established  
in 2021 and 2022



## 30,300

The forecast for the number of jobs  
in the sector in Q1 2023

## EXAMPLES OF NEW INVESTMENTS

Avient Corporation

Godel Technologies

Wella Company

XSYS Polska

# POZNAŃ



**21,983**

Number of employees in business services centers in 2022



**10.5%**

Accumulated job growth in the sector (CAGR) 2017-2022



**125**

Number of business services centers (Q1 2022)



**8,632**

Number of jobs created since Q1 2017



**11**

Number of centers employing a minimum of 500 people (Q1 2022)



**1.17**

Location Quotient



**1**

Number of new centers established in 2021 and 2022



**23,700**

The forecast for the number of jobs in the sector in Q1 2023

## EXAMPLES OF NEW INVESTMENTS

H&D International

State of the business services sector in Poland  
at the end of Q1 2022

# BYDGOSZCZ



## 11,534

Number of employees in business  
services centers in 2022



## 7.0%

Accumulated job growth in the sector  
(CAGR) 2017-2022



## 47

Number of business services centers  
(Q1 2022)



## 3,299

Number of jobs created  
since Q1 2017



## 3

Number of centers employing a minimum  
of 500 people (Q1 2022)



## 1.25

Location Quotient



## 2

Number of new centers established  
in 2021 and 2022



## 12,400

The forecast for the number of jobs  
in the sector in Q1 2023

## EXAMPLES OF NEW INVESTMENTS

Ciech Services

GlobalLogic

# LUBLIN



**8,523**

Number of employees in business services centers in 2022



**8.6%**

Accumulated job growth in the sector (CAGR) 2017-2022



**66**

Number of business services centers (Q1 2022)



**2,878**

Number of jobs created since Q1 2017



**6**

Number of centers employing a minimum of 500 people (Q1 2022)



**0.99**

Location Quotient



**0**

Number of new centers established in 2021 and 2022



**9,200**

The forecast for the number of jobs in the sector in Q1 2023

State of the business services sector in Poland  
at the end of Q1 2022

# SZCZECIN



## 7,571

Number of employees in business  
services centers in 2022



## 12.8%

Accumulated job growth in the sector  
(CAGR) 2017-2022



## 63

Number of business services centers  
(Q1 2022)



## 3,431

Number of jobs created  
since Q1 2017



## 2

Number of centers employing a minimum  
of 500 people (Q1 2022)



## 0.85

Location Quotient



## 2

Number of new centers established  
in 2021 and 2022



## 8,200

The forecast for the number of jobs  
in the sector in Q1 2023

## EXAMPLES OF NEW INVESTMENTS

Baltic Design Institute

GlobalLogic

# RZESZÓW



**5,754**

Number of employees in business services centers in 2022



**4.4%**

Accumulated job growth in the sector (CAGR) 2017-2022



**44**

Number of business services centers (Q1 2022)



**1,115**

Number of jobs created since Q1 2017



**4**

Number of centers employing a minimum of 500 people (Q1 2022)



**0.97**

Location Quotient



**0**

Number of new centers established in 2021 and 2022



**6,200**

The forecast for the number of jobs in the sector in Q1 2023

# 2 OFFICE MARKET

After over two years of the pandemic, Poland has strengthened its economic position in the CEE region. The country's economy has remained one of the most resilient during disruptions caused by COVID-19. In recent years, Poland has become the unquestioned leader in the CEE region's office market. This is illustrated by the growing confidence of developers, investors, and tenants, in expanding their operations in nine relatively mature regional markets in major Polish agglomerations, such as Warsaw, Kraków, Wrocław, Łódź, Poznań, Tri-City and Katowice.

At the beginning of 2022, the total modern office stock in the nine major markets totaled 12.2 million sq m. Over 550,000 sq m of new completions were delivered in 2021. Regional markets are following the development of the capital city and benefitting from it, while encouraging overseas investors to set up regional offices after establishing operations in headquarters.

In terms of demand, 2021 recorded an almost 5% increase in annual office take-up in major office markets, including Warsaw and regional cities. The total volume of lease transactions signed in 2021 amounted to 1.24 million sq m. New agreements dominated the demand structure, accounting for 48% of the overall volume but dropping 3 p.p. YoY. The share of renegotiations and extensions increased by 7 p.p., amounting to 44%, while expansions made up 8%. The vacancy rate in Poland's nine key markets increased to 13.4%, compared to 11.3% at the end of 2020.

The market is witnessing a gradual reduction in developer activity – over 1.2 million sq m of modern office space was under construction at the end of 2021, with only 26% of it – 314,000 sq m, located in Warsaw, its lowest supply pipeline level in a decade.

Due to the spread of remote work and hybrid models as well as successive waves of the pandemic, the way the offices are functioning is undergoing an evolution. Office space is now primarily becoming a place to meet with colleagues and for doing creative teamwork. The stable situation in the office market can be seen by the significant percentage of renegotiations and stable expansion share. Tenants decide to extend contracts and rearrange their space, allocating space for new functions. There is a growing demand for services related to adapting the workplace, which allows the needs of employees in the new circumstances to be identified and met.

The ESG actions (Environmental, Social, and Governance) and sustainable development issues are becoming one of the more significant new trends in the real estate market, especially in the office sector. This is evidenced by the rapid increase in the supply of certified 'green buildings' and the increasing modernization of existing office buildings. Projects' environmental benefits in this era of climate change is becoming no less important than financial profits, and ESG guidelines will become an increasingly important rationale for business decisions.



Chapter content developed by: **Colliers**

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FIGURE 2.1

POLAND'S OFFICE REAL ESTATE MARKET AT 2021 YEAR END

**12.2** million sq m

Total of modern office space in Poland.  
The largest office market in CEE

**21%**

Demand generated by business services  
centers – Warsaw and regions

**8%**

Demand generated by business  
services centers – Warsaw

**1,095**

Lease agreements concluded in 2021

**1,241,000** sq m

Office space leased in 2021

**14**

Lease agreements concerning more than  
10,000 sq m in 2021

**9**

Developed office markets

**1.2** million sq m

Office space under construction

**EUR 24.50**

Prime headline rates – Warsaw  
(sq m / month)

**EUR 11.00-15.75**

Prime headline rates – regions  
(sq m / month)

**310,000** sq m

Office space leased by companies  
representing the business services  
sector / shared service centers in 2020

**360,000** sq m

Net office space absorption in 2021

**13.4%**

Vacancy rate in Poland

# WARSAW

Warsaw is the largest office market in Poland, with over 6.15 million sq m of office space. At the end of 2021, around 314,000 sq m was under construction, with delivery deadlines set for 2022–2025.

A further 289,100 sq m, scheduled for 2023-2028, is in the planning phase.

Last year, 16 projects were delivered to the market with a total area of 324,600 sq m. This is 3% more than in 2020 and the highest value of new supply since 2016. The most significant projects included Warsaw UNIT (56,400 sq m), Skyliner (44,700 sq m), Generation Park Y (44,200 sq m), and Widok Towers (31,500 sq m).

The total volume of lease transactions in 2021 was 646,500 sq m, which was 7% higher YoY but 26% lower than 2019's performance. New transactions (49%) and renegotiations (45%) dominated the demand structure, which saw a YoY increase of 8 p.p. Expansions accounted for 6%. The share of pre-let contracts totaled 12% of total demand (an eight-p.p. decrease YoY).

The average transaction size in 2021 was 1,100 sq m, which was 8% less than in 2020. The most significant transactions recorded in 2021 included the renegotiation and expansion by Astra Zeneca in Postępu 14 (20,800 sq m), renegotiation of a confidential tenant from the fuel industry in the Senator building (20,600 sq m), and a pre-let agreement of a confidential tenant from the IT industry in Varso Tower (15,000 sq m).



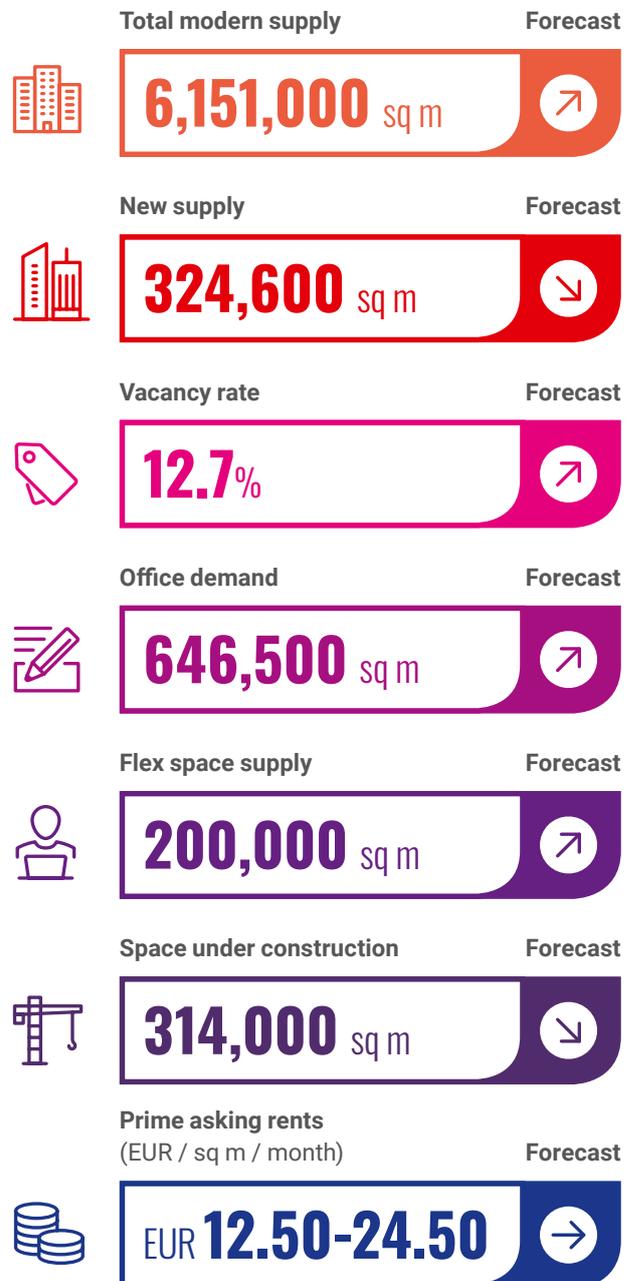
The market is now observing high demand for flex office space as the supply grows by over 200,000 sq m. In 2021 alone, four new transactions and three expansion agreements were signed for 6,400 sq m. Major flex operators in the city include WeWork, Regus, Spaces, New Work, and CiC.

At the end of 2021, the vacancy rate in the Warsaw office market rose by 2.8 p.p. YoY to 12.7%, which is the equivalent of 778,400 sq m of available office space. The increase in available space stems from limited demand and a very high volume of new supply completed in 2021. The sublet offer accounted for 85,000 sq m at the end of 2021.

In recent years, rental rates for office space have seen a correction after previous increases. In central zones, rents stood at EUR 19.00–24.50 sq m / month, while in non-central locations, they had dropped to EUR 12.50–16.50 sq m / month at the end of 2021.

**FIGURE 2.2**

SUMMARY – WARSAW



Source: Colliers

# KRAKÓW

In 2021, total office stock in Kraków exceeded 1.6 million sq m. The city is the second-largest office market in Poland after Warsaw and has been developing rapidly for a number of years. Buildings completed in the last ten years represent around 70% of the existing supply.

In 2021, around 60,700 sq m of modern office space was delivered to the market in the shape of eight projects. This figure is approx. 57% lower than in 2020. The most significant completed projects included Tertium Business Park B (13,400 sq m), Ocean Office Park A1 and A2 (a total of 13,000 sq m), Equal Business Park D (11,700 sq m), phase III of Wadowicka 3 (10,400 sq m), and Aleja Pokoju 81 (7,600 sq m). At the end of 2021, 190,300 sq m of office space remained under construction, with completion scheduled for 2022-2023. A further 25,000 sq m are in the planning phase, with completion scheduled for 2023-2024.

In terms of the office take-up registered in 2021, Kraków remains a leader among regional cities. Total gross demand totaled 156,000 sq m, which is a 1% drop YoY and 42% below 2019's record performance. New deals accounted for the largest share of contracts signed in 2021, at approx. 52% of total demand. This marked an increase of 7 p.p. compared to 2020. Renegotiations accounted for 41%, with expansions and owner-occupied transactions claiming a 6% and 1% share, respectively. Pre-let transactions at the construction phase accounted for 24,600 sq m (16% of total demand).



Lease agreements signed in 2021 formed an average transaction size of 1,800 sq m, which was on a par with 2020. In 2021, four agreements exceeded 10,000 sq m in Kraków. The most significant deals in 2021 included a renegotiation by a confidential tenant in the Kapelanka 42a building (15,600 sq m) a renegotiation by another confidential tenant in Kazimierz Office Center (12,800 sq m), and AON's renegotiation for office space in Enterprise Park E (11,400 sq m).

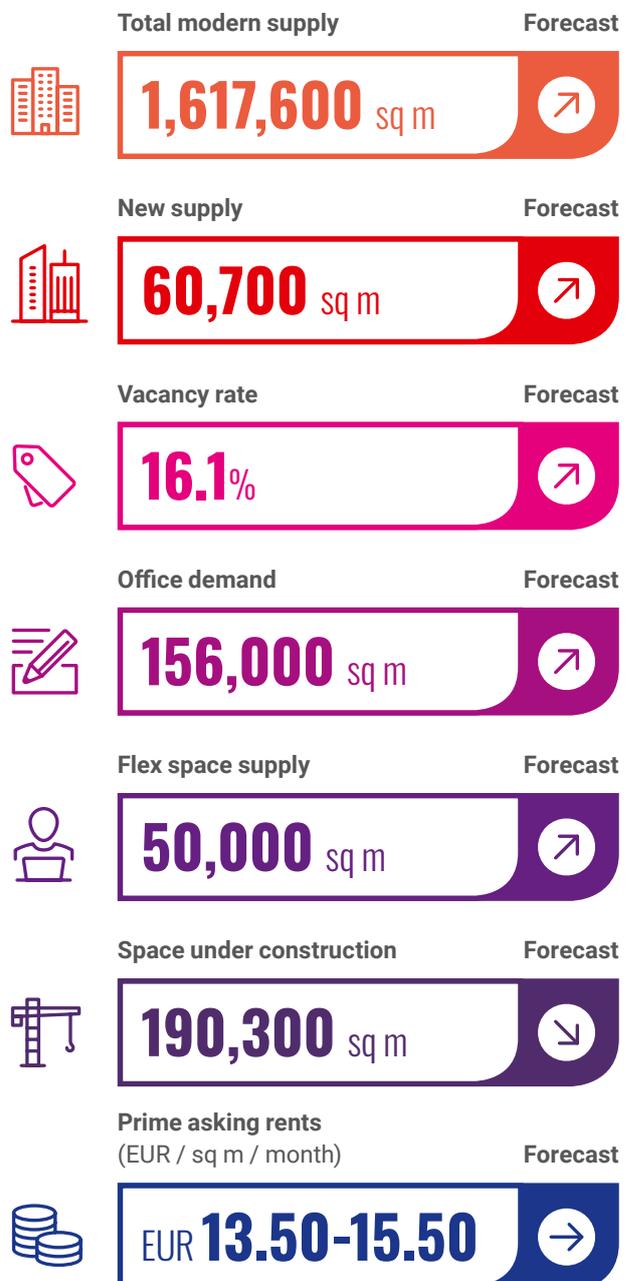
The flex office space supply continues to quickly grow in Kraków. At the end of 2021, there was nearly 50,000 sq m offered by RISE, City Space, Quickwork, New Work, Spaces, Regus, and many others flex operators.

At the end of 2021, the vacancy rate had increased by 2.1 p.p. compared to Q4 2020 and stood at 16.1%, amounting to 260,500 sq m of available space. The increase in the vacancy rate resulted from limited demand combined with ample office space delivered to the Kraków market over the last few years. The sublet offer accounted for 19,600 sq m at the end of 2021.

Asking rents for office space has remained stable for several quarters; however, their levels differ depending on the city's office zones. At the end of 2021 the A-class projects were EUR 13.50–15.50 sq m / month in the central zone and EUR 12.00–14.50 sq m / month in non-central zones at the end of 2021.

FIGURE 2.3

SUMMARY – KRAKÓW



# WROCLAW

The existing office capacity in the Wrocław market is as high as 1.25 million sq m, making it the second-largest office market among regional cities. There are several office hubs in the city. Most of the supply (40%) is located in the CBA. Other office hubs are the Western Business Area and the Southern Business Axis – along ul. Powstańców Śląskich. The remaining projects are located outside the designated office zones. In 2021, developers completed 21,800 sq m of office space in the shape of two projects – Krakowska 35 (11,800 sq m) and Wrocławski Park Biznesu – Nowa Strzegomska (10,000 sq m). By the end of 2021, 230,000 sq m of modern office space remained under construction, with completion scheduled for 2022-2024.

In Wrocław, gross demand in 2021 increased by 6% YoY to 135,400 sq m. In 2021, new contracts dominated the take-up structure, which accounted for 48% of total demand. The share of renegotiations decreased by 12 p.p. YoY, coming in at 41%. Expansions accounted for 11%. Nearly 15,600 sq m was leased in projects in the construction stage, accounting for 11.5% of the total take-up volume.

On average, the rental agreements concluded in 2021 covered approx. 1,600 sq m (a decrease of 24%YoY). The largest share in demand was contracts regarding units of between 1,000-5,000 sq m (59%). In 2021 in Wrocław, one contract



for more than 10,000 sq m was signed in Wrocław. The largest transactions signed in 2021 included a pre-let in the 3M Service Center EMEA in MidPoint 71 (12,300 sq m), IBM's renegotiation in Wojdyła Business Park II (8,900 sq m) as well as HPE's renegotiation in Dominikański A and B (7,700 sq m).

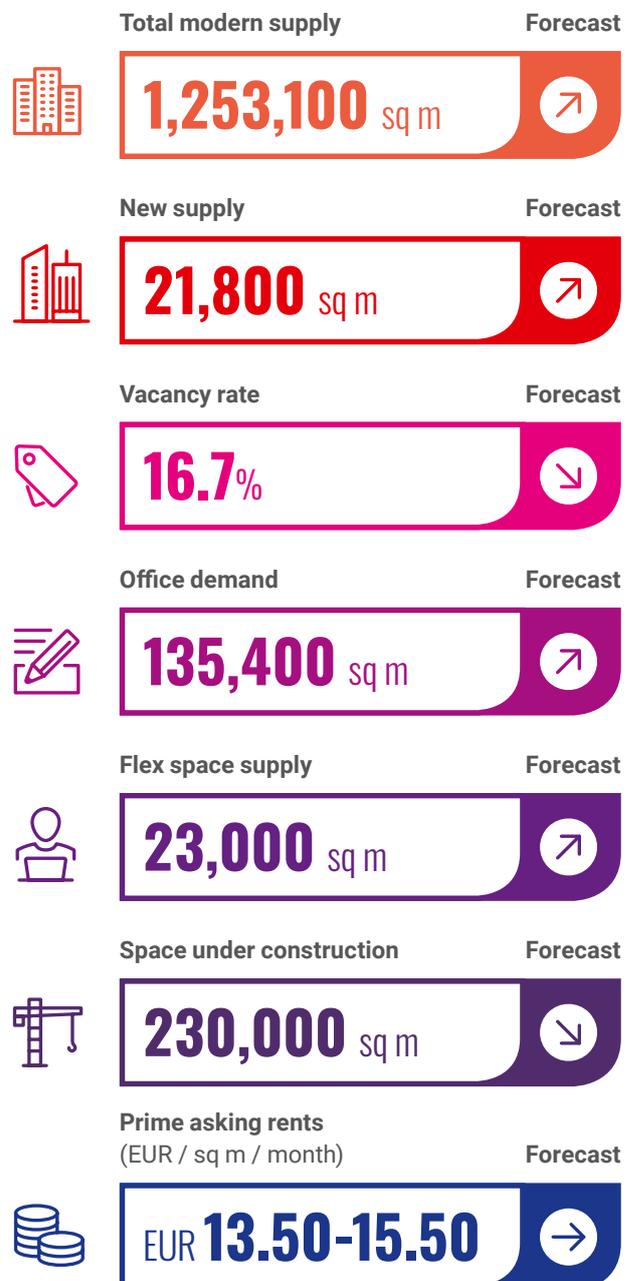
The flex office space supply continues to rapidly increase in Wrocław. 2021 saw this sub-segment grow by 46% to 23,000 sq m, with the help of three significant transactions – City Space in West4Business Hub I, RISE in Sagittarius, and City Forum 2.

At the end of 2021, the vacancy rate in Wrocław had risen to 16.7% (a YoY increase of 1.7%), which translates into 208,700 sq m of available office space. It is the highest vacancy rate among all regional markets. The sublet offer accounted for 24,100 sq m at the end of 2021.

Office space rents have remained stable for several quarters. In modern A-class projects, tenants paid EUR 13.50–15.50 sq m / month in central zones and EUR 11.00–13.00 sq m / month in non-central zones at the end of 2021.

FIGURE 2.4

SUMMARY – WROCLAW



Source: Colliers

## TRI-CITY

The total stock in Tri-City is 963,400 sq m, placing the destination in third place among all regional cities. The most significant amount of office space is available in Gdańsk (75%), followed by Gdynia (21%) and Sopot (4%). The modern stock is concentrated along the route of Szybka Kolej Miejska, Droga Gdynńska and al. Grunwaldzka (Wrzeszcz, Oliwa). Office projects are also located in the vicinity of Gdańsk airport and the center of the city. In 2021, approx. 73,200 sq m of modern office space was delivered to the market in the shape of four projects, a YoY increase of 21%. This is the most significant volume of new supply among all regional cities. Completed projects included 3T Office Park in Gdynia (38,200 sq m) and three projects in Gdansk – Palio A (16,500 sq m), Garnizon Gato (10,000 sq m) and LPP Fashion Lab (8,500 sq m).

At the end of 2021, 98,000 sq m of office space was under construction, with completion scheduled for 2022-2023. A further 177,000 sq m scheduled for 2023-2024 remains in the planning phase. The location that is currently rapidly developing is “Young City” in Gdańsk.

In 2021, gross demand for office space in Tri-City increased by 23% compared to the previous year and amounted to 108,000 sq m. The largest deal share was claimed by renegotiations which stood at 43% (a 6% rise YoY). New deals reached 40%, with expansions of existing tenants accounting for 9%, and owner-occupied transactions taking 8% of annual take-up. Pre-let transactions in 2021 totaled 15,300 sq m (14% of total demand).



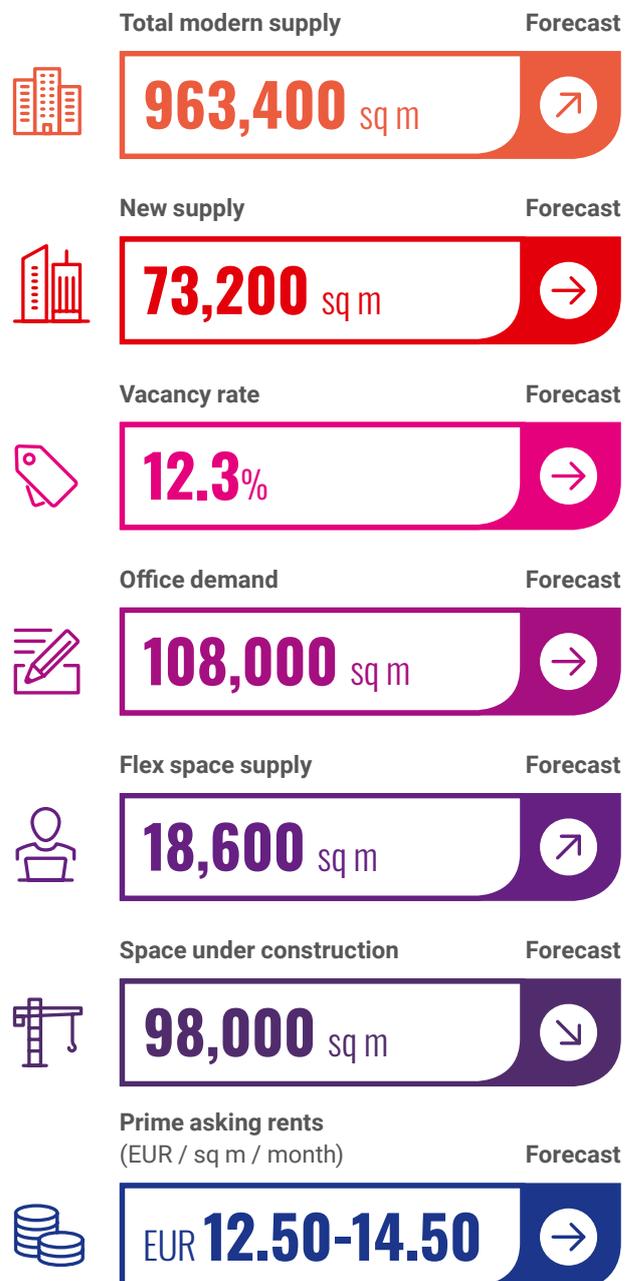
The average lease transaction signed in 2021 was 1,800 sq m, a 38% increase YoY. The most significant transactions included the renegotiation of Intel in Tryton Business House (9,800 sq m), the owner-occupied agreement by LPP in LPP Fashion Lab I (8,500 sq m), a renegotiation by a confidential tenant in Baltic Business Centre (7,000 sq m), and a renegotiation by a confidential tenant in Yoko (6,200 sq m).

