

Polska



Business Services Clusters in Poland

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In the recent decade, the region of Central Eastern Europe has become one of the most important hubs for business processes offshoring worldwide.



Compared with other countries in the region Poland holds first place in number of attracted service sector investors and number of created workplace, which can be attributed to a bigger number of potential locations – major cities, significantly larger labour pool with higher education and language skills, an abundance of available office space and proximity to Western Europe.

Poland is becoming an internationally recognized destination for advanced business processes of the leading companies. Among about 20 cities in the Central and Eastern Europe Region, internationally recognized as potential offshoring locations, almost 50% are located in Poland and the 3 leading cities are Warszawa, Kraków and Wrocław. The total number of foreign service centres in Poland has been increasing constantly in the last decade. According to the report “Business Services Sector in Poland 2016” there are 936 service centres in Poland, employing totally 212,000 people, with the biggest share in Kraków (24%),

Warszawa (17%) and Wrocław (16%). Among them are 676 foreign-capital service centres with 177,000 employees. This means that in the past three years (since 2013) foreign entities created 77,000 jobs in the sector, as a result of which the annual average growth in the period amounted to 21%.

According to the ABSL Report 2016, Poland is the largest office market in the Central and Eastern Europe region offering 8 million m² of modern office space. Nearly 14% of the vacancy rate is located in Warsaw. In terms of regional cities, the most dynamic markets are Wrocław, Kraków and the Tri-City. Currently there is approximately 1.5 million m² of office space under construction, of which 44% is located in Warsaw. The basic rent rates offered in most major Polish cities vary in range between 11–14.5 EUR/m² per month.

One of the most important factors contributing to attractiveness of Poland is availability of well-educated staff. The large number of universities and other tertiary education institutions (over 430 schools in 2015) deliver more than 450 thousand of graduates (both Degree and Master Degrees) and the total number of

students exceeded 2 million in the recent years. What is important Polish students demonstrate a relatively high level of foreign language skills. The highest level of knowledge of foreign languages among students applies to English, which is followed by German, Russian and French. Additionally numerous language faculties with more than 30 thousand students provide a large pool of people with less popular language skills, such as Nordic languages or Dutch.