The flex office space supply continues to grow in Gdańsk. 2021 saw a 36% YoY increase of flex office space, which now stands at 18,600 sq m. This increase was partly down to two significant transactions – Quickwork in Palio A and Chillispaces.com in Alchemia III – Argon.

The vacancy rate increased by 2.8 p.p. compared to 2020, and at the end of Q4 2021 was 12.3%, equivalent to 118,100 sq m of available office space. The vacancy rate in Gdansk was 10.4%, and 19.9% in Gdynia. The sublet offer in Tri-City was marginal and accounted for less than 1,000 sq m at the end of 2021.

In class-A buildings, office space rent stood at EUR 12.50–14.50 sq m / month in central zones and EUR 11.00–13.00 sq m / month in non-central zones at the end of 2021.

**FIGURE 2.5**  
SUMMARY – TRI-CITY



Source: Colliers

# KATOWICE

The total office stock in Katowice at the end of 2021 amounted to 603,000 sq m. Last year, developers delivered 13,500 sq m of new space, 78% less than in 2020. Growth in the local market's supply is cyclical. Usually, after a year of many new openings, there is a reduction in developer activity, allowing for the absorption of existing office space. Office buildings in the city are clustered around main traffic arteries, such as Chorzowska St., Korfantego St., and Murckowska St. as well as Górniośląska Avenue and Roździeńskiego Avenue.

The projects completed in 2021 included Kolońska Park (7,900 sq m), Młyńska 6 (2,600 sq m), 3QUBES (1,500 sq m) and Brynów Center II (1,400 sq m). Buildings completed in the last five years represent 25% of existing supply.

At the end of 2021, around 200,000 sq m of office space was at the construction stage, with a scheduled completion date of 2022-2024. Local and international developers such as Cavatina, Ghelamco, GPP, Opal Maksimum, TDJ Estates, and TriGranit have continued development projects that will gradually be completed in the coming 3 years. Another 107,400 sq m scheduled for 2024-2025 is in the planning phase.

In 2021, total demand in Katowice reached a level of 53,400 sq m, indicating a YoY drop of 18%. Renegotiations took the largest share, increasing by 26 p.p. compared to 2020 and totaling 43%. New contracts constituted 38% and expansions 19% of take-up volume. Pre-let agreements totaled 2,900 sq m, accounting for 6% of total demand.



The average transaction volume was 1,600 sq m which was on a par with 2020. The most important deals signed in 2021 included Rockwell Automation’s renegotiation and expansion of its office space in A4 Business Park III (19,500 sq m), UPC Poland’s new contract for space in Global Office Park C (4,300 sq m), the renegotiation of UPC Poland’s office space in Green Park I & II (4,200 sq m), TMF’s renegotiation and expansion in Silesia Star II B (3,500 sq m), and a new contract signed by Hyland Software for space in Global Office Park C (2,600 sq m).

The flex office space supply is rapidly growing in Katowice. In 2021 it increased by 30% to 15,800 sq m with two significant transactions – Cluster Offices in Stary Dworzec and Chillispaces.com in KTW II.

The vacancy rate increased by 1.3 p.p. YoY, standing at 10.5% (63,200 sq m) of available space at the end of December 2021. The increase in vacancy rate resulted from limited demand combined with the large amount of office space delivered to the market over the last few years. The sublet offer accounted for 13,900 sq m at the end of 2021.

Rental rates in the city’s best buildings in current A-class projects were EUR 13.50 to 15.50 sq m / month in the central zone and EUR 11.00 to 13.00 / sq m / month in non-central zones at the end of 2021.

**FIGURE 2.6**  
SUMMARY – KATOWICE



Source: Colliers

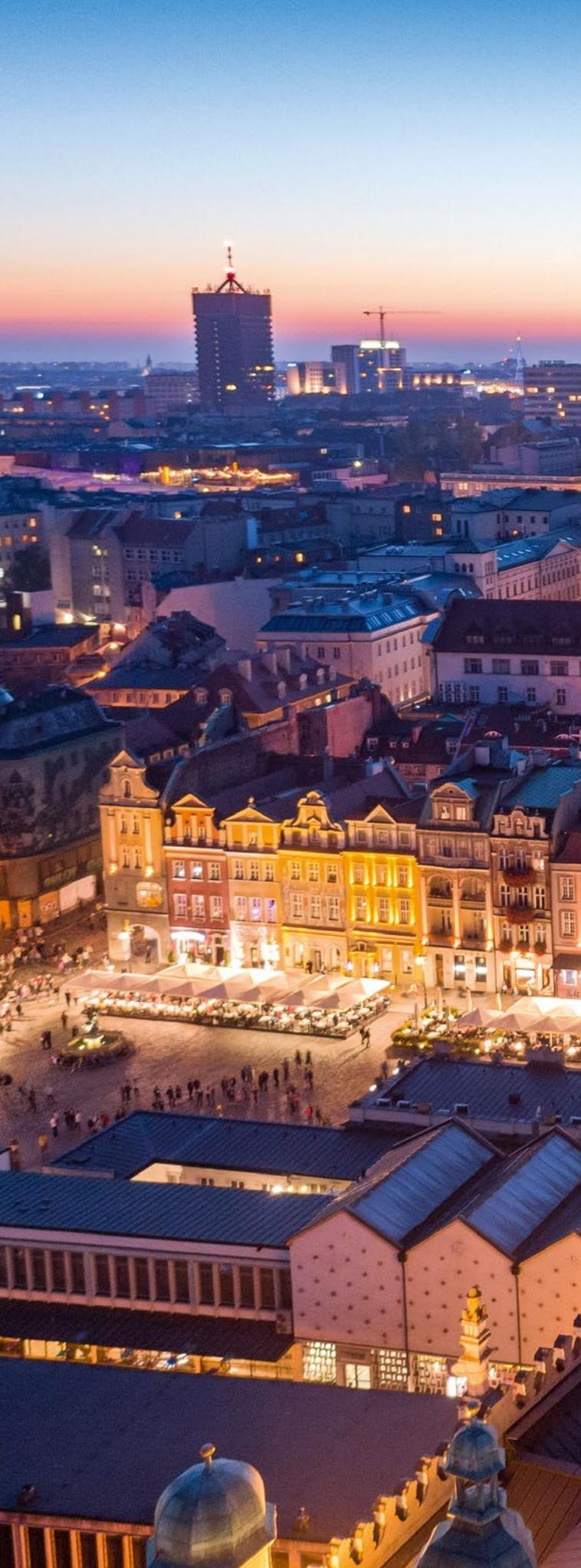
# POZNAŃ

In 2021, total office stock in Poznań was 620,400 sq m. About 40% of the stock is located in the city center with its borders defined by the streets of Solna, Małe Garbary, Matyi, Królowej Jadwigi, Roosevelta, and the Warta River to the east. The other two office hubs are in the vicinity of Malta Lake and the western part of the city on Bułgarska street, where the Business Garden Poznań complex, the most prominent office park in the town (86,700 sq m), is located. Developers completed two office projects – Nowy Rynek D (35,800 sq m) and Wilczak 45 (1,700 sq m) in 2021.

Currently, 62,000 sq m of office space remains under construction and is scheduled for completion in 2022-2024. A further 70,000 sq m is in the planning phase and is scheduled for completion in 2023-2025. The most exciting investments include the Stara Rzeźnia project being prepared by Vastint. The multi-stage investment BPI Real Estate Poland and Revive in the center of Poznań in a former military barracks that combines residential, retail, and office space and revitalizes historic buildings will significantly boost the city's development.

The total transaction volume in 2021 was 73,500 sq m, marking a YoY increase of 16%.

The largest share in total demand went to renegotiations, which increased by 30 p.p. compared to 2020 and at the end of 2021 accounted for 53% of all transactions. New contracts amounted to 38% of total take-up volume, with expansions 7%, an owner-occupied transactions claiming 7% and 2%, respectively. Pre-let contracts accounted for 14,400 sq m of rental space (20% of total demand).



The average rental agreement in 2021 covered 1,900 sq m, which was the same as in 2020. The most significant rental contracts of 2021 included a renegotiation by a confidential tenant in Business Garden Poznań buildings B1, B3, and B4 (17,400 sq m), a pre-let by a confidential tenant in Nowy Rynek E (9,600 sq m), a pre-let by F-secure in Andersia Silver (3,500 sq m), Sii's renegotiation for space in Maraton A (3,400 sq m) and a new contract for ENEA in Business Garden Poznań B8 (3,400 sq m).

The flex office space is in the early stage of development in Poznań. The flex offer covers approx. 7,000 sq m – with major active operators – Regus and Business Link.

At the end of 2021, the vacancy rate had decreased to 12.7%, a YoY drop of 0.3 p.p., which equates to 78,600 sq m of available space. Approximately 32% of open space is located in Business Garden Poznań. The sublet offer accounted for 1,350 sq m at the end of 2021.

Rental rates for office space remained at a stable level for several quarters. Rents in modern A-class projects stood at EUR 14.50–15.75 sq m / month in the central zone and EUR 13.25–14.00 sq m / month in non-central zones at the end of 2021.

**FIGURE 2.7**  
SUMMARY – POZNAŃ



Source: Colliers

# ŁÓDŹ

By the end of 2021, the supply of modern office space in Łódź was 583,000 sq m. In terms of size, the market is comparable to Poznań and Katowice. Within the city center, three separate office hubs are becoming increasingly distinct: NCL, the area around the intersection of Piotrkowska Street and Piłsudskiego Avenue, as well as in the vicinity of Piłsudskiego Avenue, Śmigłego-Rydza Avenue and Kopcińskiego St. The remaining office projects are located in the north-western part of the city (Teofilów) and in the southeast (Dąbrowa). In 2021, one new office project was completed – Dowborczyków 30/34 (3,600 sq m).

At the end of 2021, 88,800 sq m of office space remained under construction, scheduled for completion in 2022-2023. It's worth mentioning that smaller companies are highly dynamic, and revitalize the urban tissue (tenements, factories, palaces) applying new functionality, including transforming properties into office space.

In 2021, the total gross demand for office space in Łódź stood at 51,600 sq m, a YoY decrease of 17%. Renegotiations took the largest share of tenant activity over the last year with 68% of total demand, a YoY increase of 43 p.p.. New contracts constituted 31% of all deals, while expansions of existing tenants accounted for just 1%. Pre-let rentals in projects at the planning and construction stages covered 4,600 sq m, accounting for 9% of total demand.



In 2021, the average size of a rental agreement decreased by 11% compared to 2020, reaching 1,400 sq m. The most significant agreements signed in Łódź, in 2021, included: a renegotiation for a confidential tenant in Green Horizon A & B (24,100 sq m), a pre-let of Chillispaces in React (3,600 sq m), and the renegotiation by ZF Automotive Systems in Symetris Business Park I (2,600 sq m).

The flex office space supply is rapidly growing in Łódź. 2021 saw a 30% increase with supply at 13,600 sq m partly thanks to the Chillispaces.com in React transaction.

By the end of 2021, the vacancy rate had decreased by 0.6 p.p. compared to Q4 2020, standing at 15.8% (92,000 sq m) of available space. In our estimation, the rate may rise further as completed projects continue to enter the market. The sublet offer accounted for 12,000 sq m at the end of 2021.

Compared to other cities, Łódź is a very competitive market – asking rents in prime properties were to EUR 12.00–14.00 sq m / month in the central zone and EUR 9.00–11.00 sq m / month in non-central zones at the end of 2021.

**FIGURE 2.8**

SUMMARY – ŁÓDŹ



Source: Colliers

# SZCZECIN

Existing modern office space in Szczecin totals 184,500 sq m. This is the lowest among all eight regional cities in Poland, making it a market at a relatively early stage of development. The creation of new supply is cyclical – usually after a period of new completions, there is a decrease in development activity for existing office space to be absorbed. In 2021, developers did not deliver any new office projects to the market.

The vast majority of office space in Szczecin (approx. 80%) is located in the city centre near Wyzwolenia and Niepodległości avenues, as well as in the Brama Portowa area, where the city's office and retail supply are concentrated. There is a new office location in the southern part of the city, Gumieńce, where large projects such as Cukrowa Office and Szczecin Business Plaza have been delivered in recent years.

The Szczecin market displays a stable level of interest from office tenants. At the end of 2021, gross demand for office space amounted to nearly 9,200 sq m, which is almost the same figure as in 2020. New transactions took the dominant share of tenant activity in 2021, accounting for 47%. Renegotiations and extensions took 45%, an increase of 18 p.p. compared to the previous year, followed by expansions, which constituted 8% of the annual take-up.



The largest transactions included a new contract from a confidential tenant in Posejdon (2,700 sq m), a renegotiation by a confidential tenant in Lastadia Office (2,500 sq m) and the renegotiation of Diebold Nixdorf in Oxygen (940 sq m). The average transaction size in 2021 has increased over two times compared to the previous year and reached approx. 1,300 sq m. Three deals were signed for the module over 1,000 sq m what accounted for 71% of the annual demand.

Flex office in an emerging market in Szczecin, in 2021 the new facility was opened by local coworking operator Biuro Aloha located in n Stettiner Business Centre (1,300 sq m).

The vacancy rate decreased by 1.6 p.p. compared to the end of 2020 and at the end of 2021 to 5.3%. This translates into 9,700 sq m available for lease and becomes the lowest vacancy rate level among all regional markets.

Rental rates for office space have remained at a stable level for several years. In modern office projects the rents are quoted at the level of EUR 12.00–14.50 sq m / month in central zone and EUR 9.00–12.00 sq m / month in non-central zones.

**FIGURE 2.9**  
SUMMARY – SZCZECIN



Source: Colliers

# LUBLIN

The city is the seventh regional office market in Poland and the largest modern office hub in the eastern part of the country. The modern office supply amounted to 213,800 sq m at the end of 2021 spread across 51 buildings. In the past year 2021 the developers have delivered two office projects to the market – G7 Inter Office (9,200 sq m) and W9 (6,900 sq m). One project – CZ Office Park D (16,000 sq m) remained under active construction.

The total volume of rental agreements signed in Lublin in 2021 amounted to 7,400 sq m. It marks a decrease of 16% as compared to 2020. All signed contracts were new agreements and 56% of leased office space was located in projects under construction.

The largest transactions concluded in Lublin in 2021 include the new contract of Captero in CZ Office Park A (2,800 sq m) and pre-let of confidential tenant from the IT sector in W9 office project (2,700 sq m). The average size of a lease transaction was approximately 1,200 sq m. Three contracts concerned modules above 1,000 sq m, which accounted for 93% of the total annual demand.

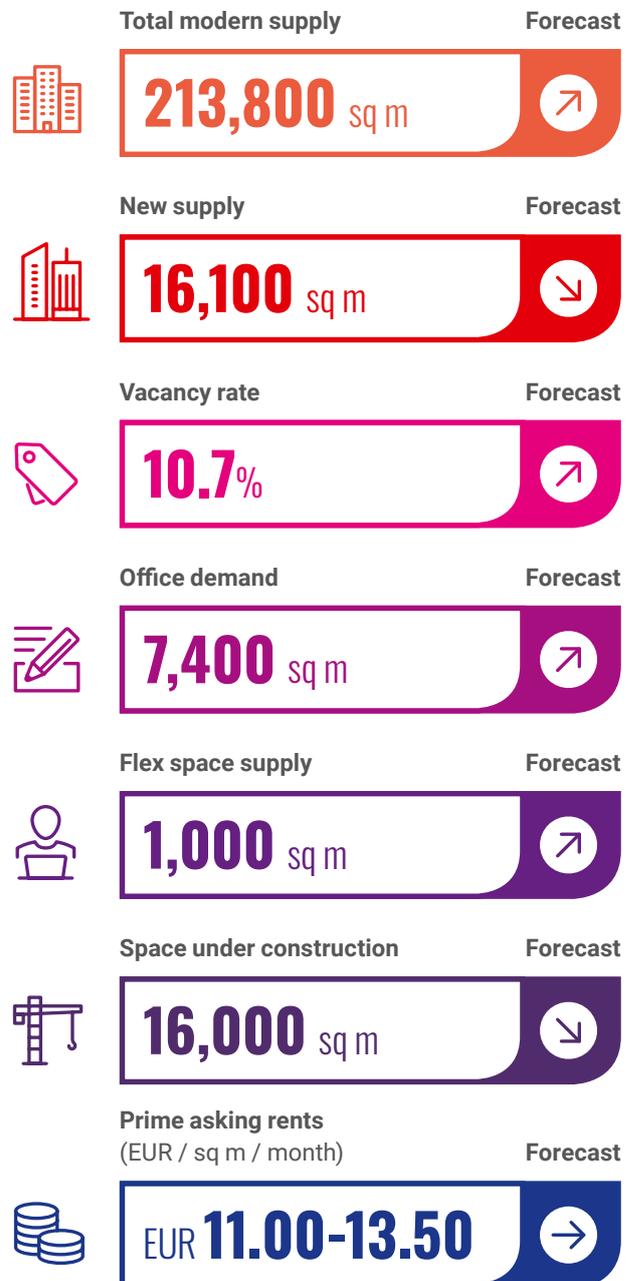
The supply of flexible office space in Lublin remains stable, international operators are represented only by Regus in the Zana 39 building.



At the end of 2021, the vacancy rate in Lublin increased by 2.9 p.p., as compared to Q4 2020, reaching 10.7%. Approximately 22,900 sq m of office space in Lublin remains vacant, including both A-class and B/B+-class properties.

Lublin is a competitive market, as compared to other regional cities, thanks to favourable rental terms. Office space rents have remained stable for several quarters. In modern, A-class projects, tenants are expected to pay EUR 11.00 to 13.50 sq m / month in central zone and EUR 9.50 to 12.00 sq m / month in non-central zones.

**FIGURE 2.10**  
SUMMARY – LUBLIN



Source: Colliers

# SECONDARY OFFICE MARKETS

For several years, investors' attention has been drawn to office markets in smaller cities. They offer access to qualified employees who are educated at provincial or local universities and have language skills, a proximity to large agglomerations, as well as lower labor and office space rental costs. Furthermore, the pandemic has accelerated this trend. Significant numbers of COVID-19 cases in large cities and the popularization of remote work have resulted in a wave of younger people returning to their hometowns. The trend of suburbanization has also become clear – with inhabitants leaving downtown to live in the suburbs. In recent years, large cities have, in a sense, drained talent from smaller urban centers, attracting the most creative individuals. The pandemic has stopped this trend.

The pandemic has accelerated the digitization of everyday life – we work remotely, order meals, do shopping, and arrange some matters in the office. Education and entertainment have also increasingly spread beyond the cities' limits. This makes the advantage of small towns, with lower living costs, ever more appealing. The 15-minute city concept is growing in popularity, where work, shops, entertainment, education, and healthcare should

be available within a quarter of an hour from home – on foot or by bike. The developing cities listed in the table below fit perfectly into this model.

It is worth noting that modern office projects of A-class standard are not typical for secondary office markets, when existing stock is taken into consideration. Although A-class projects are either under construction or planned, a large share of existing office projects are either tenement houses or low-standard buildings that are considered B or C-class buildings.

Secondary office markets are quite diversified. There are well-established office locations, such as Bydgoszcz and Rzeszów. These cities are starting to attract flex space network operators, such as Chillispace and Rise. Markets such as Białystok, Radom, and Tarnów are also becoming more prominent. In many cases, the supply of planned projects exceeds the total current stock, although starting the construction of pipeline projects requires pre-lease transactions or interested tenants. The improving economic climate attracting investors to secondary office markets also creates a growing need from local tenants for better or more modern offices.

**TABLE 2.1**

## DEVELOPING OFFICE LOCATIONS IN POLAND

	Białystok	Bydgoszcz	Kielce	Olsztyn	Opole	Radom	Rzeszów	Tarnów	Toruń
Total stock (sq m)	60,000	139,000	73,500	48,800	52,000	51,300	113,500	16,100	81,400
Vacancy rate (%)	13%	18%	10%	8%	16%	13%	12%	9%	7%
New completions 2020 (sq m)	0	8,250	0	3,000	0	0	2,200	0	300
Under construction (sq m)	2,900	9,300	0	10,500	15,100	0	9,000	0	6,500
Asking rents (EUR sq m / month)	7.00-12.00	8.00-12.00	7.00-12.00	7.00-12.00	7.00-11.00	7.00-11.00	8.00-13.00	8.00-11.00	8.00-13.00

Source: Colliers

# POST-PANDEMIC WORLD OF OFFICE

## THE OFFICE MARKET IN THE POST-PANDEMIC REALITY

### Sebastian Bedekier

Partner, Regional Markets

### Jakub Bartoszek

Director, Flexible Strategy Advisory

The rental market for modern office space experienced a rebound in 2021. Many deals were concluded, as numerous companies had already introduced a hybrid working model and were therefore able to plan their further development in a given city. Some companies, despite the success of their business, decided to stay in their current location and renegotiate their contracts, while others selected space based on the so-called flex, or coworking space.

Increased interest in serviced offices was observed among small and medium enterprises as well as corporate clients, who revised their real estate portfolios. With limited possibilities to forecast the socio-economic situation, solutions enabling a flexible approach to the contract term were a great convenience in doing business. They have already become a natural element in effectively optimizing the use of office space and the company's operations. The implementation of flex offices has also emerged as a

response to the demand for network solutions and the ability to quickly deploy teams in several regional cities.

In 2022, due to the situation in Ukraine, flex offices have become the leading solution for companies wishing to quickly move their operations to Poland. In this case, the possibility of high-speed access to space with a minimum number of procedures has become the most significant advantage of this type of solution.

The current lower number of newly constructed projects in some cities is worth noting, due to many factors: availability of materials, people, and prices. This may result in a smaller supply of office space in some markets, may lead to an increase in rental prices in the short term. One of the biggest challenges in the office market in the coming period will be the implementation of hybrid working and...

## ... THE HYBRID WORKING MODEL – IT'S NOT THAT SIMPLE

### Dorota Osiecka

Partner, Director of People & Places Advisory, Define

The world of work and office space is evolving rapidly as hybrid models become prevalent. However, whilst nearly 80% of BSS companies intend to transform towards a more distributed way of working, they continue to face a major challenge: making critical business decisions in the face of extreme volatility and unpredictability.

All the more so that the notion of a “hybrid” workplace is much more complex than a simple definition would suggest. Hybrid does not refer to a single, standardized workspace design. Instead it's best to think of it as a set of guiding principles comprising:

- » **flexible** lease structures,
- » **reconfigurable** network of spaces geared up to support meaningful connections,

- » **technology that enables virtual,** hybrid and on-site collaboration,
- » **real time** occupancy management and user metrics,
- » **focus on sustainability** and staff wellbeing.

Whilst general principles are largely the same for everyone, in reality no two hybrid workplaces will be identical. Each company will need to decide on a model that balances the benefits of physical and virtual workspace in the context of their specific organizational culture, talent strategy and business priorities.

And given that the business environment is likely to remain highly volatile and unpredictable, one factor in particular will decide the success or failure of hybrid - the company's ability to measure impact of new ways of working on business performance.

# NEW TECHNOLOGIES IN THE OFFICE SPACE – ADOPTION AND TRENDS

## Renata Hartle

Manager, Technology Solutions

The uncertain pandemic situation in 2021 translated into some companies putting on hold their decision to return to the office, and thus to implement technological solutions for office space management. However, more and more organisations are deciding to choose a specific hybrid work model, moving away from desks assigned to employees, to flexible spaces. As a result, solutions for reserving a workspace, desk, conference room, or any other organisational resource, made available to employees – whether through a desktop channel or a mobile app – are becoming standard. The pandemic has also increased the propensity to travel by private car at the expense of public transport, making it an important challenge for organisations and a standard expected by employees to introduce flexible solutions also in the area of parking.

Among the trends for 2022, we can observe increased interest from office space owners in developing communities around office buildings and offering

added value to users with the aim of encouraging as many employees as possible to return to the office. These added value features include integrated access to service providers, integration in the office canteen, and a public transport information system.

A significant trend to minimize the risk of infection, which is still relevant today, is also contactless technology in access control systems, visitor and office management, remote inspection, presentation, and virtual office tours.

In addition, in these times of progressive digitization of office space and automation of building infrastructure, especially in the context of increasing geopolitical tensions and related risks, cyber security systems for buildings, including technologies allowing for proactive detection of threats and securing the organisation's critical resources, are gaining in importance.



## ESG IN OUR OFFICES

### Andrzej Gutowski

Director, Leader ESG

Two trends are increasingly visible in the office market: ecology, well-being, and health. Technical solutions and standards can vary greatly – they depend partly on the tenants' ambitions and budgets but also often on the technical capabilities of the building. Standard green solutions most often include energy-efficient LED lighting and its control – whether based on motion sensors or daylight sensors modifying light intensity depending on external conditions. Increasingly, however, greater emphasis is being placed on environmental issues. Thanks in particular to the environmental certification of fit-outs (e.g. LEED for Commercial Interiors), the catalogue of solutions is being enriched to include dynamic control of ventilation and air conditioning depending on room occupancy or CO<sub>2</sub> concentration – adapting the operation of the systems to current needs. Ecological finishing and adaptation materials are becoming increasingly popular – promoting recycled materials (e.g., felt from recycled PET bottles), made from

rapidly renewable raw materials (cork, bamboo), or sourcing locally to reduce the carbon footprint generated by transportation. Zero Waste is becoming an emerging trend in this area – including strategies for using refurbished, second-hand furniture when adapting an office, the broadest possible reuse of building materials, and analyses to reduce materials in general – increasing environmental awareness results in an increased interest in assessing and monitoring the environmental impact of the office. This is happening at the level of creating environmental procedures, technical guidelines for new offices or purchasing procedures enriched with environmental parameters such as energy efficiency, transport reduction, green energy procurement or ecological certificates held by the building.

When it comes to wellbeing, there is still a wide range of individual measures, but strategic approaches to health and wellbeing at work remain the exception rather than the norm. In offices, the topic of wellbeing



is mainly associated with amenities for users: health and awareness campaigns, fruit Thursdays – rarely are offices or space procedures designed holistically around the topic of health and wellbeing. Perhaps due to the multiplicity of parameters and possible solutions or budgetary issues. Standard parameters nowadays, which are related to health issues, include air volume, lighting intensity, acoustic requirements, elements of biophilia, and in the post covid era – more frequent surface disinfection. More complex strategies, such as those related to air quality (sensors for CO<sub>2</sub> concentrations, humidity, particulate matter; air purifiers, bactericidal and virucidal UV lamps in ventilation components; specification of low-emission finishing materials and furniture) are still rare, even though studies show that air quality has the most significant impact on occupant health.

Companies are slowly moving toward a broader range of well-being solutions:

- » **workplace** ergonomics issues,
- » **promotion of movement** (e.g., height-adjustable desks, the use of attractively arranged staircases or gyms in the office space),
- » **accessibility** of the space for people with different abilities and physical requirements (design guidelines for creating inclusive reception areas, toilets, and kitchens, but also providing rooms with purposes – lactation rooms, relaxation rooms),
- » **providing users** with access to healthy food (appropriate kitchen design, negotiations with canteen operators, and internal catering ordering procedures).

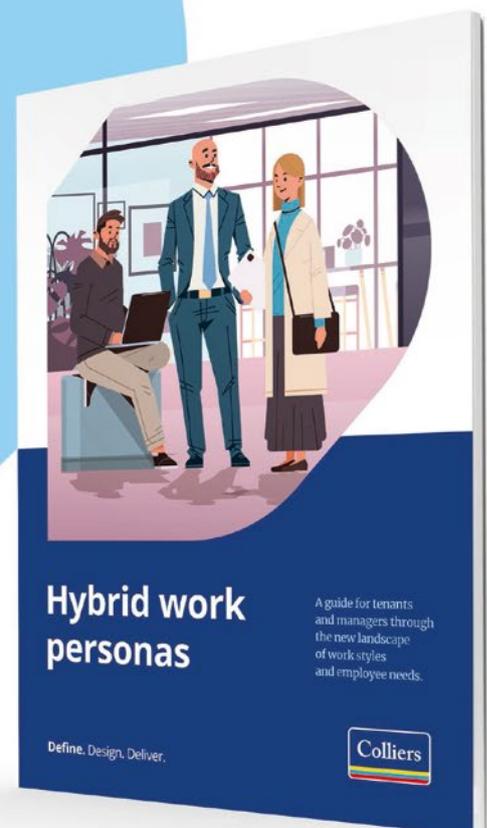
## Struggle to define your hybrid work model?

We developed a friendly guide to help professionals shape **better work environments**.

In the whitepaper you will find:

- the dominant **work styles** that we defined in our studies,
- the **checklist** with questions to your hybrid work model,
- personae that we spotted in one of our case studies.

Download our whitepaper from [colliers.pl](https://colliers.pl)

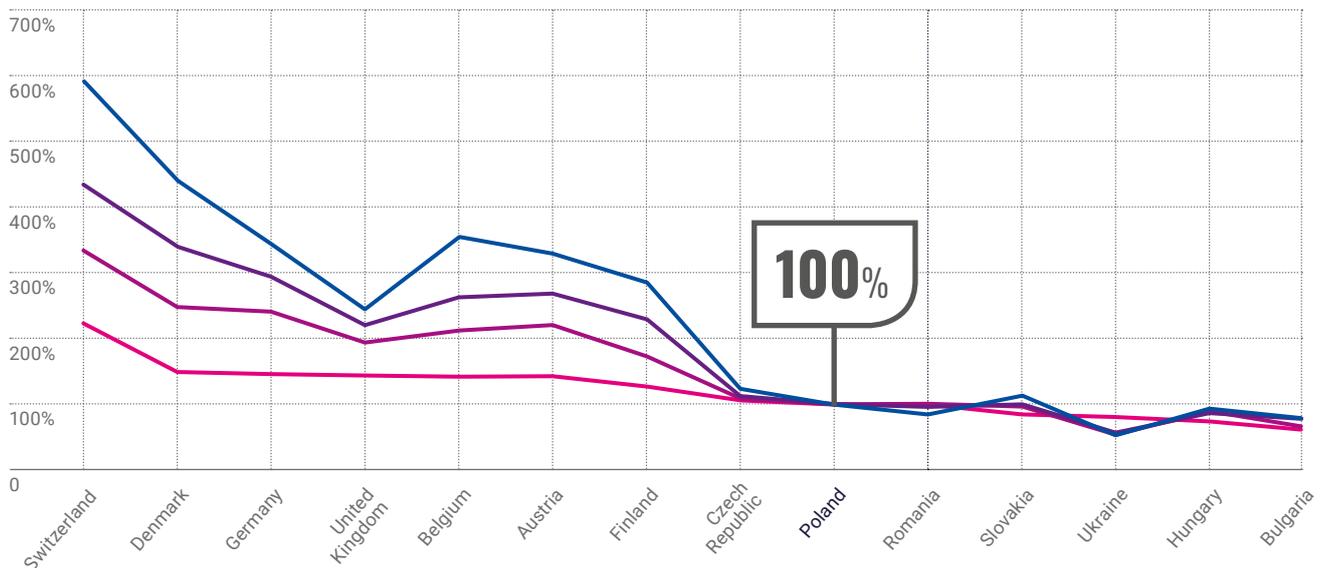


# 3 LABOR MARKET AND SALARIES

## SALARIES AT BUSINESS SERVICES CENTERS

**FIGURE 3.1**

COMPARISON OF ACTUAL ANNUAL GROSS BASE SALARY BETWEEN POLAND AND EUROPEAN COUNTRIES AT DIFFERENT JOB LEVELS



Salaries in Poland are still competitive in comparison to Western European countries. Pay gap is significant especially at the lower job levels.

- Executives
- Management
- Specialist
- Junior Specialist

Source: Mercer 2021 surveys

Chapter content developed by: **Mercer Poland**

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Mercer is part of the MMC Group, a company listed on the New York Stock Exchange. Mercer employs over 21,000 employees in over 170 countries around the world, more than 700 in Poland. More at: [www.mercer.com.pl](http://www.mercer.com.pl).



**TABLE 3.1**

COMPARISON OF ACTUAL MONTHLY GROSS BASE SALARIES IN BPO/SSC/IT/R&amp;D SECTOR IN POLAND AND OTHER COUNTRIES IN THE REGION IN EUR

Job Level	Base Salary 25th Percentile	Base Salary Mean	Base Salary Median	Base Salary 75th Percentile
Manager	<b>3,850</b>	<b>4,408</b>	<b>4,320</b>	<b>4,968</b>
 Team Leader	<b>2,203</b>	<b>2,665</b>	<b>2,567</b>	<b>3,008</b>
Senior Specialist	<b>1,530</b>	<b>1,900</b>	<b>1,830</b>	<b>2,242</b>
Junior Specialist	<b>1,130</b>	<b>1,336</b>	<b>1,283</b>	<b>1,444</b>
Manager	<b>2,574</b>	<b>3,314</b>	<b>3,168</b>	<b>3,887</b>
 Team Leader	<b>1,436</b>	<b>2,059</b>	<b>1,894</b>	<b>2,382</b>
Senior Specialist	<b>1,254</b>	<b>1,691</b>	<b>1,543</b>	<b>2,046</b>
Junior Specialist	<b>817</b>	<b>1,057</b>	<b>996</b>	<b>1,267</b>
Manager	<b>4,334</b>	<b>5,454</b>	<b>5,303</b>	<b>6,525</b>
 Team Leader	<b>2,608</b>	<b>3,180</b>	<b>3,006</b>	<b>3,584</b>
Senior Specialist	<b>2,059</b>	<b>2,504</b>	<b>2,424</b>	<b>2,751</b>
Junior Specialist	<b>1,525</b>	<b>1,634</b>	<b>1,595</b>	<b>1,741</b>
Manager	<b>3,270</b>	<b>3,936</b>	<b>3,847</b>	<b>4,369</b>
 Team Leader	<b>1,796</b>	<b>2,230</b>	<b>2,167</b>	<b>2,536</b>
Senior Specialist	<b>1,606</b>	<b>1,955</b>	<b>1,828</b>	<b>2,148</b>
Junior Specialist	<b>1,047</b>	<b>1,261</b>	<b>1,213</b>	<b>1,388</b>
Manager	<b>3,400</b>	<b>4,312</b>	<b>4,106</b>	<b>5,236</b>
 Team Leader	<b>2,067</b>	<b>2,642</b>	<b>2,479</b>	<b>2,951</b>
Senior Specialist	<b>1,533</b>	<b>1,840</b>	<b>1,763</b>	<b>2,091</b>
Junior Specialist	<b>1,001</b>	<b>1,288</b>	<b>1,250</b>	<b>1,422</b>
Manager	<b>2,949</b>	<b>3,772</b>	<b>3,631</b>	<b>4,350</b>
 Team Leader	<b>1,916</b>	<b>2,507</b>	<b>2,397</b>	<b>2,983</b>
Senior Specialist	<b>1,637</b>	<b>2,161</b>	<b>2,012</b>	<b>2,514</b>
Junior Specialist	<b>1,099</b>	<b>1,363</b>	<b>1,316</b>	<b>1,637</b>



Currency exchange rates

1 PLN = 0.2196 EUR

1 BGN = 0.5113 EUR

1 RON = 0.2022 EUR

1 HUF = 0.0028 EUR

1 CZK = 0.0408 EUR

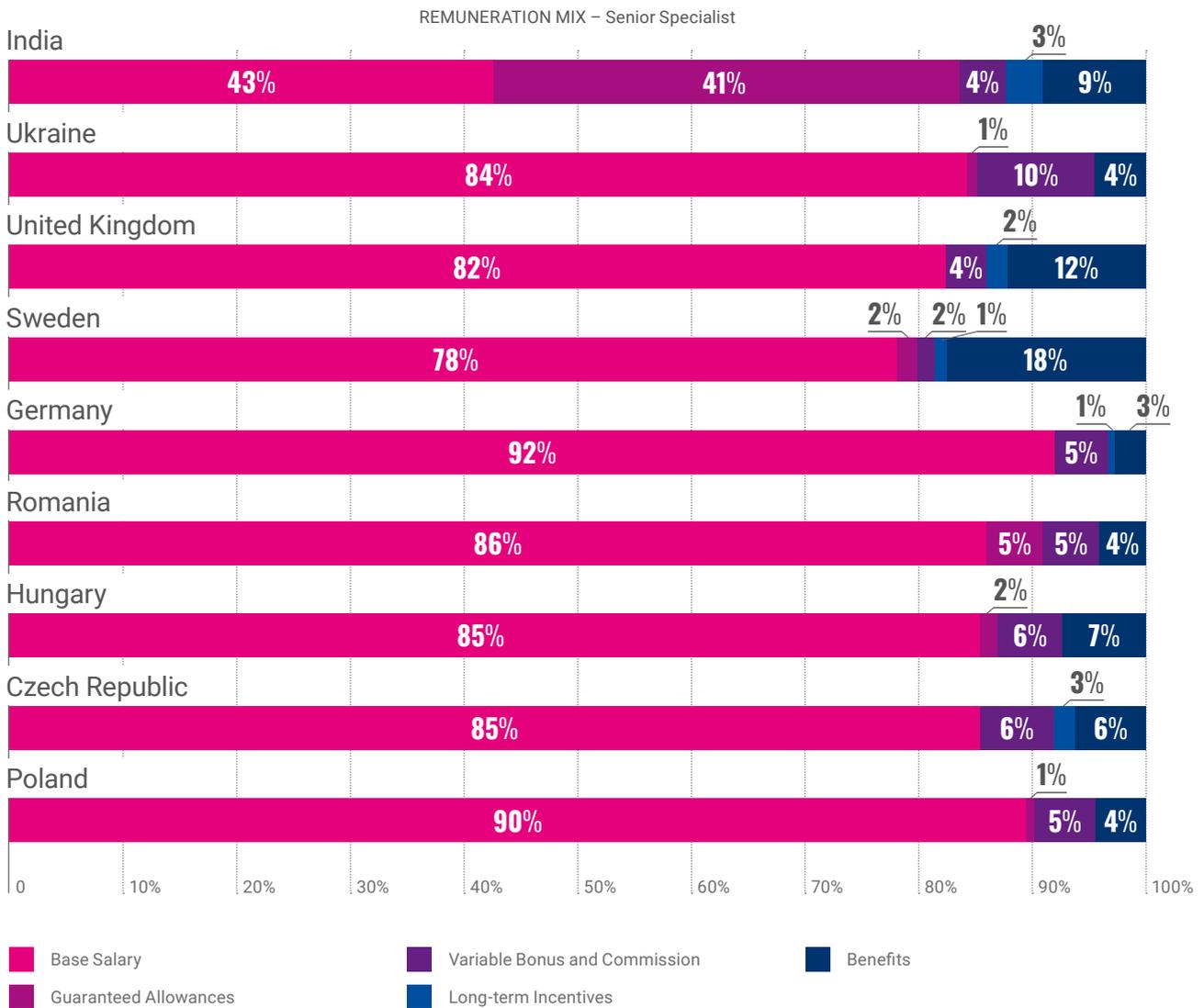
Sources: Mercer 2021 Poland SSC Survey, Mercer 2021 Bulgaria TRS Survey, Mercer 2021 Czech Republic SSC Survey, Mercer 2021 Hungary TRS Survey, Mercer 2021 Romania SSC Survey, Mercer 2021 Latvia TRS Survey

Working on your transition business case don't focus only on the base salaries. Guaranteed allowances, bonus and typical benefits levels vary in countries around the world. In India base salary typically

accounts only for 43% of senior specialist total remuneration. In Poland 5% of total remuneration is provided as a bonus and 4% is a benefits cost. Only 1% is provided as a guaranteed allowance.

**FIGURE 3.2**

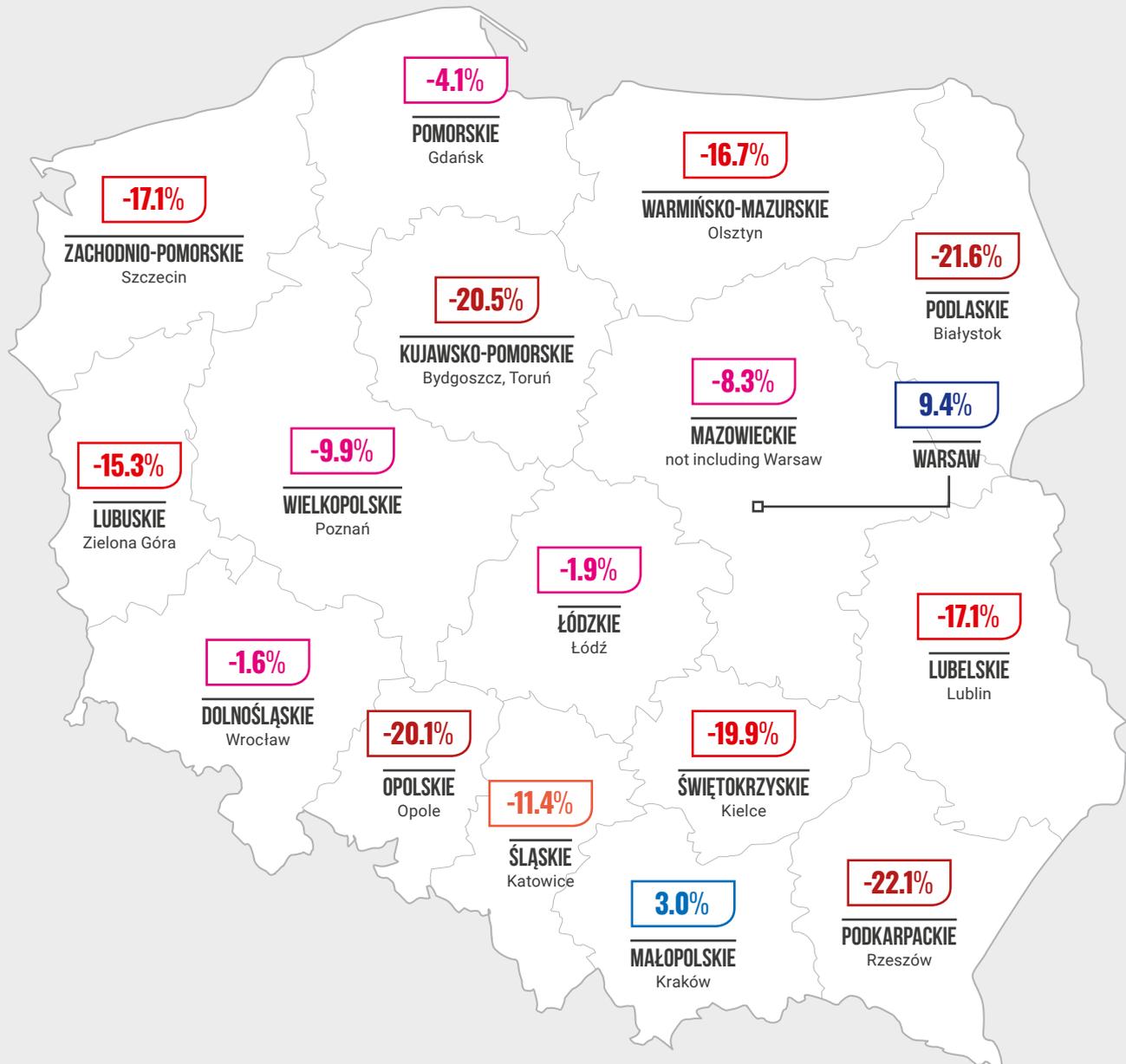
PERCENTAGE OF TOTAL REMUNERATION INTO BASE SALARY, GUARANTEED ALLOWANCES, VARIABLE CASH PAYMENTS AND BENEFITS



Source: Mercer 2021 Remuneration Surveys

**FIGURE 3.3****REGIONAL PAY DIFFERENTIALS IN POLAND**

Comparison of average annual base salary in regions in Poland, where average Poland is 100%. Table is based on the analysis of actual remuneration of employees in Poland in 2021.



Compensation levels in Poland are diversified and the highest are in the capital city Warsaw.

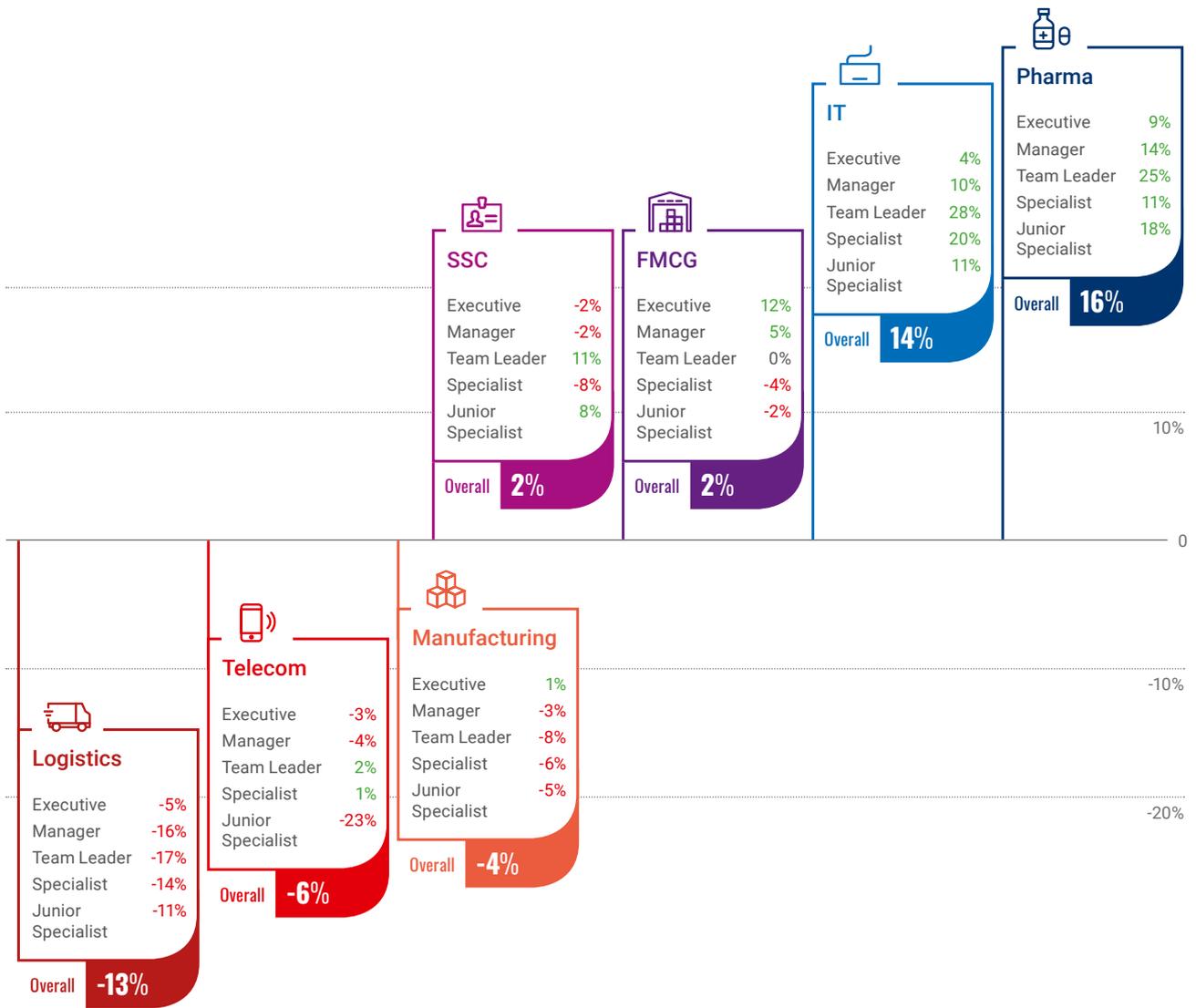
The average salary in the Logistics industry is 13% less than general market. Salaries are also lower in the Telecom and Production sectors. On the other hand, in the FMCG and SSC industry salaries are higher than

general market by about 2%, and in the IT industry it is 14% more. The highest salaries are in the Pharmaceutical industry which is plus 16% of the general market.

**FIGURE 3.4**

**SALARY DIFFERENTIALS BY INDUSTRY IN POLAND**

Comparison of average annual base salary in industries in Poland, where general market is 100%.



Source: Mercer Salary Reports 2021

**TABLE 3.2****ACTUAL MONTHLY GROSS BASE SALARIES IN BPO/SSC/IT/R&D SECTOR IN POLAND IN EUR**

Table is based on the analysis of actual remuneration of over 47,000 employees from 177 SSC organizations in Poland surveyed in 2021. Detailed cities compensation analysis was prepared based on the regional pay differences.

City	POLAND							
Region								
Monthly gross base salaries	Mean	Median						
Head of Center	7,938	7,848						
Manager	3,958	3,879						
Team Leader	2,794	2,747						
Senior Specialist	2,231	2,203						
Specialist	1,674	1,627						
Junior Specialist	1,298	1,274						

City	WARSAW		KRAKÓW		WROCŁAW	
Region	Warsaw		Małopolskie		Dolnośląskie	
Monthly gross base salaries	Mean	Median	Mean	Median	Mean	Median
Head of Center	8,684	8,586	8,176	8,083	7,811	7,722
Manager	4,330	4,243	4,077	3,995	3,895	3,817
Team Leader	3,057	3,005	2,878	2,829	2,749	2,703
Senior Specialist	2,441	2,410	2,298	2,269	2,196	2,167
Specialist	1,831	1,780	1,724	1,676	1,647	1,601
Junior Specialist	1,420	1,393	1,337	1,312	1,277	1,253

City	TRI-CITY		ŁÓDŹ		KATOWICE		POZNAŃ	
Region	Pomorskie		Łódzkie		Śląskie		Wielkopolskie	
Monthly gross base salaries	Mean	Median	Mean	Median	Mean	Median	Mean	Median
Head of Center	7,613	7,526	7,787	7,699	7,033	6,953	7,152	7,071
Manager	3,796	3,720	3,883	3,805	3,507	3,437	3,566	3,495
Team Leader	2,679	2,634	2,741	2,695	2,475	2,434	2,517	2,475
Senior Specialist	2,140	2,112	2,189	2,161	1,977	1,952	2,011	1,985
Specialist	1,605	1,560	1,642	1,596	1,483	1,442	1,508	1,466
Junior Specialist	1,245	1,221	1,273	1,249	1,150	1,128	1,170	1,148



Currency exchange rate

1 PLN = 0.2196 EUR

Manager	team up to 50 people (Team Leaders manager)
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Team Leader	5-15 subordinates
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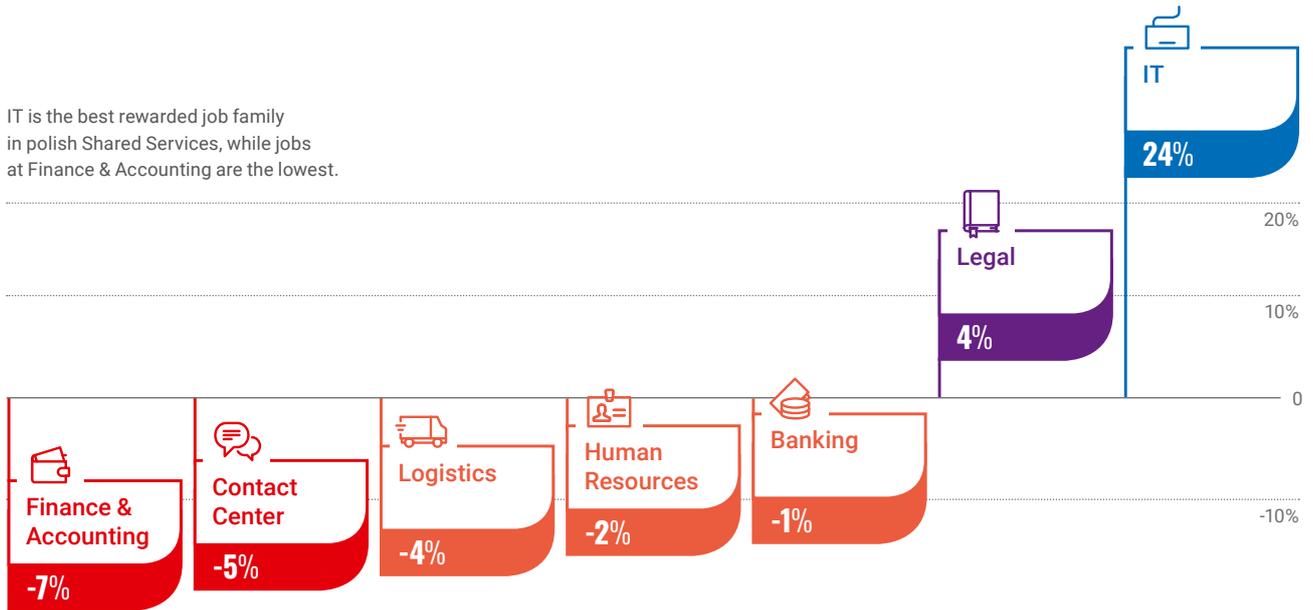
Senior Specialist	minimum 4 years of experience
-------------------	-------------------------------

Specialist	2-4 years of experience
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Junior Specialist	up to 2 years of experience, entry level position
-------------------	---

**FIGURE 3.5**

PAY DIFFERENTIALS BY JOB FAMILIES IN SSC SECTOR IN POLAND



Source: Mercer 2021 Poland SSC Survey

**TABLE 3.3**

HOT JOBS IN EUROPE AND AROUND THE WORLD

Top 10 hot jobs globally	Europe's top 10 hot jobs
Data Analytics	Data Analytics
Cloud Svs-Operation	Cloud Engineering
Web Security Specialist	Diversity
Data Rprt Analyst	Benefits
Cloud Engineering	DB Engineering
Information Sys Security	Web Security Specialist
Employment	Information Sys Security
EE Relations	Employment
Compensation	Cloud Svs-Operation
HR Operation	Data Scientist

Source: Mercer Comptryx Q3 2021

# PAY INCREASE IN SELECTED CATEGORIES OF SERVICES IN POLAND

**TABLE 3.4**

ACTUAL SALARY INCREASES AWARDED IN BPO / SSC / IT / R&D SECTOR IN POLAND IN 2021\*

The most common salary review dates in Poland are: March (32% of organizations surveyed) and February (26% of organizations surveyed). Individual performance is the most common criterion for a salary increase (97% of organizations surveyed).

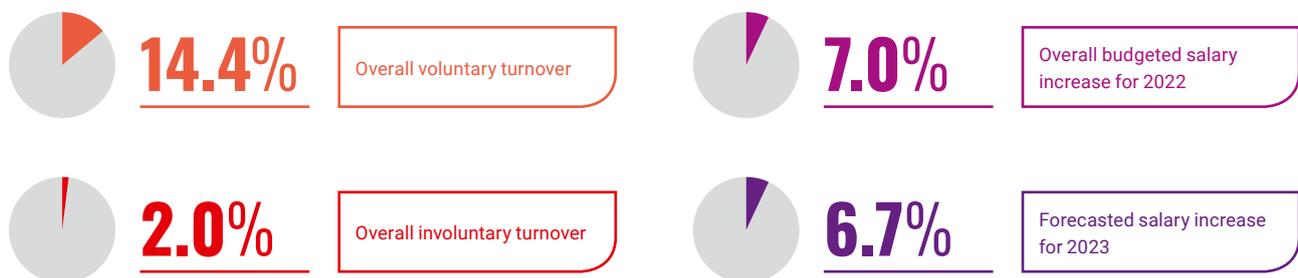
	25th Percentile	Median	Average	75th Percentile
Overall Budget	2.95%	3.50%	3.64%	4.50%
Head of Center	1.70%	3.30%	2.81%	3.60%
Managers and Team Leaders	3.00%	3.50%	3.51%	4.00%
Specialist	3.00%	3.50%	3.64%	4.01%
Junior Specialist	2.80%	3.50%	3.26%	4.00%

\* Based on all responses, including zeros.

Source: Mercer 2021 Poland SSC Survey

**FIGURE 3.6**

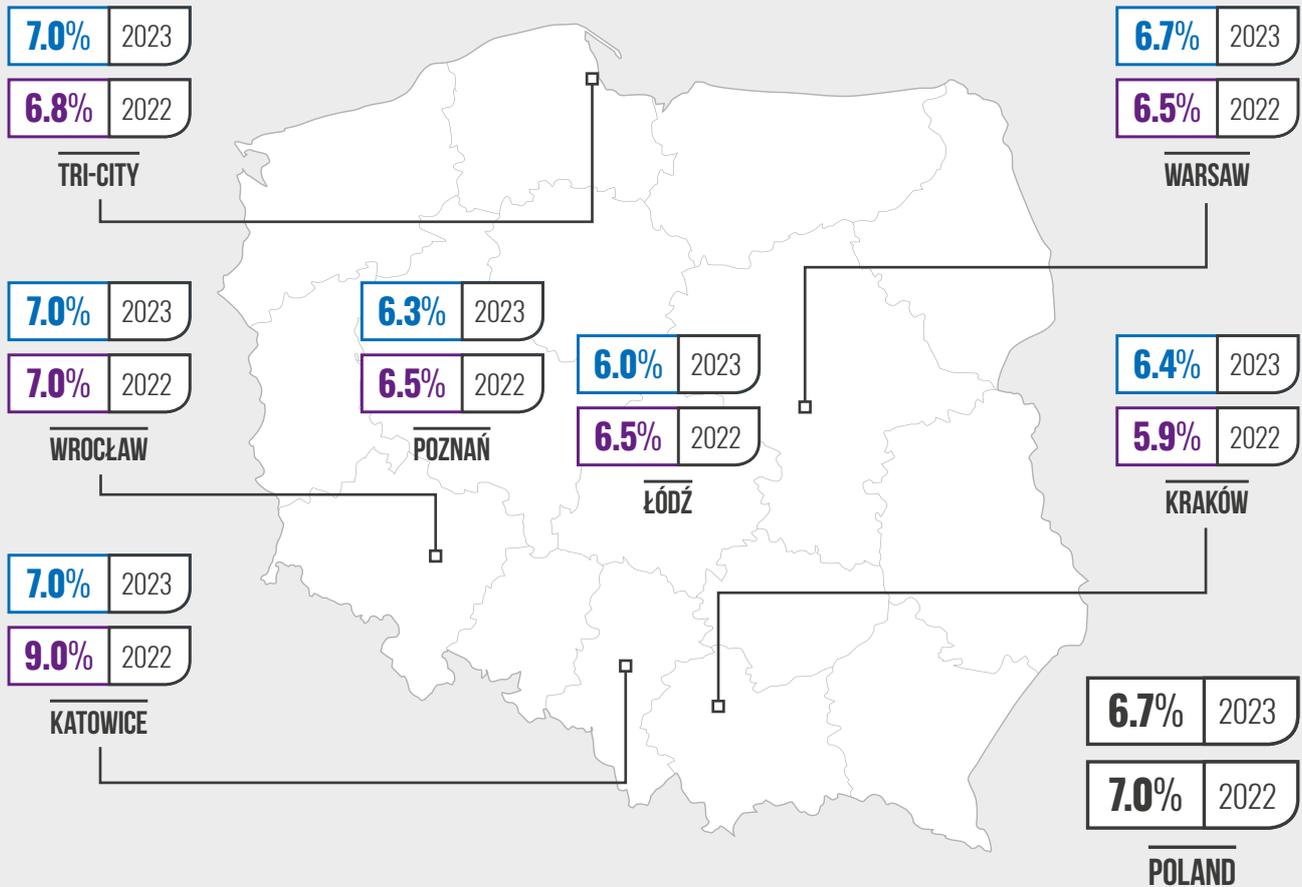
TURNOVER AND SALARY INCREASES IN BPO/SSC/IT/R&D SECTOR IN POLAND IN Q1 2022



Source: Mercer PL Shared Services Spot Poll – April 2022

FIGURE 3.7

BUDGETED AND FORECASTED SALARY INCREASE FOR 2022 AND 2023 BY REGIONS



Source: Mercer PL Shared Services Spotpoll – April 2022

TABLE 3.5

TYPICAL SALARY INCREASE WHEN PROMOTING TO HIGHER LEVEL

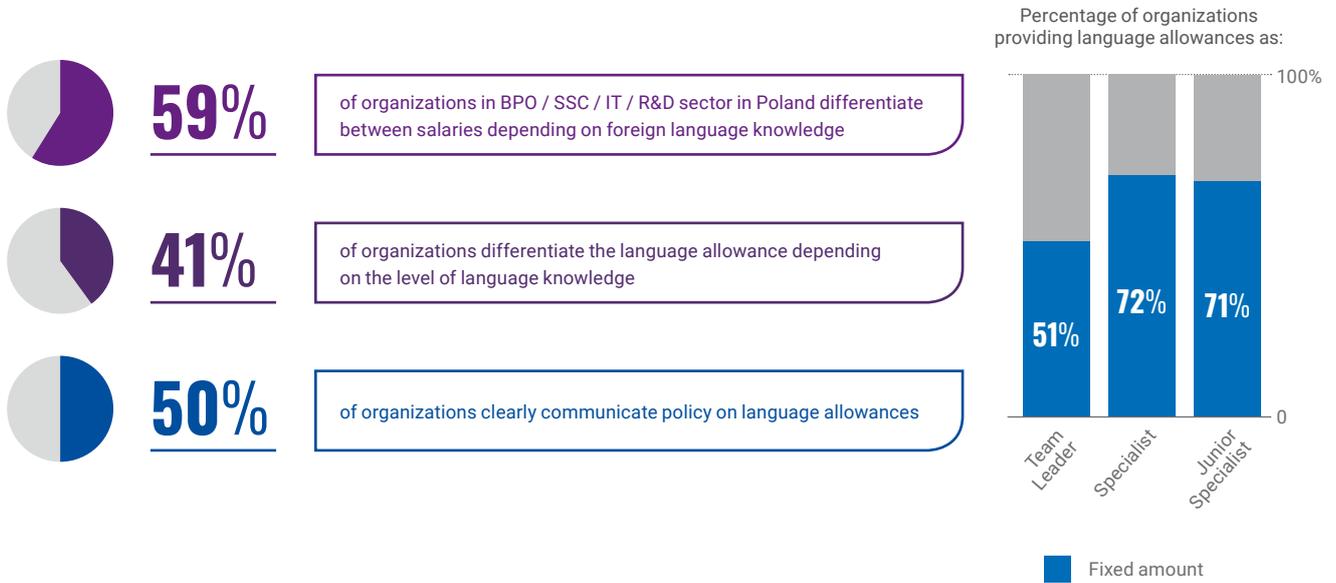
	25th Percentile	Average	Median	75th Percentile
Management	10.0%	15.1%	15.0%	20.0%
Team Leader	10.0%	14.2%	15.0%	20.0%
Specialist	10.0%	13.8%	15.0%	20.0%
Junior Specialist	8.0%	11.9%	12.0%	15.8%

Source: Mercer PL Shared Services Spotpoll – April 2022

# LANGUAGE BONUSES

**FIGURE 3.8**

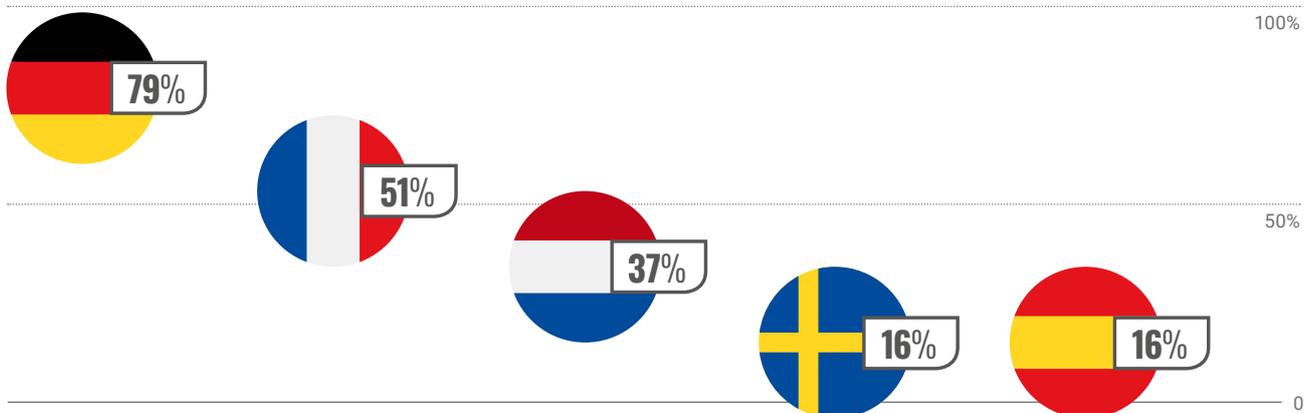
LANGUAGE ALLOWANCES



Source: Mercer PL Shared Services Spotpoll – December 2021

**FIGURE 3.9**

THE MOST DESIRED LANGUAGES



Source: Mercer PL Shared Services Spotpoll – December 2021

FIGURE 3.10

MONTHLY LANGUAGE ALLOWANCE DEPENDING ON THE FOREIGN LANGUAGE – FIRST LANGUAGE



Source: Mercer PL Shared Services Spotpoll – December 2021

Currency exchange rate  
1 PLN = 0.2196 EUR

TABLE 3.6

MONTHLY LANGUAGE ALLOWANCE DEPENDING ON THE FOREIGN LANGUAGE – SECOND LANGUAGE

	25th Percentile	Average	Median	75th Percentile
As a fixed amount in PLN monthly	500	536	500	700
As a fixed amount in EUR monthly	110	118	110	154

Source: Mercer PL Shared Services Spotpoll – December 2021

Currency exchange rate  
1 PLN = 0.2196 EUR

# TAX IMPLICATIONS OF THE POLISH DEAL — OPINIONS AND INTENTIONS OF EMPLOYERS

From the employers' point of view, the package of changes that makes up the Polish Deal program is not easy to assess. The scope of changes included in the government's idea is very wide and concerns many areas of business operations. It is particularly difficult to refer to those elements of the Program, the effects of which need to be analyzed in the long term. However, there is a group of changes that will have an immediate impact on the way business is conducted in Poland.

Mercer decided to assess one of the key areas of the Program and ask employers about their opinions and plans related to changes in the conditions of taxation of employment contracts (PIT tax). Specifically, about planned activities related to the reduction of net salaries of the highest earning employees. We asked the employers to what extent the changes would be severe for them and, therefore, what decisions they made or intend to take – mainly, in terms of possible compensation for the reduction in net salaries. Without analyzing the results of the study in detail, it can be concluded immediately that this aspect of the Polish Deal constitutes an additional challenge for the employers. That is apart from inflation that Polish companies are facing today when trying to cope with the salary increase pressure from employees.

What percentage of company workforce will lose on the Polish New Deal? How many of them will pay higher taxes after January 1, 2022? More than 1/3 of the survey participants (37%) indicated that more than 35% of their employees will face a reduction in net wages. In total, if you add up

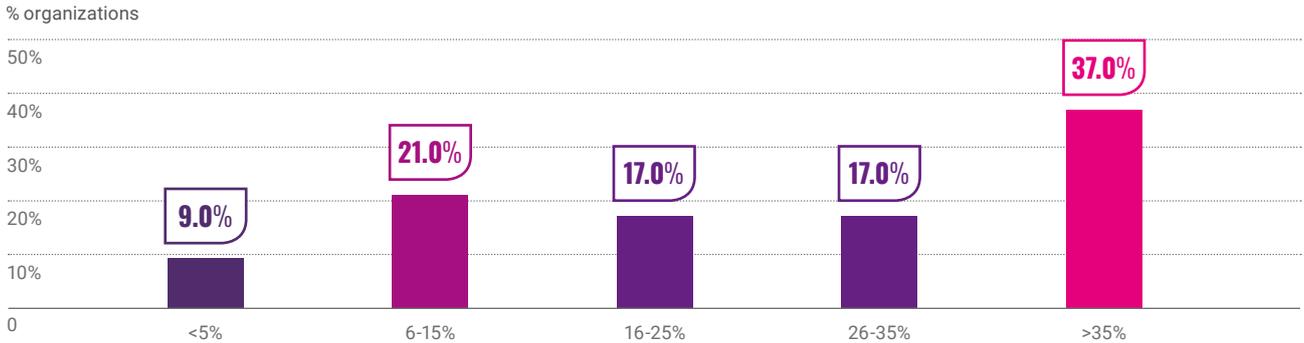
the companies in which at least 15% of employees will lose on the Polish Deal, we have a group of 71% of employers. Of course, this does not mean that all Polish organizations will be impacted negatively by the changes on a similar scale. This is because the survey covered mainly large, modern companies that are part of international organizations. Nevertheless, it is worth noting that for many Polish companies, the Polish Deal in its tax part (PIT) means a significant reduction in net wages, thus, considerable dissatisfaction of employees and, as a result, pressure on salary increases. Below we present a detailed breakdown of the answers to this question.

Turning to one of the most important questions regarding the possible compensation of net salary reductions, it should be emphasized that a relatively small percentage of employers intends to do so. Only 14% of all surveyed companies declared that they intend to fully (100% and to all employees) cover the difference between their "old" and "new" salaries. At the same time, 55% of respondents emphasized that they do not intend to do so, both in relation to all employees and in relation to selected employees.

The answer to the question whether, in connection to the Polish Deal, companies intend to change their forms of employment provides extremely interesting insight. Only 12% of companies declared that they intend to move away from employment contracts to various types of "company / company" (B2B) contracts, while indicating that it would only apply to selected employees. The vast majority, 88%, stated that they do not intend to do this at all.

**FIGURE 3.11**

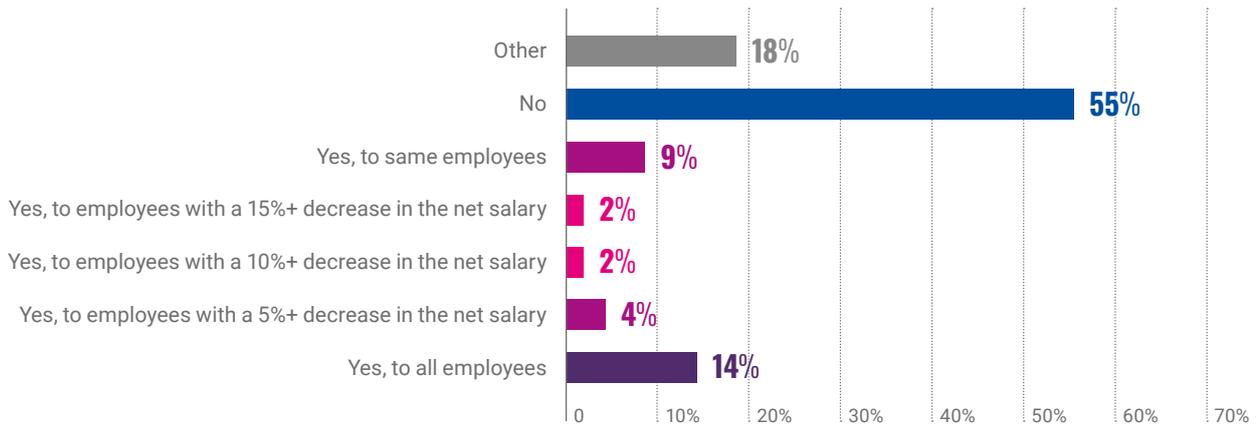
WHAT % OF YOUR WORKFORCE IS NEGATIVELY IMPACTED BY PD TAX REGULATIONS?



Source: Mercer 2022 The Polish Deal Survey

**FIGURE 3.12**

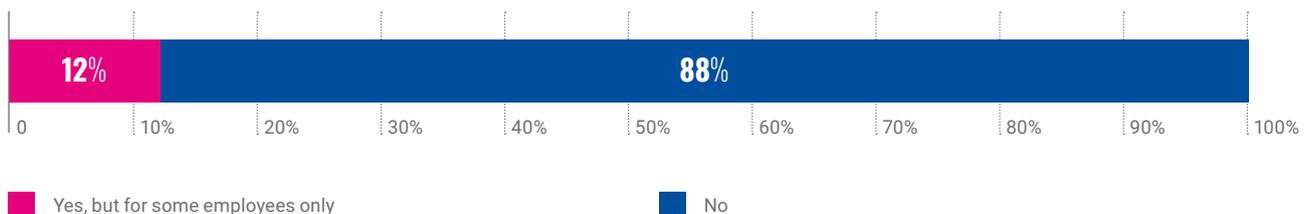
DOES YOUR ORGANIZATION PLAN TO COMPENSATE FOR THE DECREASE IN THE NET SALARIES DUE TO PD?



Source: Mercer 2022 The Polish Deal Survey

**FIGURE 3.13**

DOES YOUR ORGANIZATION PLAN TO CHANGE THE EMPLOYEES AGREEMENT TYPE DUE TO PD?



Source: Mercer 2022 The Polish Deal Survey

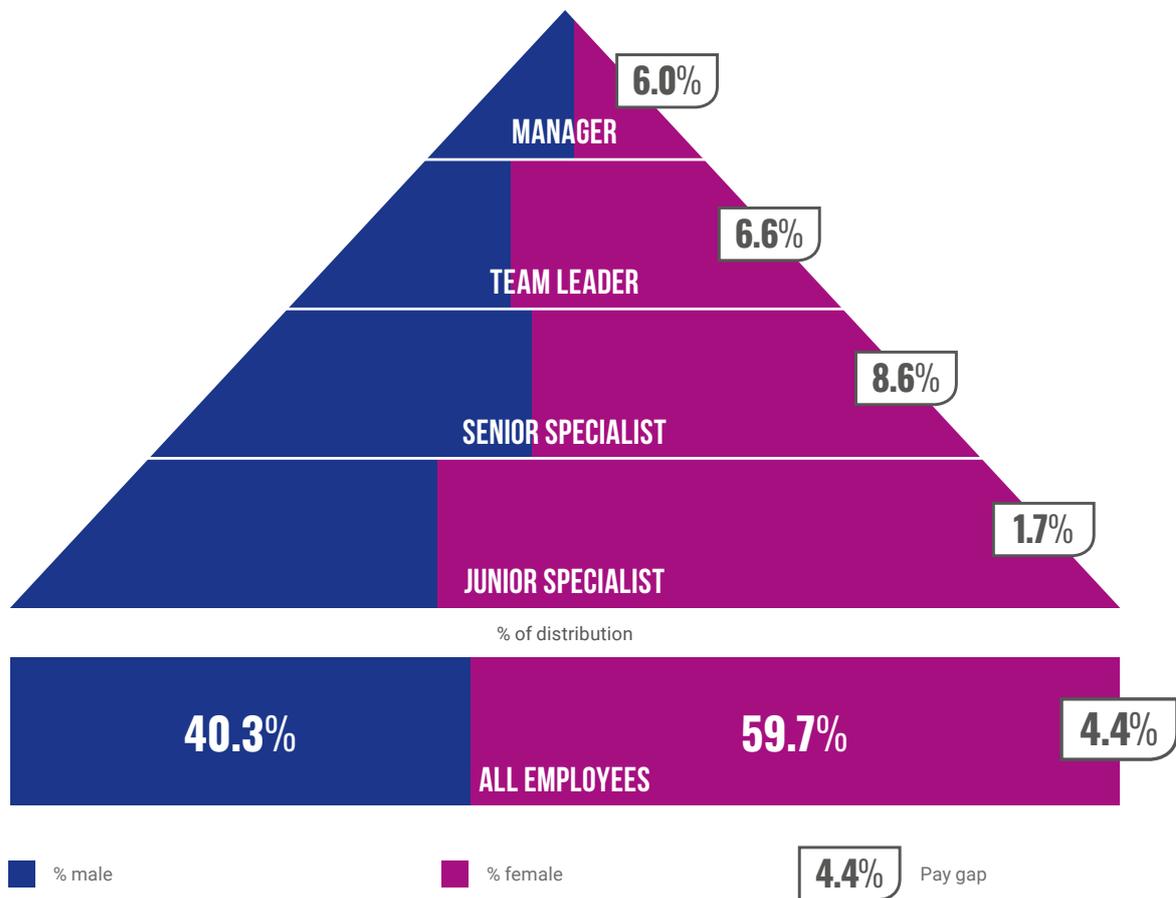
# GENDER DISTRIBUTION BY EMPLOYEE GRADE

Females are majority in BPO/SSC/IT/R&D sector in Poland representing almost 60% of the entire workforce. While among junior specialist women take 66% of positions, on a managerial level they occupy only 47%

of role. While most of the sector organization is declaring that diversity and inclusion is part of their strategy the average pay gap is 4.4%. Gender pay gap at entry level positions is 1.7%, and among managers 6.0%.

**FIGURE 3.14**

GENDER DISTRIBUTION BY EMPLOYEE GRADE IN BPO / SSC / IT / R&D SECTOR IN POLAND\*



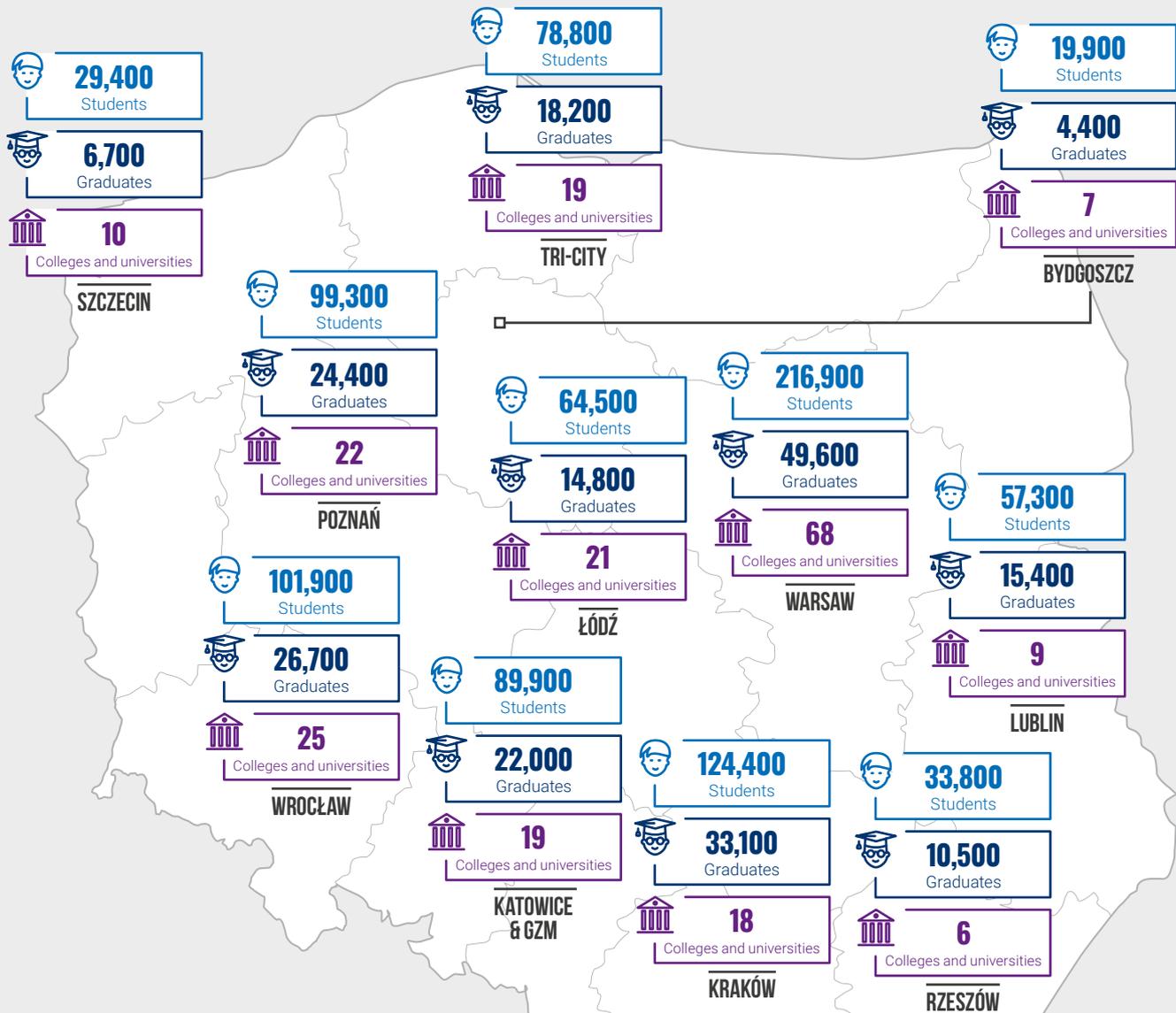
\* Data in below table is based on the actual data of over 40,000 employees employed in 147 organizations.

Source: Mercer 2021 Poland SSC Survey

# EDUCATIONAL POTENTIAL

**FIGURE 3.15**

NUMBER OF STUDENTS, GRADUATES, AND UNIVERSITIES IN SELECTED CENTERS IN POLAND

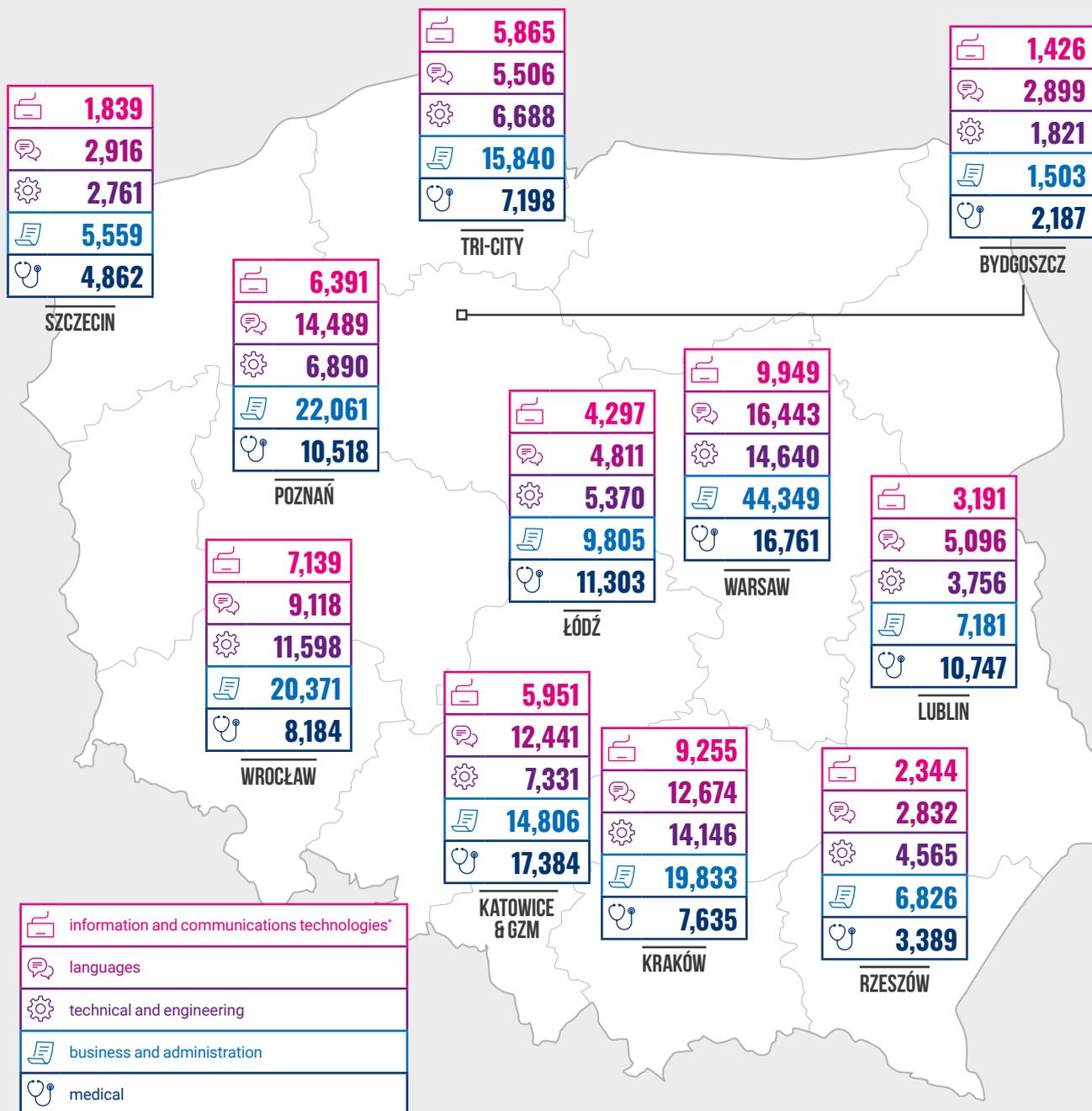


Note. The student and graduate numbers are rounded to the nearest hundred. The student and graduate numbers are rounded and based on the actual location of the unit (faculty). The college and university numbers are based on the address of the home institution in selected cities.

Source: Prepared by ABSL on the basis of data received from the National Information Processing Institute at the National Research Institute

**FIGURE 3.16**

STUDENTS OF SELECTED COURSES: LANGUAGE, BUSINESS AND ADMINISTRATION, ICT, ENGINEERING AND TECHNICAL, MEDICAL



Note. The data is rounded and based on the actual location of the unit (faculty).

\* Together with a subgroup of interdisciplinary programs and qualifications covering information and communications technology.

Source: Prepared by ABSL on the basis of data received from the National Information Processing Institute at the National Research Institute

The largest cities in Poland, including agglomerations, are the most important academic centers. The best public and private universities, which allow you to do almost any course, are located there. The availability of universities and the quality of education are the most crucial determinants of the development of the sector offering modern services for business.

The number of universities is constant, whereas the number of students and graduates is systematically decreasing (see: data by Statistics Poland for 2010-2020). It is mainly related to the demographic decline, but also to larger availability of education abroad which is chosen by an increasing number of Polish high school graduates.

Universities offering students the following courses have a considerable impact on the development of the sector of modern business services by preparing teaching staff properly:

- » **language courses** covering mostly foreign language teaching and linguistics;
- » **business and administration** such as accounting and taxes, finance, banking, insurance, management and administration, marketing and advertising;

- » **related to ICT**, including courses such as: software and application development and analysis, database and network design and administration, computer operation and use as well as interdisciplinary programs and qualifications covering ICT;
- » **engineering and technical**, e.g. mechanics and metallurgy, electronics and automatics, electricity and energy, vehicles, vessels and aircraft, chemical and process engineering, technologies related to environmental protection;
- » **medical**: medicine, pharmacy, dentistry, therapy and rehabilitation, nursery and obstetrics, technologies related to diagnostics and treatment, health and social care.

These have been the most popular courses for years as graduating from them implies mostly finding a job easily, but also a high salary and professional development opportunities offered by the sector of modern services.

**TABLE 3.7**

NUMBER OF PH.D. STUDENTS AND DOCTORAL SCHOOLS

Type of doctoral program	2014	2015	2016	2017	2018	2019	2020	2021
Doctoral programs	<b>42,492</b>	<b>42,901</b>	<b>42,782</b>	<b>41,031</b>	<b>38,958</b>	<b>29,633</b>	<b>22,750</b>	<b>15,537</b>
Doctoral schools					<b>3,858</b>	<b>3,835</b>	<b>8,221</b>	<b>11,981</b>



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# PEOPLE-FIRST TALENT STRATEGIES WILL HELP THE BUSINESS SERVICES SECTOR OVERCOME TALENT SCARCITY

## FIVE KEY FINDINGS FROM THE 2022 TALENT TRENDS RESEARCH

This year, the talent shortage is standing in the way of many companies' growth goals — not just in the business services sector but also for employers across industries and worldwide. Spurred by the COVID-19 pandemic, the **Great Resignation** and **Great Enlightenment** led millions to exit the global labor market or accept more attractive positions. Today, talent dictates terms of employment as organizations **struggle to fill roles** across nearly every pay grade. This means business services leaders in Poland will need to take a more people-centric approach to attract and retain the talent who will drive their business forward.



### ABOUT THE TALENT TRENDS RESEARCH

Randstad Sourceright's 2022 Talent Trends research is a survey of more than 900 C-suite and human capital leaders from international and regional organizations across 18 markets worldwide. The survey's panels are composed of business leaders who influence strategic and operational decisions for their organizations.



Chapter content developed by: **Randstad Poland** and **Randstad Sourceright**

**Randstad Poland** is one of the largest personnel consulting and staffing agencies. We combine our experts' drive with the power of modern technologies. As a lifelong partner in the changing world of work we support people and organizations in realizing their true potential.

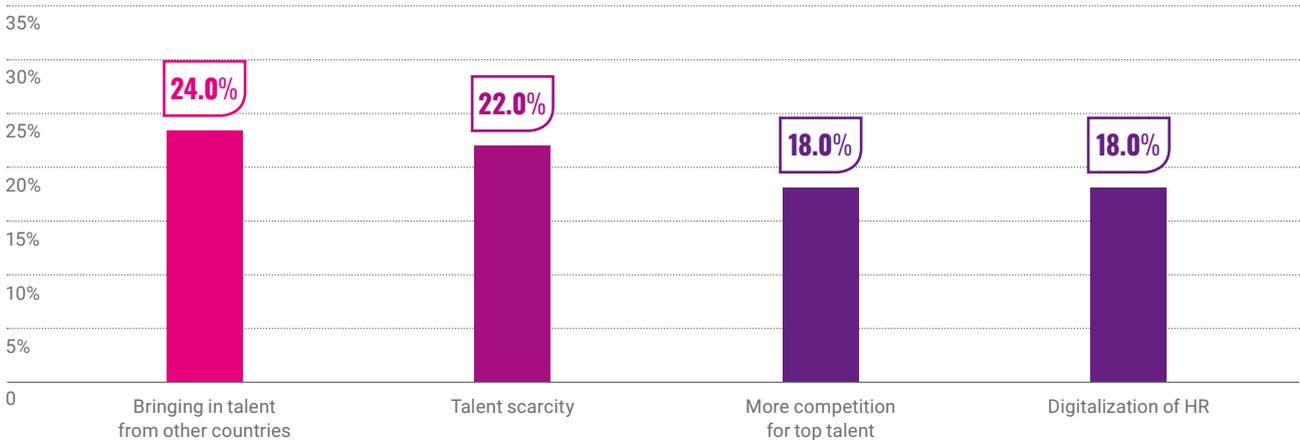


**Randstad Sourceright** is a global HR solutions leader supporting employers in building strategies for talent acquisition and human capital management. We continuously build and evolve solutions across recruitment process outsourcing (RPO), managed services programs (MSP), and total talent acquisition.

In Randstad Sourceright’s 2022 **Talent Trends** research, talent scarcity is listed by human capital leaders as one of the most-cited pain points this year. The talent shortage is particularly complex in Poland, where 46% of employers plan to hire extensively this year, but one in four say talent scarcity is a major pain point. They cite this challenge as only second to bringing in talent from other countries, followed by increased competition for top talent.

Scarcity is only expected to worsen in this market. In **The World Talent Ranking**, Poland took the 45<sup>th</sup> position (dropping from 37<sup>th</sup> in 2019), indicating that it may be more difficult for employers to access a high-quality talent pool in Poland long-term, especially for the knowledge-intensive business services sector.

**FIGURE 3.17**  
TOP-CITED PAIN POINTS FOR EMPLOYERS IN POLAND



Source: Randstad Sourceright 2022 Talent Trends research

The Ukraine conflict adds greater complexity to the situation, with the **OECD predicting** a downward turn of 1% this year due to the war. While the flow of Ukrainian refugees to Poland can add to employers’ talent pools, many of the Ukrainian workers in Poland have left to assist or transfer their families still living in Ukraine. At the same time, Polish employers are seeing ex-pats leave Poland for safety reasons.

The gap in talent is most acute for technology-related jobs, which are the most sought-after around the world. Business services employers are now competing with all sectors for this talent —

not just their own. Cloud computing, AI development, and analytics top the list of high-demand roles. According to Randstad Sourceright’s most recent **“Global future in-demand skills report”** there were 1,333 open job adverts in 2021 in Poland for AI and machine learning roles, with a potential candidate per job advert ratio of 34:1 (in general, markets that have fewer than 150 professionals for each job posting are considered highly competitive).

What does this all mean for the state of talent acquisition? Considering the extreme difficulties witnessed in the labor market in 2021, human

capital leaders were far more occupied last year with operational emergencies than with long-term and strategic planning. Fighting fires became a full-time job. Under pressure to hire, onboard, train, and build remote teams while preserving company culture and attempting to stem costs, most human capital leaders did not have time or resources to drive greater value creation in 2021, leaving them vulnerable to talent scarcity challenges in 2022.

With talent at the top of the CEO's agenda, it is time to rebuild their talent strategies by putting people first. Skilled talent is in high demand and short supply, and one thing is clear: companies that treat workers like people – not human commodities – will emerge the winners.

The following are five important talent trends that will help business services employers in Poland prepare for whatever surprises may be around the corner while designing the structure they need to create long-term value.

## 1. OBSESS OVER THE TALENT EXPERIENCE FOR GAME-CHANGING TALENT ATTRACTION

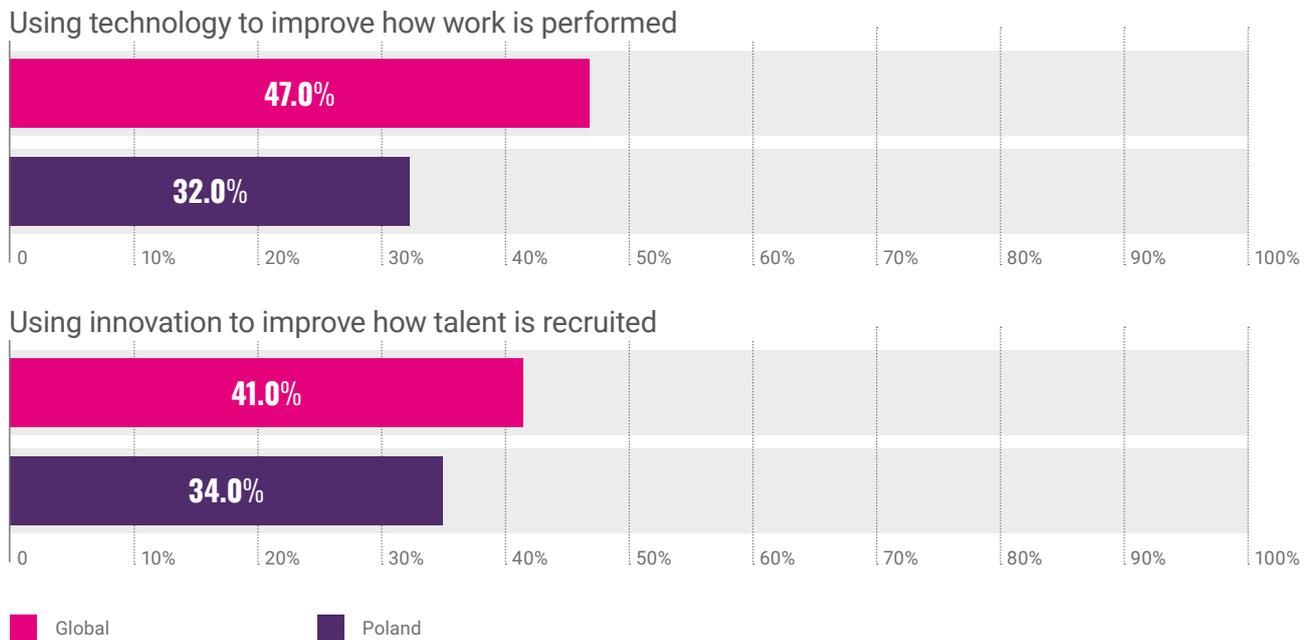
According to the 2022 [Talent Trends](#) research, 82% of employers in Poland say they are more focused on the talent experience than ever before. The pandemic may have brought forth the Great Resignation, but it also allowed many leaders to re-examine the relationship between people and their employers. Specifically, they are hoping to create more mutually beneficial interactions that drive both greater job satisfaction for their people as well as innovation and productivity.

Broadly defined, the talent experience is more than culture, benefits, and inclusion. It also includes self-determination, so people have more control over their careers, learning pathways, and workdays. Some companies understand this and invest in technologies and practices that encourage creativity and initiative as well as maintaining a strong, differentiating

employer brand that is consistent, authentic, and engaging. These investments help to ensure their people are proud of their job and employer and, in turn, are more productive, committed, and satisfied.

The 2022 Talent Trends survey has brought to light a clear opportunity to leverage technology in this space. Globally, about half (47%) of companies say they are using technology to improve how work is performed. However, in Poland, just 32% take this approach, and only 34% say they leverage innovation to improve talent recruitment. With only a minority of human capital leaders investing in innovation, there is clearly a greater opportunity for them to capitalize on the current surge of technologies that aim to improve the talent experience.

**FIGURE 3.18**  
CREATING A POSITIVE TALENT EXPERIENCE



Source: Randstad Sourceright 2022 Talent Trends research

Randstad Sourceright’s 2022 research also shows a significant increase in employer branding investments across all talent categories, with the most notable increases in Poland for freelancers, up 40 points to 62% in 2022, and temporary staff, which increased 40 points to 58% in 2022. As companies engage more contingent professionals, they may risk alienating an important part of their workforce if they don’t **consider the contingent experience** as well.

In the near future, companies will not be able to take their focus off the talent experience. If they do, they risk losing out on much-needed skill sets. Those that meet and exceed talent expectations will likely get a leg up on the competition.

## 2. UPSKILL EXISTING TALENT AND RECRUIT BASED ON HUMAN POTENTIAL

As critical skills become more challenging to win, looking inward gives companies a smart recruitment option with many benefits, such as accessing talent who are already engaged and familiar with your company. Internal mobility programs can significantly reduce recruiting and onboarding costs, shorten the time to productivity and build workforce loyalty. In [Harvard Business Review](#), Bain & Company's organizational design leaders report that current employees can fill 60% of a company's future roles, assuming that adequate programs and training are in place.

According to the 2022 [Talent Trends](#) research, 68% of talent leaders in Poland say that internal mobility has had a positive impact on their business over the past year. Fifty-two percent (52%) say their organization is investing more in internal talent mobility (a 14-point increase from last year, 38%). This is on top of the 64% who say they have already made investments in this area to enhance their recruitment efforts.

Companies are wise to investigate how upskilling and reskilling can create new opportunities for their people while helping the organizations build skills for the future. This approach can also help ensure employee engagement, satisfaction, and retention. People, feel valued by their organizations when they invest in their skills development.

At the same time, business services sector employers should also consider how training and skilling can help them better recruit new talent

to the organization. Randstad Sourceright is seeing a trend toward hiring for human potential rather than experience. When faced with a limited talent pool, employers focus less on demonstrated experience and more on people's ability to quickly gain the skills needed to perform the work. When they hire people with the right aptitude or capacity to learn, they can quickly accelerate training to develop high-value skill sets in these individuals.

Citing data from EMSI Burning Glass and The Conference Board, [The Wall Street Journal](#) reports that as many as 1.4 million jobs may open up to people without university degrees over the next five years if employers continue this trend. And, by eliminating educational thresholds, business services employers can encourage candidates of various socioeconomic backgrounds, who may not have had the means to attend university, to showcase their skills.

According to Gartner, [just 16% of new hires have the skills](#) their employers need at the time of hire and in the future. The consulting firm suggests companies may achieve better hiring outcomes if they focus their search and attraction strategies on potential and not just on experience or education. Many companies in the IT industry, with which the business services sector now competes, [are already taking this approach](#).

Investing in the right skills development programs for both existing employees and potential new hires benefits employers seeking skills and talent to remain relevant in today's market, truly creating a win-win situation.

### 3. PASSIONATELY PROTECT DIVERSITY, EQUITY, INCLUSION, AND BELONGING

It's clear that companies are connecting the dots when it comes to diversity, equity, and inclusion (DEI) at work, but the 2022 [Talent Trends](#) data shows they may not be doing enough to protect their goals.

In Poland, 84% of human capital leaders say DEI at work is fundamental to attracting, engaging, and retaining talent (compared to the 76% who say the same globally), and 71% are actively promoting their DEI goals to candidates. But when it comes

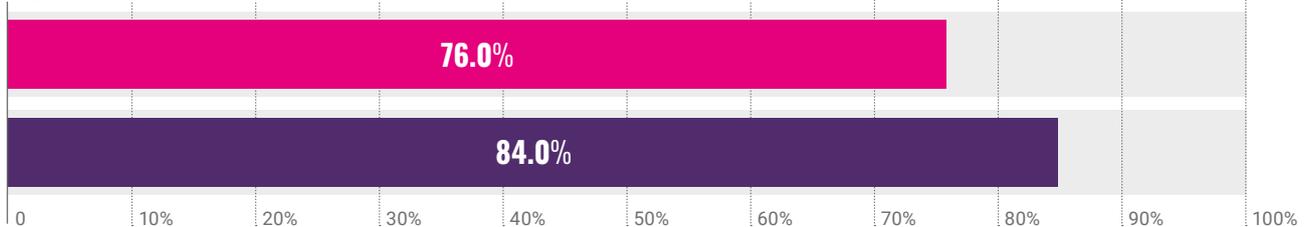
to practice (vs. theory and declarations), 78% of Polish employers believe DEI is embedded in their talent strategies (compared to 86% globally). A mere 38% in Poland say their hiring practices supported their diversity goals in 2021. This suggests that organizations may have [put their DEI initiatives on the back burner](#) as they continued to manage operational emergencies and increased hiring demand last year.

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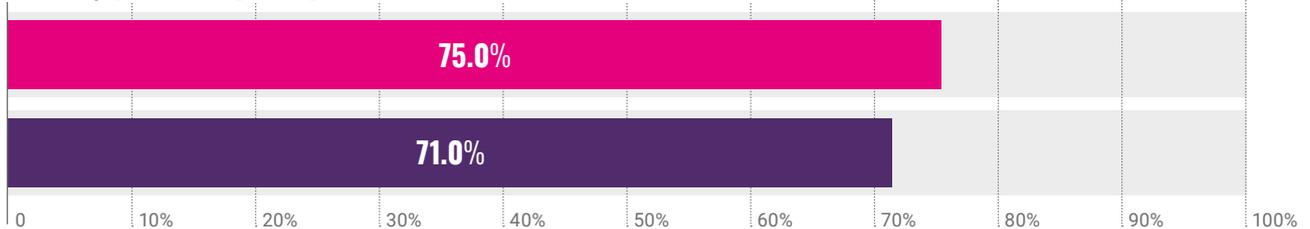
FIGURE 3.19

## DIVERSITY, EQUITY AND INCLUSION ACTIONS

## Agree DEI is fundamental to talent attraction and retention



## Actively promoting DEI goals to candidates



■ Global      ■ Poland

Source: Randstad Sourceright 2022 Talent Trends research

How can business services companies sustain the momentum behind their DEI efforts to widen their talent pools? Human capital leaders dedicate budgets to updating their recruitment practices, broadening inclusion and belonging training, and engaging more diverse professionals throughout the talent life cycle to keep their businesses on track.

In an effort to build more inclusive cultures, businesses are implementing a range of initiatives, from creating [tools for allyship](#) and programs dedicated to developing and [promoting diverse talent](#) to focusing on more [inclusive family leave policies](#) and [global pay equity](#) frameworks, as well as [better supporting](#)

[people with disabilities at work](#). Flexible working practices remain a strong strategy for employers seeking to attract and retain more diverse talent that may be located outside of typical recruitment markets or for those with caregiver responsibilities.

And the benefits are clear. In Poland, 48% of employers say their DEI strategies improved employer brand reputation. Thirty-six percent (36%) say they benefit from talent with a broader range of talents, skills, and experiences. Beyond this, 73% believe DEI practices that are evident and embedded in the organization are important to candidates, making it a true advantage when it comes to attracting great people.

## 4. SHIFT 'BUILD, BUY, OR BORROW' STRATEGIES FOR THE DIGITAL ECONOMY

A complete talent strategy has always relied on a balance of acquiring permanent workers, upskilling existing employees, and deploying contingent talent for flexibility. For many organizations, configuring the right mix of these different talent categories is key to an effective and agile workforce. Now, nearly two years into the accelerated digital transformation journey caused by the pandemic, companies realize they need to adapt that mix as a result.

With hiring experiencing a bottleneck due to record talent demand and millions opting out of the labor market, companies are looking for alternatives to permanent hiring to get work done. This includes more temporary staffing, freelancers, and even automation. Globally, seventy-one percent (71%) of companies plan to shift more work to a contingent, project, or contract this year — the highest percentage

in [Talent Trends](#) history and a 15-point increase from last year. And, in Poland, 42% report they have already converted more permanent positions to temporary or freelance roles last year.

This shift goes hand-in-hand with reskilling and upskilling trends as employers seek ways to stay current with business demand. According to a survey conducted by the [International Labour Organization](#), most businesses (65%) took active measures to upskill and reskill their employees even during the pandemic.

Uncertainty has led talent leaders to reconsider their strategies around different work arrangements. By using more flexible and internal resources, the business services sector can gain more control over their talent supply and thrive in the digital economy.

## 5. INSPIRE CREATIVITY AND PURPOSE IN THE AGE OF HYBRID WORKING

Since the beginning of the pandemic, human capital leaders have grappled with the work-from-home dilemma. But the data shows productivity isn't suffering; a majority of talent leaders in Poland (56%) say their permanent workforce was more productive during the past year — 25 points higher than the 31% who said the same in Randstad Sourceright's 2021 [Talent Trends](#) research. Talent leaders in this market also report higher productivity for contingent talent, rising from 30% in 2021 to 52% in 2022.

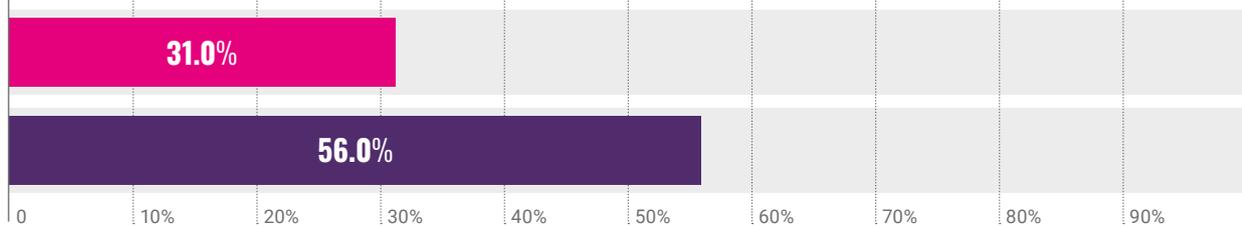
Why, then, are some still wary of offering flexible working arrangements long-term? While the data shows productivity is not suffering, some businesses may feel remote work impacts collaboration and, as a result, creativity.

Rather than focusing on optimizing a hybrid workforce as some return to the office, a more useful conversation centers around how the business services sector can instill a sense of purpose that helps their workforce transcend geographic boundaries. By fostering a culture

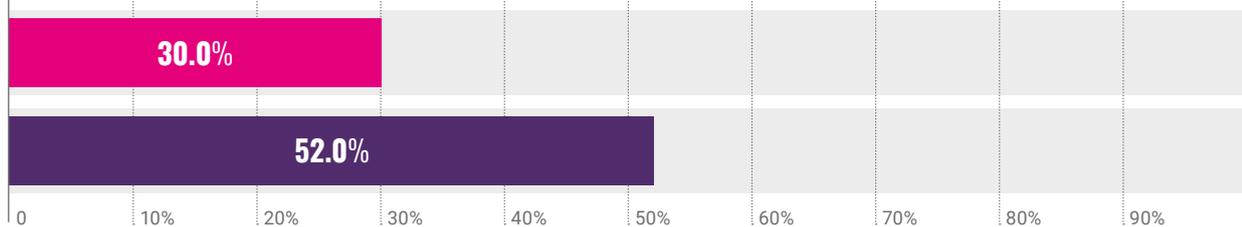
FIGURE 3.20

POLISH EMPLOYERS REPORT IMPROVED PRODUCTIVITY

## Permanent employees



## Contingent talent



2021

2022

Source: Randstad Sourceright 2022 Talent Trends research

that creates passion and shared goals, business services organizations can drive better performance through meaning, new ways of collaboration using technology, and process evolution. This allows businesses to offer the flexible arrangements their people so strongly desire without compromising the quality of work delivered.

As more companies plan for hybrid working in 2022, they must re-imagine the workplace to reinforce purpose and mission as well as limiting burnout. They must consider [workspace configuration](#), how to best manage those who will work both off- and on-site, and how flexibility expands beyond just location to working hours, for example.

Frequent and authentic communication will be critical to motivating teams, driving engagement, and inspiring creativity. When leaders ensure people understand and believe in the company's mission and goals and how they individually contribute at a team level, they will help them see the purpose of their hard work. Even small gestures, such as celebrating shared wins, delivering honest and transparent communications, recognizing great work, and encouraging skills development can dramatically improve the talent experience, helping to attract and retain people in today's competitive market.

Learn more about these trends and more in the [2022 Talent Trends Report](#).

# DATA ENGINEERS & DEVELOPERS IN POLAND

## METHODOLOGY

### Talent supply section

Randstad's algorithm combined Polish statistics, census and labor market survey data on information technology professionals, with skill-set specific LinkedIn data. This process results in a projection of the total number of professionals with the relevant skills, mapping active, passive candidates and including talent with and without social media profiles.

### Market competitiveness section

The supply data captured earlier, was cross-referenced with job posting data. The posting data was retrieved

from career sites, job boards, agency postings, social media and networking sites. In order to result in a clean data-set, the numbers have been deduplicated, meaning every job ad was only counted once, even if posted on multiple platforms.

### Gender diversity

Gender diversity ratios have been established using a machine learning algorithm that searches in a large pool of CVs, and using a name dictionary (that is validated through divorce, patent, and marriage records), determines the gender of professionals with high precision, at a large scale.

## TALENT SUPPLY LANDSCAPE

This section of our analysis introduces the software developer and data engineer talent supply landscape in Poland. The figures shown on the map indicate the total supply of professionals with a relevant skill-set, including those with or without an online profile.

It's interesting to observe, both job functions have a high pool of talent in the country, and the number of software developers always exceeds that of data engineers. This is partially due to the more general skill-set.

Considering data engineers form the smaller pool out of the two categories, it's worth noting there are locations with a supply of data talent that approaches software developer figures, such as Warsaw

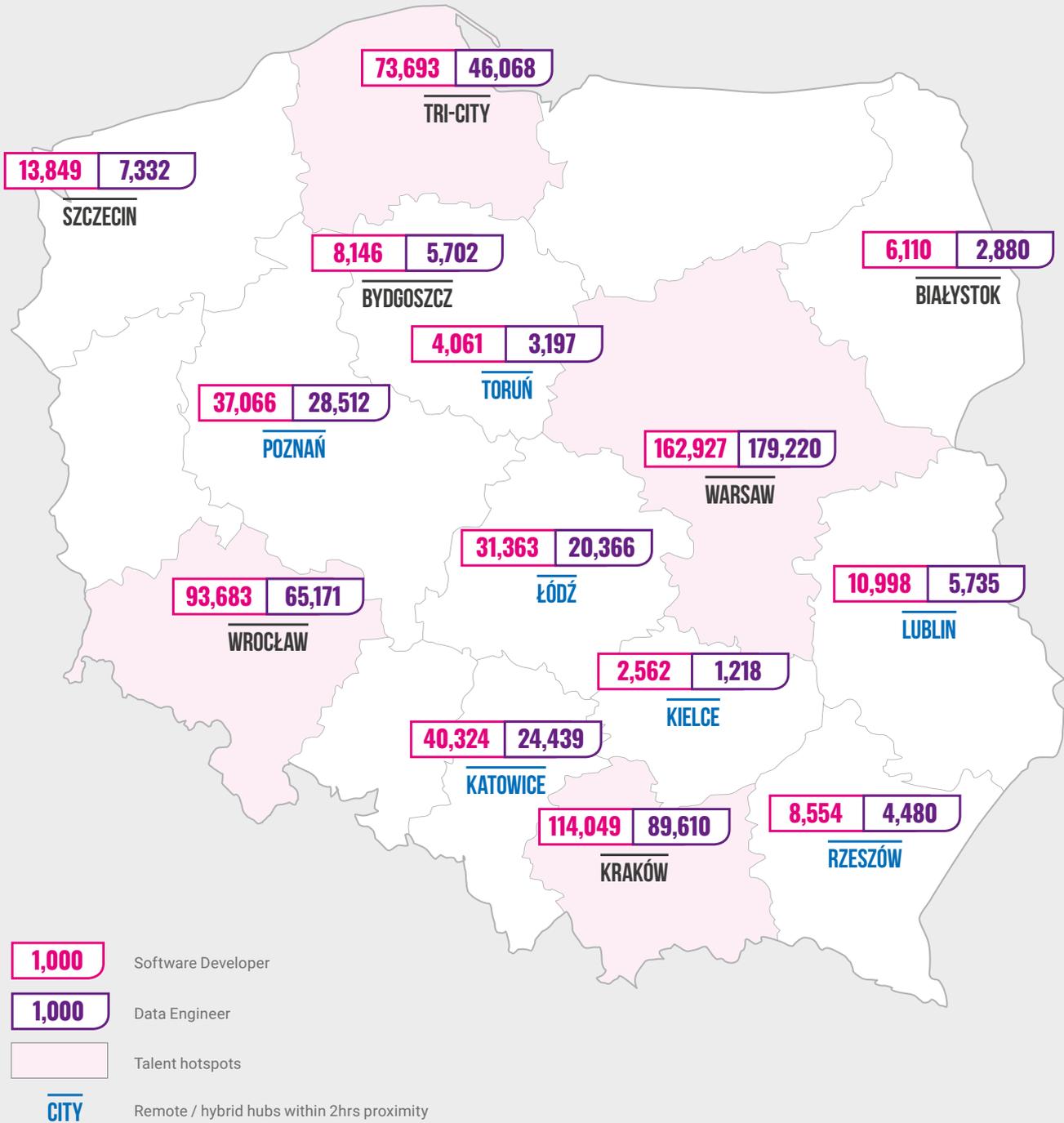
or Krakow, meaning in general more tech talent in these locations choose a data-related career path.

On the other hand, Wroclaw, Katowice and Gdansk – all locations which are often considered for digital hubs – have significantly more developer talent than data profiles.

Some of the cities marked on the map are indicated as remote / hybrid hubs located farther away from the key talent hubs, but usually still within a two-hour commuting radius. Research suggests the average commuting time in Poland tops out at 45 minutes, so locations within a two-hour radius could either serve as remote or hybrid pools of talent.

FIGURE 3.21

TALENT SUPPLY LANDSCAPE



Source: Talent supply modeled considering all iterations of software developer and data science related roles with required skills, pushing data through layers of statistics normalization. Data accurate 04-14-2022

# MARKET COMPETITIVENESS

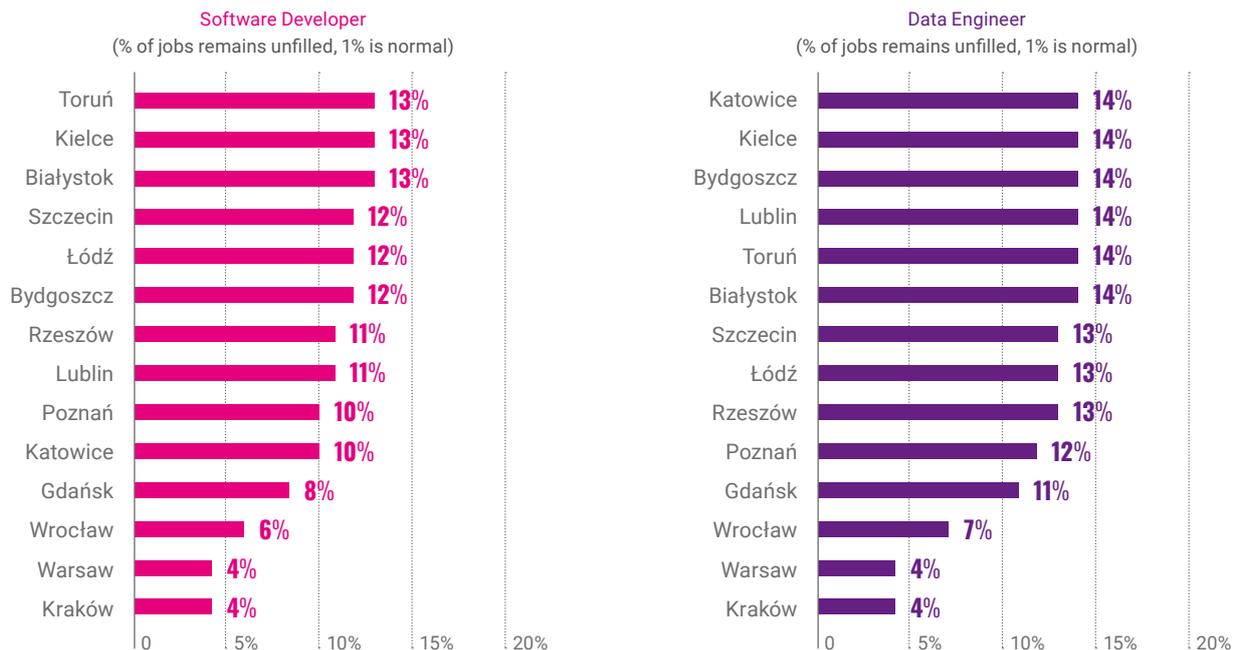
In order to express how competitive the Polish market is, supply and demand data has been cross-referenced to show what percentage of the relevant openings remain unfilled.

Data suggests the Polish tech market is saturated at the moment, and it is on average four times as difficult to hire developers and data science professionals now than it used to be over the same period in 2021.

A high percentage of software developer and data engineer jobs are offered as remote opportunities (88% on average). This is especially observed in smaller, Tier 3 & 4 cities, such as Lublin, Bydgoszcz, Kielce, Toruń, Rzeszów, Białystok, where the proportion can increase to 90%.

This indicates, as core markets are saturated, companies are looking for alternative markets to recruit from, in order to reduce time to hire and potentially save on talent costs.

**FIGURE 3.22**  
MARKET COMPETITIVENESS (PART 1)



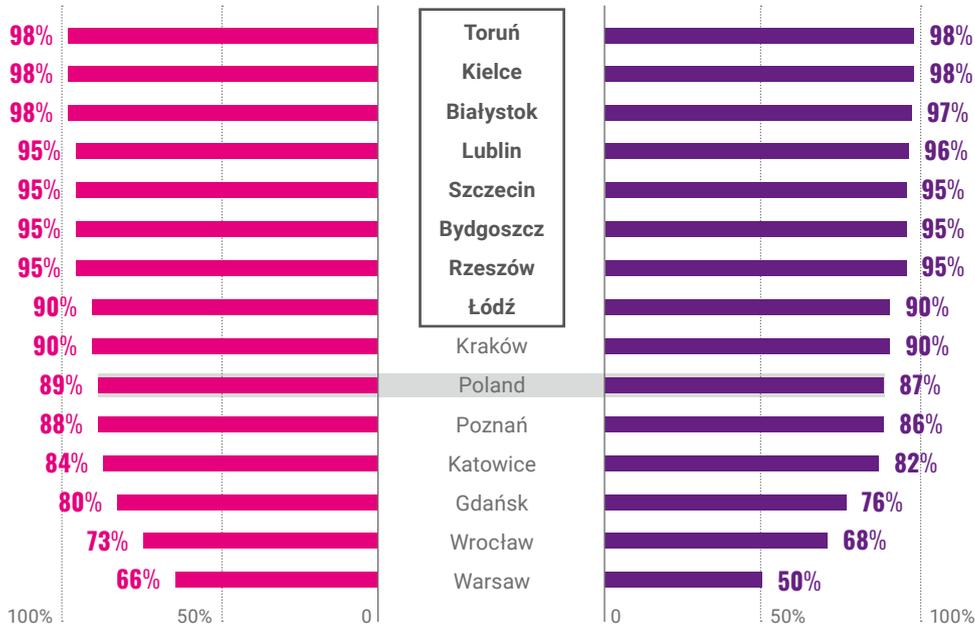
Relative labor scarcity JVR, 1 = less competitive, 2-3 = moderate, >4 = most competitive.

Source: Demand data modeled from aggregated and de-duplicated job posting data retrieved from job boards, networking sites, social media, agency postings and career sites. \*Job Vacancy Rate = [number of job vacancies / (number of occupied posts + number of job vacancies) \* 100]. Higher JVR rate = more competitive. The time frame considered for the pulling demand is three months. A JVR score between 0-2 is considered normal, 2-3 denotes that the market is slightly competitive and a score of more than 4 indicates that the market is highly competitive. Data accurate 04-14-2022

**FIGURE 3.23**

MARKET COMPETITIVENESS (PART 2)

Although Tier 3 & 4 cities drive on 90% remote opportunities, markets are highly disrupted and saturated for hiring. It is 12 times harder to hire in these cities now, than mid-pandemic.



Relative labor scarcity JVR, 1 = less competitive, 2-3 = moderate, >4 = most competitive.

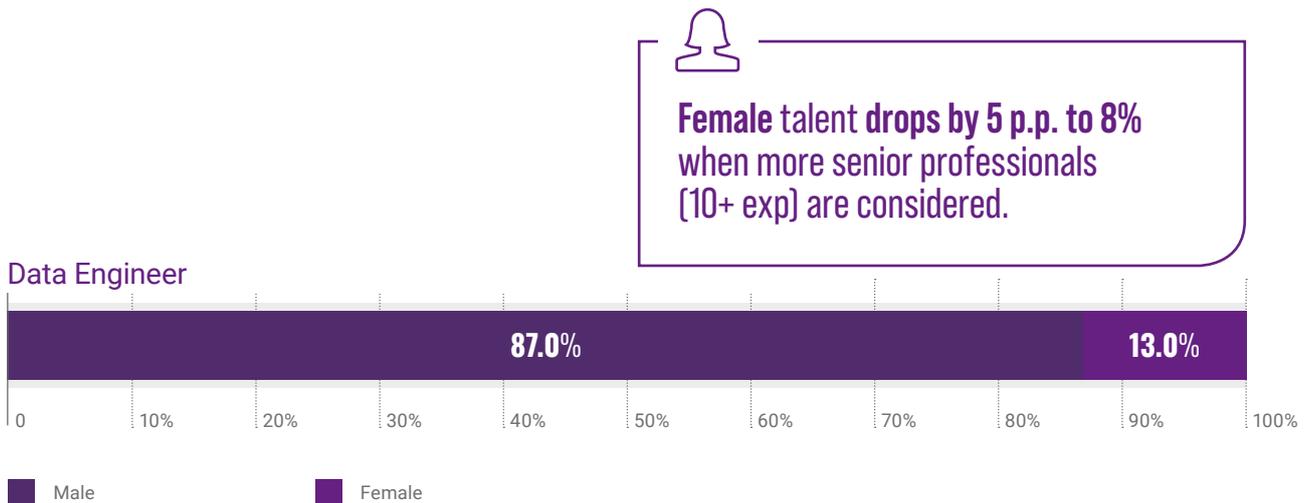
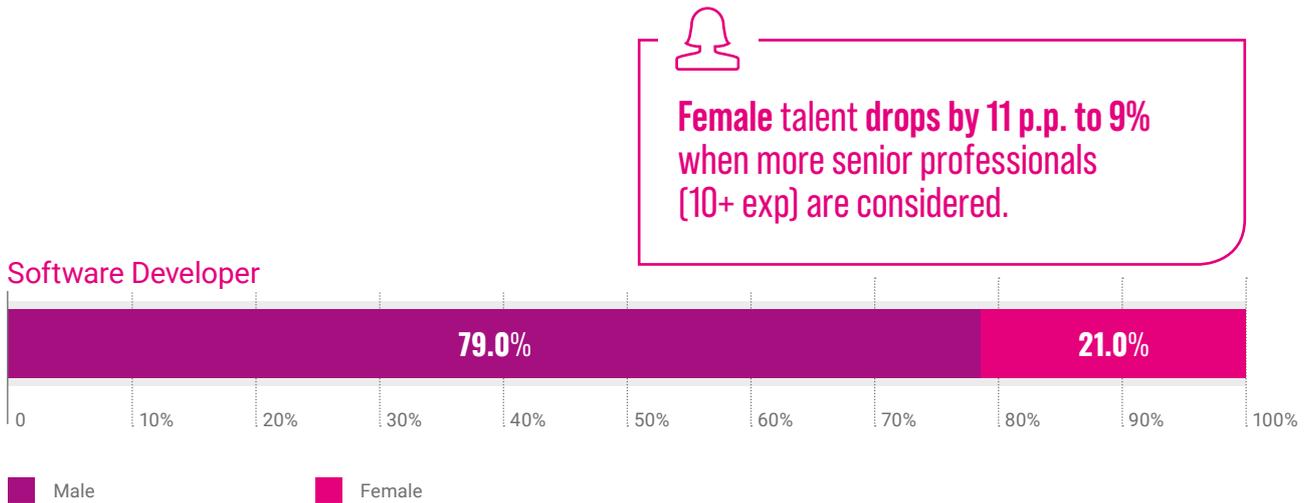
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## GENDER DIVERSITY

The majority of both talent groups consists of male talent. This trend is reflected more in the data engineer population than software developers, as the latter sees more female talent.

The more experience is added, the more the percentage of female talent reduces.

**FIGURE 3.24**  
GENDER DIVERSITY



**Comparatively, the Polish tech talent market is majorly dominated by the male workforce, where only 21% of software developers and 13% of data science professionals are female.**

Source: Gender data pushed through a name API, then via machine learning through patent, divorce and marriage records. Data accurate 04-14-2022

# 4 TALENT POOL & LEADERSHIP IMPERATIVES



**53.3%**

Perceive the current availability of a talent pool in Poland as a fundamental or significant barrier to center(s) to operations and growth.



**72.1%**

Perceive that the problem with the talent pool availability will intensify from the perspective of 2027 to a significant or very significant extent.



**72.2%**

Perceive the sourcing of personnel from outside of prominent locations of operations in Poland, through WFH, as one of the solutions to improve talent pool availability.



**85.4%**

Stated they would source staff from locations outside of their city of operations in Poland.



**53.8%**

Source staff from abroad.



**56.1%**

Point to predictive / advanced analytics as the skill most in-demand in the next five years, followed by tech-savviness (46.3%) and leadership (43.9%).



**69.5%**

Stated flexibility (ability to adjust) is the most sought-after employee attitude from the perspective of 2027.

A large pool of talented workers is a critical competitive driver of any market, particularly in the knowledge-intensive business services sector. Although the battle for talent existed before the COVID-19 pandemic, last year saw a watershed moment with accelerated digitalization, a shift to WFH (remote work), and new hiring practices.

With COVID-19 subsiding, some expected the situation to return to pre-pandemic conditions. Though highly unlikely – the new normal will be different from the old (traditional) normal.

This will apply to how companies identify, hire and train talent. A new hybrid workspace environment requires more flexibility, less dependence on HQs, and a more intense battle for talent, without geographic boundaries. We are now increasingly in the “source from everywhere” mode.

Companies are about people, and so to succeed, they must be built with the right people. In the new normal, we need more diversity and inclusion policies and a sense of belonging, as diverse teams are more creative and easier to adjust to shifts in the environment. It will be about leveraging new technology (augmented workers supported by AI and IPA) and, last but not least, offering greater flexibility allowing for a hybrid workspace and even for permanent WFH in specific roles and processes.

The size and quality of the talent pool of employees is the most critical asset of the industry in Poland at the end of Q1 2022. It allows the sector to compete with entities in the EMEA region and globally. However, the unprecedented growth of the industry in Poland makes access to new pockets of adequate talent a priority. We are in the middle of a global competition for talent, which will intensify in the forthcoming years.

21.2% of respondents perceive the current availability of a talent pool in Poland as a fundamental barrier to the center(s) operation and growth. 32.1% perceive it as very important and a further 30.1% as necessary. Only 1 in 50 do not perceive it as a significant challenge.

32.9% of respondents declared that the problem with talent pool availability will intensify by 2027 to a very significant extent, and 39.2% stated significantly.

Therefore, talent availability will be the most significant challenge to the sector’s future growth in Poland and the region as a whole in the strategic perspective of the next five years.

72.2% of respondents perceive the sourcing of personnel from outside of prominent locations of operations in Poland through the WFH mode as one of the solutions to improving talent pool availability. The COVID-19 pandemic, by accelerating digital transformation and pushing us to new work models due to sanctions, proved that new models of work are possible, efficient, and are likely to be permanent in specific functions and jobs.

Understanding the significance of the problem, managers have already introduced measures to address the challenge. 85.4% of respondents stated they would source staff from other locations in Poland, while 53.8% of firms declared they would do this by looking abroad. 65.8% introduced internship programs, while 63.9% cooperated with universities by introducing joint programs. At this stage, only 1 in 5 companies collaborate with high schools. 65.8% of firms introduced internship programs, and 48.7% have introduced reskilling/upskilling programs. This is likely to gain traction with the gradual upgrading of processes performed in centers (the increasing role of mid-office processes gradually pushing out back-office processes and the increasing introduction of IPA/RPA replacing simple, manual, and repetitive, mass-scale tasks.



**There is  
no substitute  
for talent.  
Industry and all  
the virtues are  
of no avail.**

Aldous Huxley

The industry is thus looking within Poland and abroad, fighting for talent with other sectors and starting to source talent earlier on the educational path. One of the possible solutions is sourcing older workers. Currently, this is not popular, with only 5.1% of respondents declaring to have recruitment programs for workers aged 50+. However, only 1 in 50 firms are not taking any actions to address the sourcing of talent challenge in Q1 2022.

We have also asked managers about the most critical competencies/skills and employees' attitudes that are key to allowing further growth and qualitative development of the sector in Poland from the perspective of 2027.

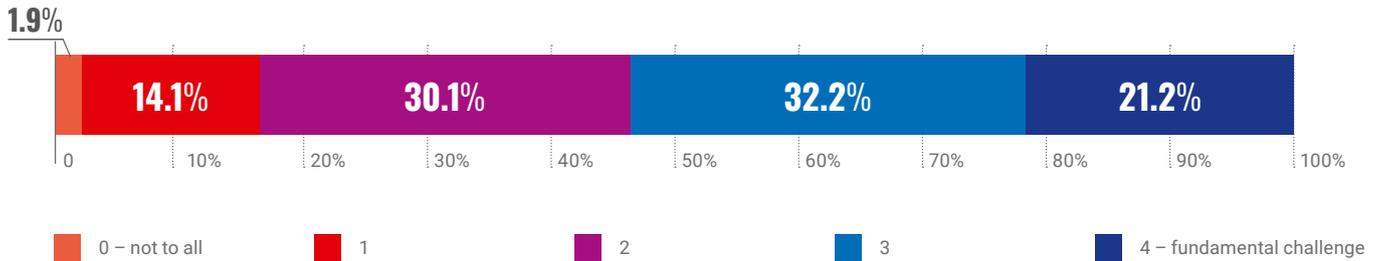
As for the skills, the top three indications included competencies in predictive/advanced analytics (56.1%), tech-savviness (46.3%), and leadership (43.9%). Linguistic competencies (42.1%), a dominant factor a decade ago, only came in fourth. These were followed by emotional intelligence – soft competencies (37.8%), competencies in programming (36.6%), and managerial competencies (23.8%). It seems that centers look mainly for employees who possess several competencies.

With regard to employees' attitudes, the most sought-after (demanded) from the perspective of 2027 included flexibility (ability to adjust) (69.5%), proactivity (51.2%), being multi-skilled (multifaced skills/competencies) (48.8%), creativity (46.3%), action-orientation (41.5%) and being a team-player (41.5%). These attitudes align with the upgrading & upskilling trend in a more uncertain world that has been shaken by many factors. More than one in four respondents pointed to entrepreneurship, responsibility, and productivity. Less than one in four identified trustworthiness, positivity (optimism), well-organized, empathy, and attention to detail.

The lowest priority given to attention to detail is problematic to a certain extent if we consider the rising significance of considerable data accumulation, transformation, and the fast-rising profile of predictive/advanced analytics.

**FIGURE 4.1**

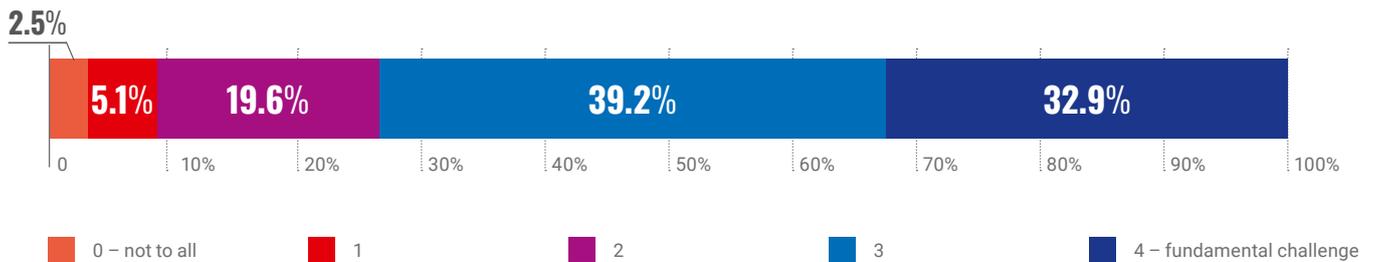
TO WHAT EXTENT IS THE AVAILABILITY OF A TALENT POOL IN POLAND A BARRIER (A BOTTLENECK) FOR YOUR CENTER(S) TO OPERATE AND GROW? (% OF RESPONDENTS)



Source: ABSL's study based on the results of the survey (N=156 companies)

**FIGURE 4.2**

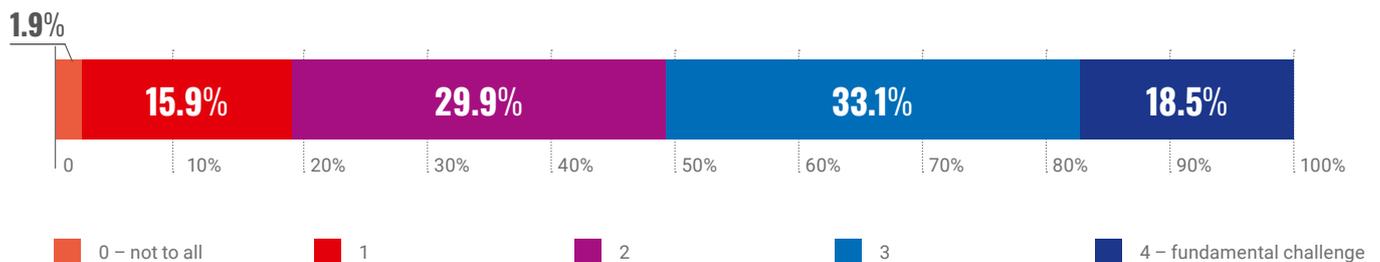
WILL THE PROBLEM WITH THE TALENT POOL AVAILABILITY INTENSIFY FROM THE PERSPECTIVE OF 2027? (% OF RESPONDENTS)



Source: ABSL's study based on the results of the survey (N=158 companies)

**FIGURE 4.3**

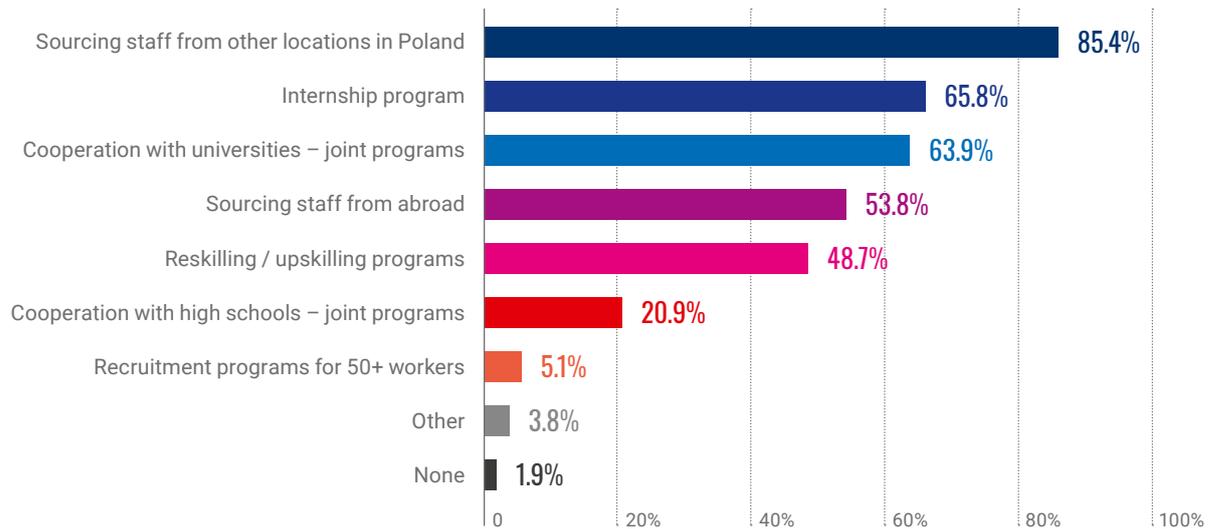
TO WHAT EXTENT CAN THE SOURCING OF PERSONNEL FROM OUTSIDE OF YOUR MAIN LOCATIONS IN THE WFH MODE HELP TO IMPROVE TALENT POOL AVAILABILITY? (% OF RESPONDENTS)



Source: ABSL's study based on the results of the survey (N=156 companies)

**FIGURE 4.4**

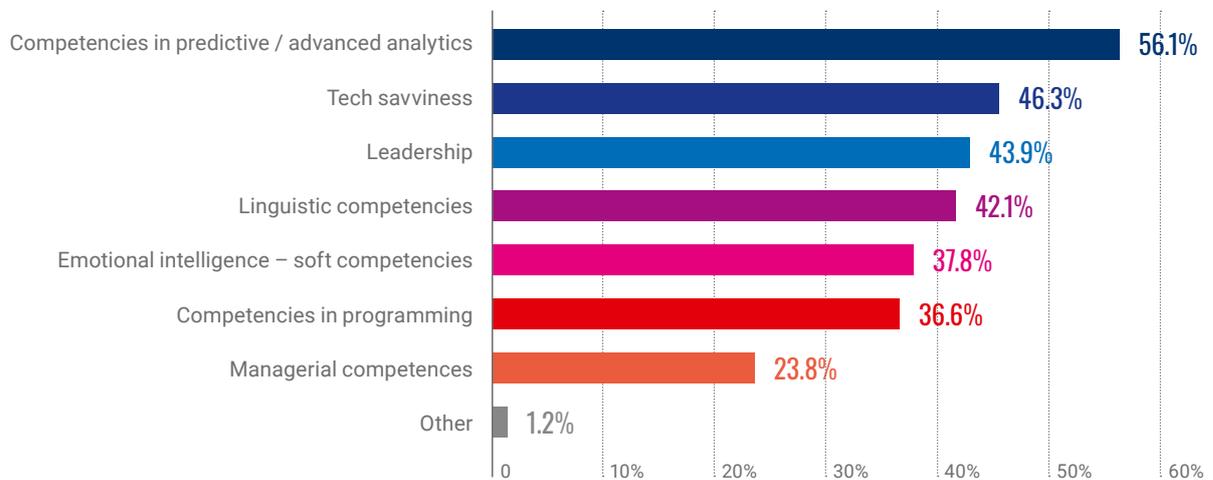
MEASURES ALREADY IMPLEMENTED TO COPE WITH THE TALENT POOL SHORTAGE?  
(% OF RESPONDENTS)



Source: ABSL's study is based on the survey results (N=158 companies). The results do not add up to 100

**FIGURE 4.5**

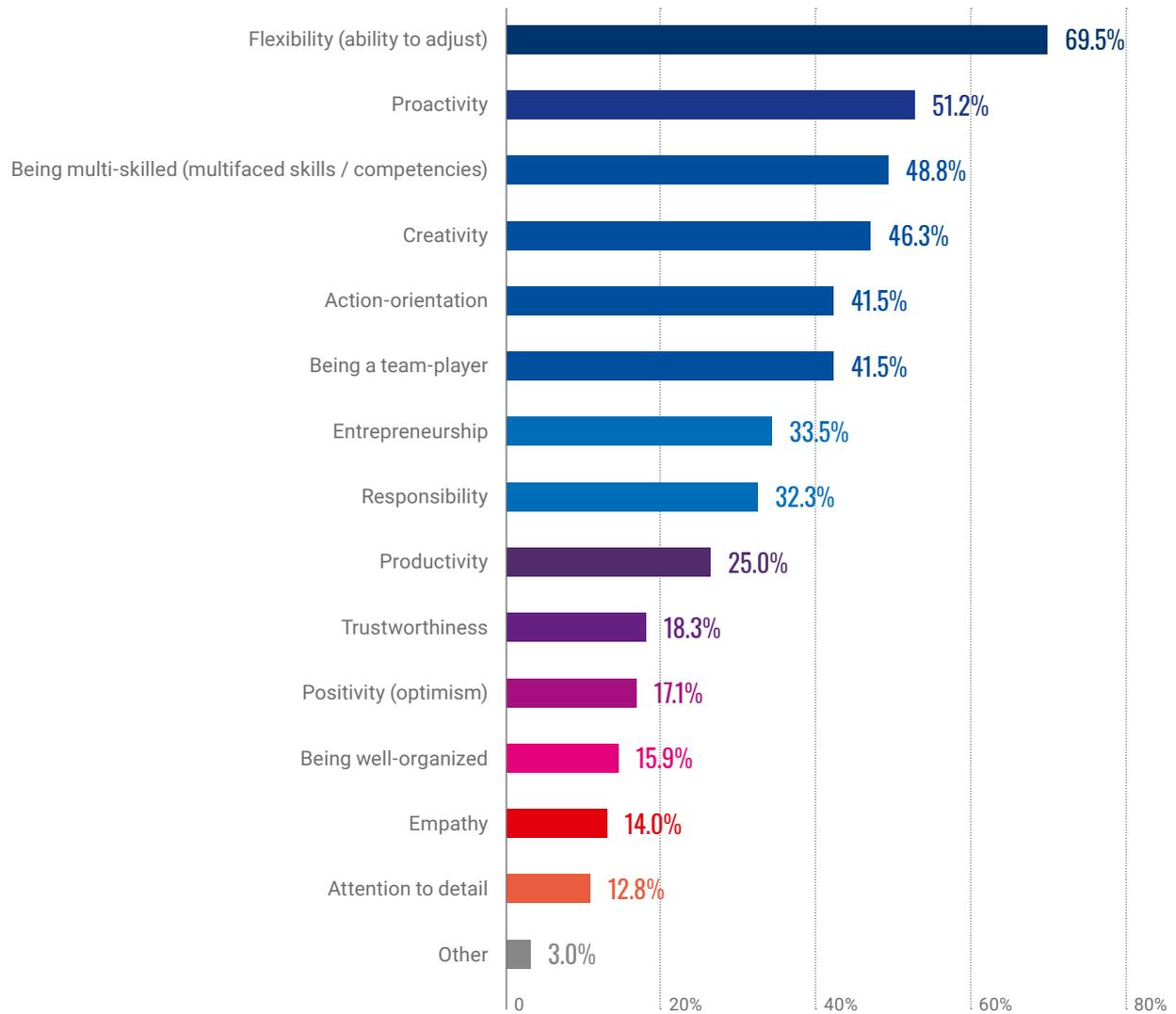
TOP 3 COMPETENCIES / SKILLS NEEDED TO MAKE FURTHER DEVELOPMENT OF THE SECTOR IN POLAND POSSIBLE FROM THE PERSPECTIVE OF 2027 (% OF RESPONDENTS)



Source: ABSL's study is based on the survey results (N=164 companies). The results do not add up to 100

**FIGURE 4.6**

ATTITUDES OF EMPLOYEES NEEDED TO ACCELERATE THE DEVELOPMENT OF THE SECTOR IN POLAND FROM THE PERSPECTIVE OF 2027 (% OF RESPONDENTS)



Source: ABSL's study based on the results of the survey (N=164 companies)

# 5 BUSINESS TRANSFORMATION PARADIGM & INVESTMENT PLANS



**83.8%**

The share of companies which plan to increase their headcount to Q1 2023. It was four p.p. higher than in the previous survey.



**41.5%**

Share of firms planning to follow product development strategy in 2022 (introduction of new products in existing markets).



**21.5%**

Firms planning to expand their activities in 2022 want to reinvest in Poland. 4.5 p.p. higher than in the previous survey.



**76.0%**

Perceive that inflationary pressure and destabilization of macro fundamentals could have an adverse or severely adverse impact.



**73.4%**

The share of companies that are going to recruit employees across Poland, without employee relocation.



**76.1%**

Companies that expanded or significantly expanded the scope of services provided in 2021.



**72.6%**

Perceive that the global talent shortage could have an adverse or severely adverse impact.

To remain globally competitive, the industry in Poland must shift toward higher-value-added mid-office and front-office processes with higher skills and knowledge content requirements.

**Poland is no longer considered a low-cost location but the best-cost location per value generated.**

Its competitiveness is also related to its advantageous time zone location, allowing the servicing of both APAC and AMER markets and offering the benefits associated with EU27 membership.

The trends towards upgrading and upskilling are already strong and gaining pace. The COVID-19 pandemic has accelerated these previously observed trends. 2021 was an excellent year for the sector in Poland. To remain competitive in an even faster moving market, we need to transform into a more creative,

higher-value-added mode. Nonetheless, the rising complexity of roles, the drive towards upskilling, high attrition rates, extended training periods, and a relatively short average duration of employment are significant challenges in advanced jobs and talent acquisition.

Looking from this perspective, the capacity to innovate continuously will become imperative. We need to commercialize improved and/or new services and solutions to the global market as well as for our customers. With regard to KIBS, we now need to be proactive rather than reactive with technology we can utilize in the sector as we become increasingly responsible for pushing the KIBS' boundaries. **From being followers catching up to the global technological frontier, we need to adapt to the role of leaders. This is a fundamental shift in paradigm – a profound transformational change.**

## TRANSFORMATION PLANS

52.9% of firms plan to introduce a transformation strategy in the forthcoming year. 68.2% of respondents declared that the transformation was driven top-down, and only 31.8% stated that it was a bottom-up initiative.

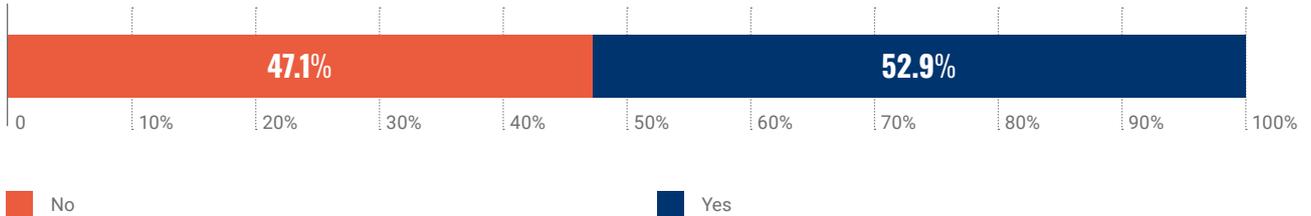
45.8% of respondents declared the transformation of the center was supervised locally, with 47% saying it was globally supervised. 3.6% of respondents declared it was run by a dedicated external advisor or a consultancy firm.

As to the leadership style required for the center's successful transformation, most respondents said that they wanted to introduce novel elements specific to the organization – be a leader (73.3%), with 14.7% wanting to follow industry standards.

Business transformation paradigm & investment plans

**FIGURE 5.1**

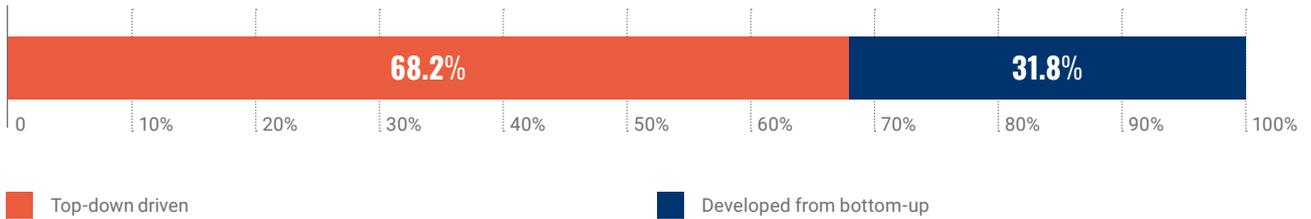
DO YOU PLAN TO INTRODUCE THE TRANSFORMATION STRATEGY IN A FORTHCOMING YEAR (TILL Q1 2023)? (% OF RESPONDENTS)



Source: ABSL's study is based on the results of the survey (N=157 companies)

**FIGURE 5.2**

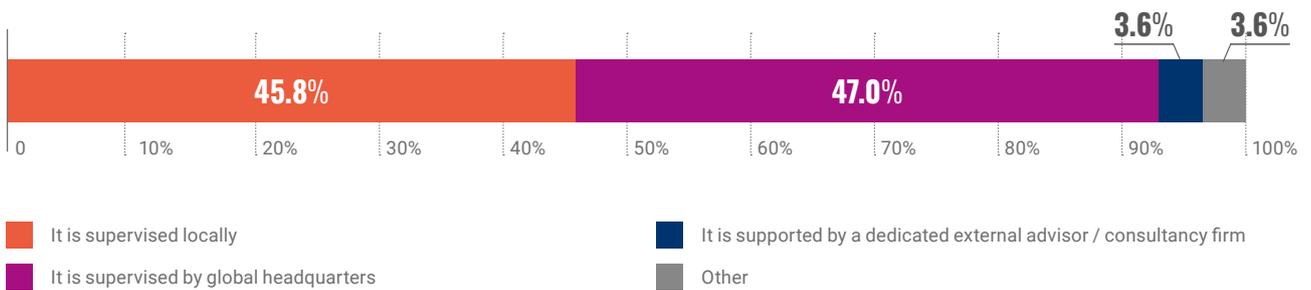
CHARACTER OF TRANSFORMATION STRATEGY (% OF RESPONDENTS)



Source: ABSL's study based on the results of the survey (N=85 companies)

**FIGURE 5.3**

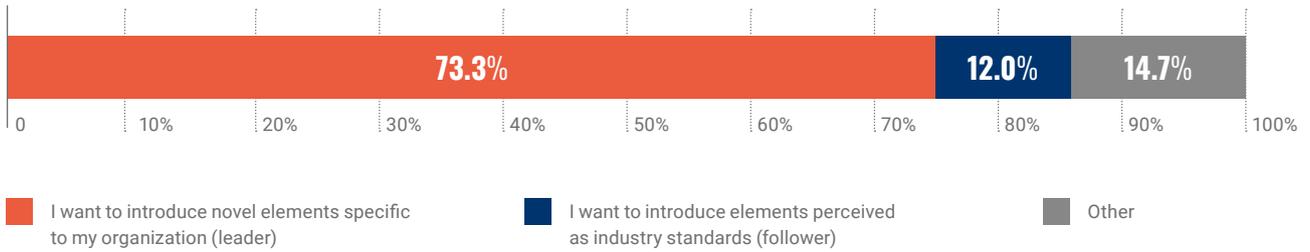
WHO IS SUPERVISING THE TRANSFORMATION OF YOUR CENTER? (% OF RESPONDENTS)



Source: ABSL's study is based on the results of the survey (N=83 companies)

FIGURE 5.4

THE STYLE OF LEADERSHIP REQUIRED FOR THE SUCCESSFUL TRANSFORMATION OF THE CENTER? (% OF RESPONDENTS)



Source: ABSL's study is based on the results of the survey (N=75 companies)



# Translating ESG into actions

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Applying highest ethical standards and requiring the same from our subcontractors and suppliers



Implementing climate-smart solutions at each stage of the building lifecycle



Contributing to the development of local communities and supporting their needs

By doing so, we're working towards achieving our own sustainability aspirations and help our customers fulfill theirs.

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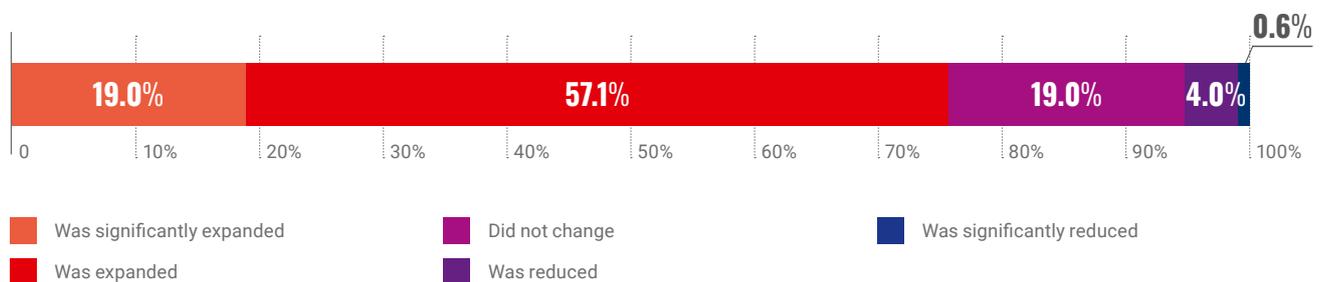
# SCOPE OF SERVICES, CENTERS' PLANS REGARDING CHANGES IN HEADCOUNT AND NEW INVESTMENTS

The sector operates in a dynamic economic and social environment. Smaller or larger, both positive and negative shocks constantly happen with businesses trying to adapt and sometimes mitigate the effects. Their scope and dynamics are, however, a challenge. The COVID-19 pandemic has created a new reality; the WFH pattern is on the rise, the scope of provided services is broadening, and new functions are being transferred to centers operating in Poland. The sector has, with relative ease, passed the pandemic stress test. Business continuity plans worked well. In 2021, 76.1% of respondents expanded

the scope of services they provided. The pandemic has accelerated the changes affecting the sector over the last few years (the growing role of AI, robotization, and soft skills; big data or even oceans of data processing; increasing clients' expectations). 2021, the second year of the COVID-19 pandemic, did not alter the centers' employment plans. 83.8% of the companies (4 p.p. higher than in the previous year) declared that they would increase their headcounts by Q1 2023. 11.6% of companies assume no change in their headcount, and 4.5% foresee a reduction.

**FIGURE 5.5**

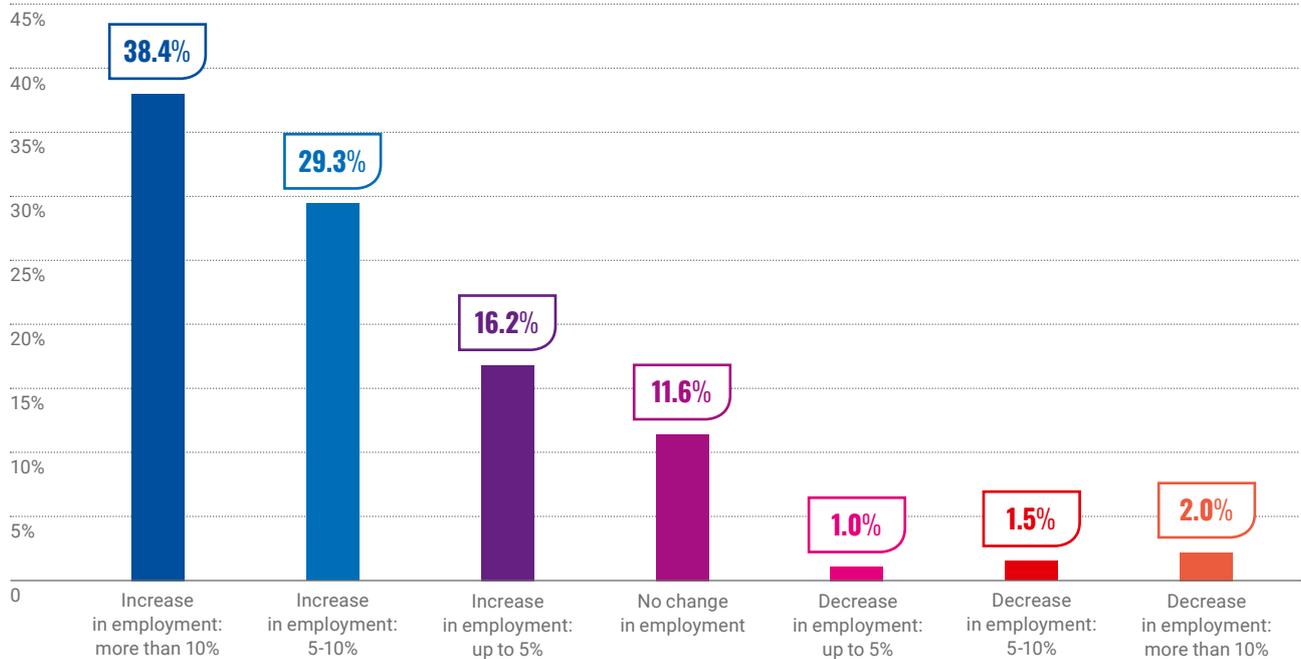
CHANGES IN THE SCOPE OF SERVICES PROVIDED IN 2021



Source: ABSL's study is based on the results of the survey (N=171 companies)

**FIGURE 5.6**

SERVICES CENTERS' PLANS REGARDING CHANGES IN HEADCOUNT BY Q1 2023  
(SHARE OF CENTERS IN %)



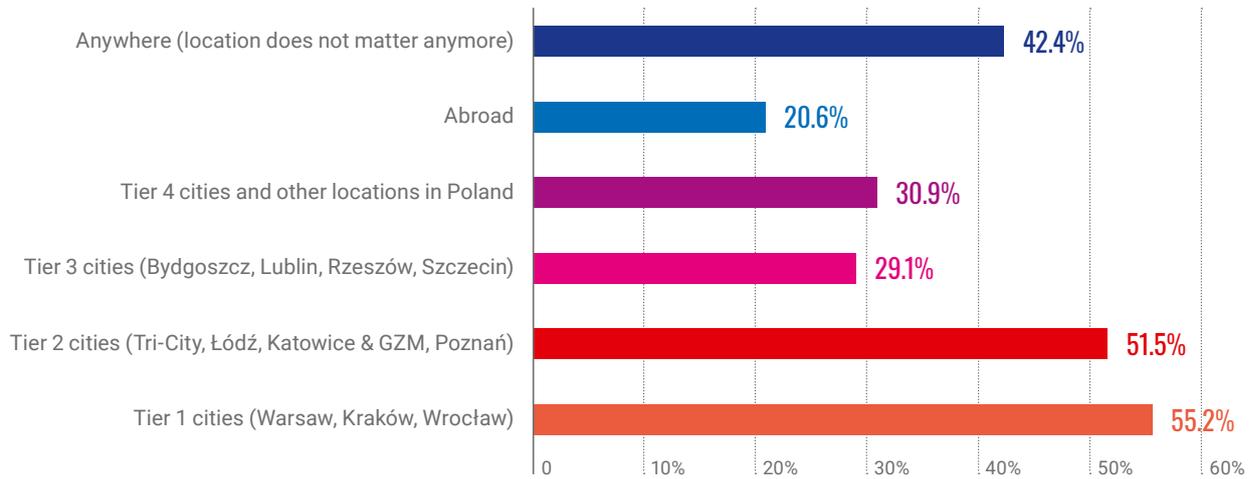
Source: ABSL's study is based on the results of the survey (N=198 companies)

The pandemic has, however, also altered the recruitment patterns of centers. 73.4% of companies will recruit employees from across Poland without employee relocation. At the same time, 65.1% of respondents declared that the place of residence of a newly recruited employee was still essential. Locations are therefore still perceived by many investors as offering specific talent pool competencies which stem from business culture and tacit knowledge of organizations and their interactions.

New employees will be recruited from Tier 1 and 2 cities, which is not a surprise, as these are already the primary sources of the sector's talent pool. However, it should be underlined that, as declared by 42.4% of respondents, recruitment will be from "anywhere" (location is no longer a factor). 20.4% of investors intend to recruit from abroad.

**FIGURE 5.7**

FROM WHICH TIER CITIES ARE YOU GOING TO RECRUIT NEW EMPLOYEES?



Source: ABSL's study based on the results of the survey (N=165 companies)

## PLANS FOR NEW INVESTMENTS

Among those centers planning to expand their activities in Poland in the coming year, 21.5% intend to open a new center (reinvest) in Poland. This percentage is 4.5 p.p. higher than in the previous survey. Among

those companies that plan to open new centers in Poland within the next year, the most significant numbers are companies with American capital (24.3%), British capital (18.9%), and French capital (16.2%).

## ANSOFF, PRODUCT-MARKET EXPANSION MATRIX

The Ansoff matrix, also known as the product-market expansion matrix, is a management strategy tool which companies use to analyze

and plan their strategy for growth. The four strategies that appear in the Ansoff matrix are:

**Market penetration:**  
focusing on increasing sales of existing products in the existing market.

**Product development:**  
focusing on introducing new products to the existing market.

**Market development:**  
focusing on entering a new market using existing products.

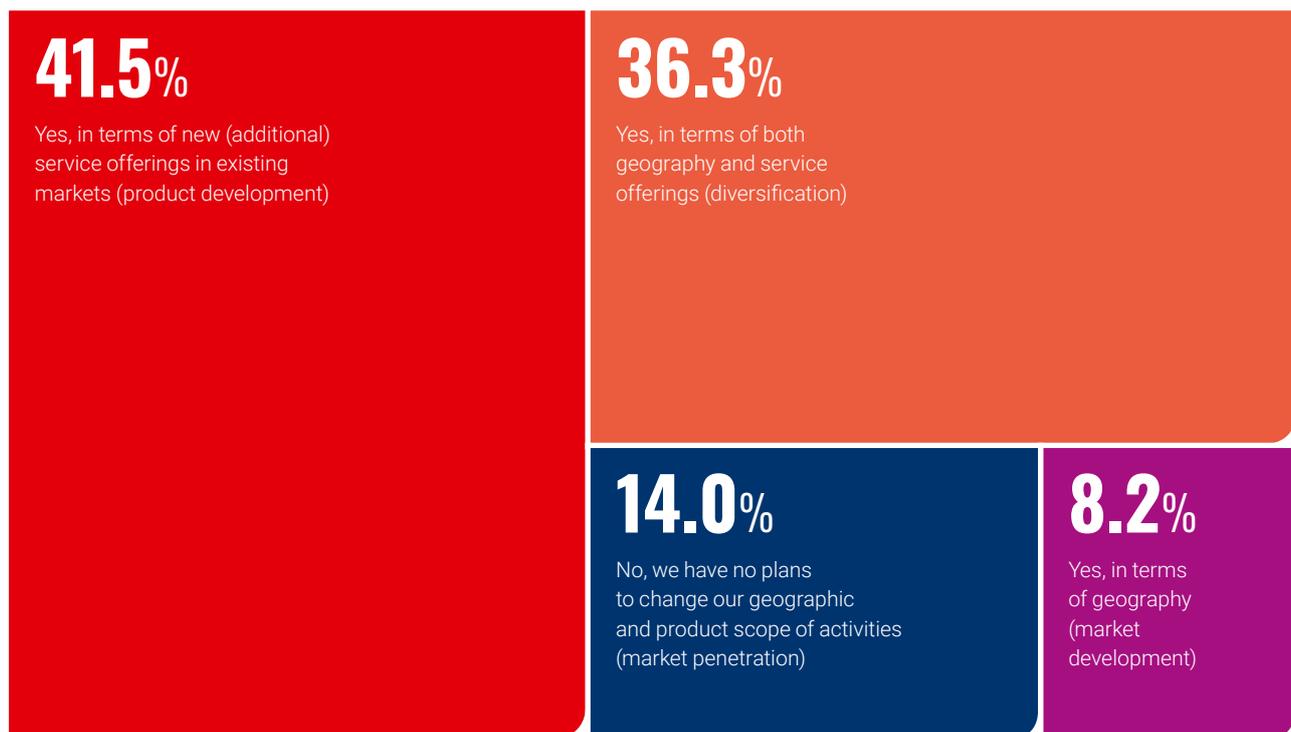
**Diversification:** focusing on entering a new market by introducing new products.

The least risky of these is the market penetration strategy, with the most difficult considered to be the diversification strategy. 41.5% of respondents declared that they were carrying out product development (introducing new products to the existing market). 36.3% of companies were diversifying their activities and entering new markets with new products; 14.0% were developing products in existing markets (market penetration), while 8.2% of companies were entering new markets.

In comparison with the previous year's survey, a change can be observed. In 2021, diversification (the riskiest approach) topped the declared strategies; in 2022, it was product development. In the COVID-19 pandemic, the result of additional products/services on known markets is, for many firms, a safe strategy for doing business.

### FIGURE 5.8

#### ANSOFF MATRIX – COMPANY PLANS FOR 2022



Source: ABSL's study is based on the results of the survey (N=171 companies)

# DRIVERS OF CHANGE IN THE SECTOR

Inflationary pressure with the accompanying destabilization of macro fundamentals is perceived as a factor that can have the most adverse effect on centers' activities in the coming year. This is followed by changes in the regulatory environment in Poland and the EU, and the global talent shortage. Despite their adverse nature, most drivers of change can be perceived as positive challenges – for instance, COVID-19 was initially a considerable shock but led to several structural changes such as the speeding up of both digital transformation and the mass scale transition to new work models – remote or hybrid modes will define the post-pandemic reality.

Figure 5.10 provides a synthesis of respondents' opinions on the factors that will affect centers' activities in Poland over the next year. The average for responses was counted on the five-point Likert scale, ranging from -2=Significantly adverse impact to +2=Significantly positive impact.

The respondents indicated other significant factors including military conflict (war), which unfortunately became a reality in Ukraine, the rising costs of running a business, and the Polish Deal (new tax regulations). The side effect of the ongoing war in Ukraine is increasing inflationary pressure and a rise in the threat of fundamentals being destabilized.

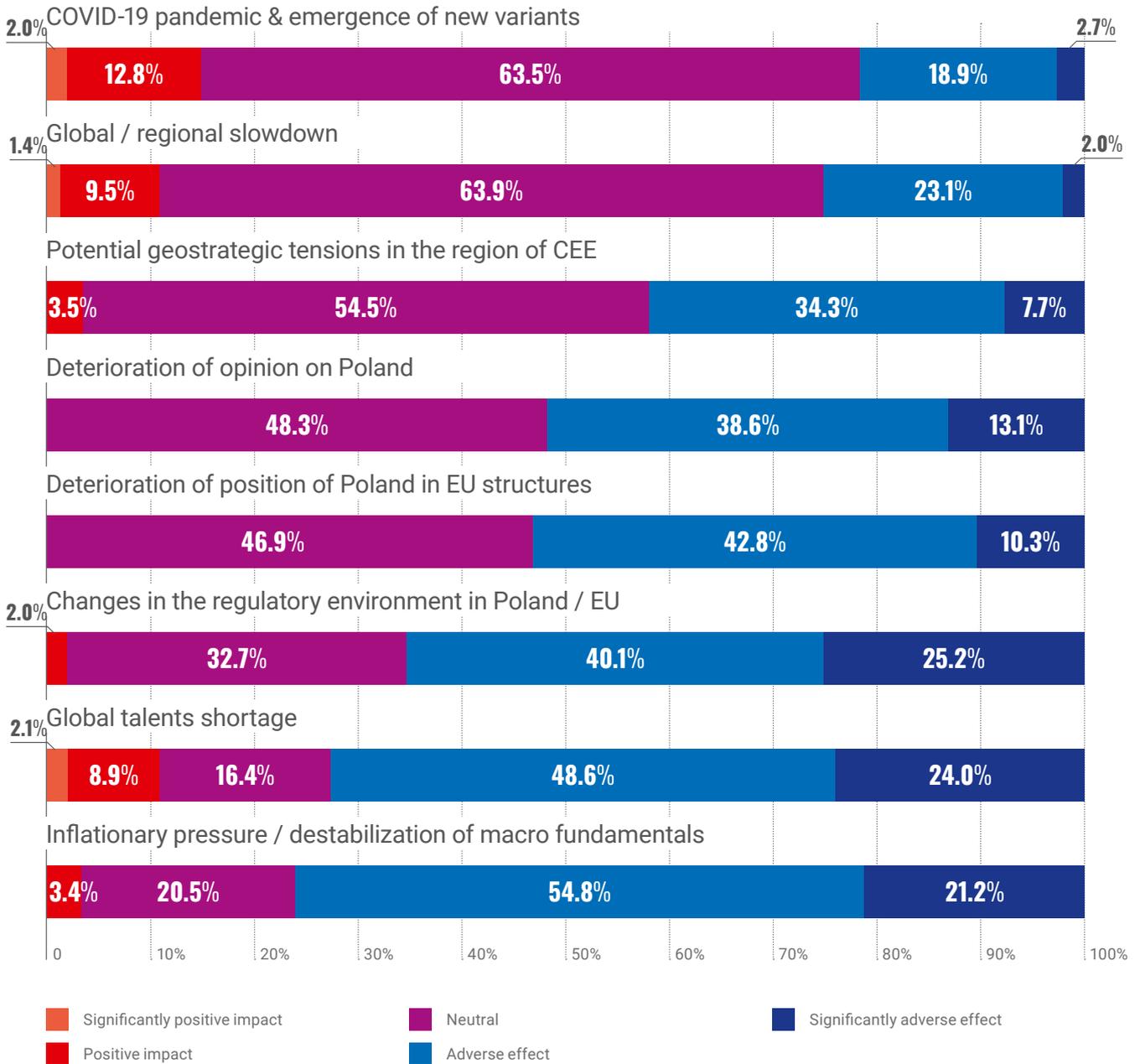
**FIGURE 5.9**

THE IMPACT OF SPECIFIC FACTORS ON THE SECTOR IN POLAND FOR THE COMING YEAR  
(AVERAGE OF RESPONSES)



**FIGURE 5.10**

THE IMPACT OF SPECIFIC FACTORS ON THE SECTOR IN POLAND FOR THE COMING YEAR (%)



Source: ABSL's study based on the results of the survey (N=148 companies)

# THE IMPACT OF COVID-19 ON LOCATION OF ACTIVITIES

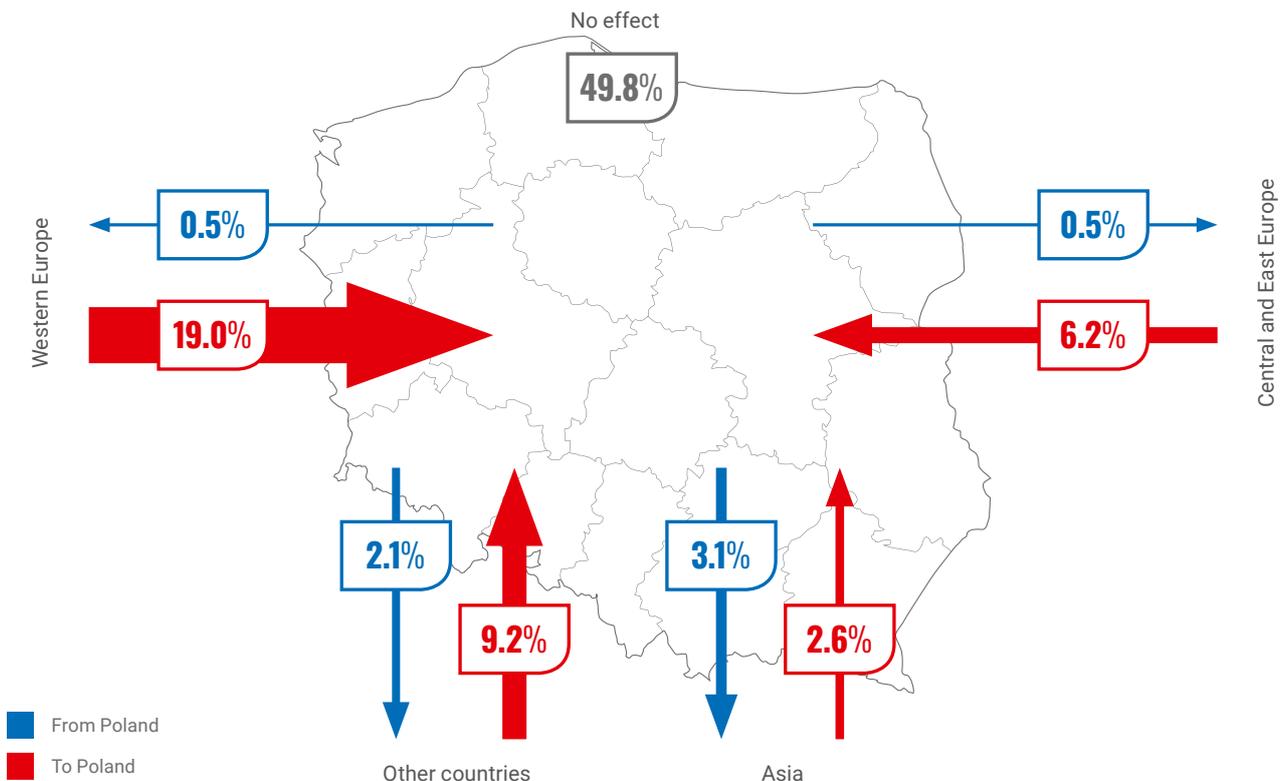
The COVID-19 pandemic and its consequences are expected to see activities being relocated to Poland (36.9%). 56.9% of respondents did not see such an impact. In the opinion of 6.2% of respondents, there will be a relocation of activities from Poland to other countries.

The potential consequences of Russia's invasion of Ukraine in February 2022, another crisis which quickly followed the COVID-19 pandemic, could change the above forecasts. In some scenarios,

the position of Poland could be strengthened due to its EU and NATO membership. A decrease in the attractiveness of Eastern European states (Russia, Belarus due to sanctions, Ukraine – due to war), as well as rising uncertainty and fears regarding the region, could conversely have adverse effects – potentially slowing the growth of the sector in Poland. It may result in more adverse circumstances, lower foreign investor interest, and a partial exodus of the workforce to locations perceived as more secure.

**FIGURE 5.11**

HOW IS THE COVID-19 PANDEMIC GOING TO AFFECT THE LOCATION OF CENTERS' ACTIVITIES ? (%)



# POLAND IS THE BEST PARTNER FOR THE MODERN BUSINESS SERVICES SECTOR

Poland is one of the undisputed world leaders in the modern business services sector. This success is a product of several factors. For years, Poland has been inspiring trust as an economically stable partner. The balanced development of the entire country, educated and qualified staff, as well as access to university centers mean that today not only Krakow, Warsaw and Wrocław but also other regional cities enjoy the interest of investors, which undoubtedly proves the strength of Polish regions.

Tier 1 locations, Warsaw, Kraków and Wrocław are, of course, the driving force behind the development of the sector, however, we could not talk about success on this scale if it were not for hard work, consistency in action, as well as an appropriate understanding of the market needs in other, equally important locations in the country .

Year 2021 was the record breaking as it comes to projects successfully supported by PAIH with the total number reaching 98 closed investments of total estimated value of 3,5b EUR and estimated job creations reaching more than 17 000,00 FTEs. Within this number 49 projects were the BSS related ones. In the first quarter of 2022 there were 65 active business services projects within Agency's portfolio.

Investment incentives are one of the key factors in the site selection process. In this approach, a significant support in maintaining the positive trend in the inflow of FDI is the cash grant Program, which, apart from the CIT exemption within the Polish Investment Zone, constitutes a financially important investment incentive as part of regional public aid granted by the state. The program, operated by PAIH, offers companies interested in investing in Poland cash grants, refinancing partially incurred investment outlays or costs of creating new jobs.

Speaking of Poland's investment potential and the availability of talent, it is also worth mentioning the Poland Business Harbor program launched in the autumn of 2020, the purpose of which is to facilitate the relocation of IT specialists initially solely from Belarus. In mid 2021 further countries were added thus PBH expanded to Armenia, Georgia, Moldova, Russia and Ukraine with Azerbaijan to follow in January 2022. So far over 35,000 citizens of the forementioned countries participated in the program reinforcing the Polish labor market.

Although the coming time still brings many challenges and uncertainties related to geopolitical situation, we are convinced that thanks to the incoming investments it will also be a period of new development opportunities for Polish cities and their inhabitants. Feel invited to delve into this report and also cooperate with the Polish Investment and Trade Agency.

**Krzysztof Drynda,**

Chairman of the Polish Investment and Trade Agency



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& Trade Agency  
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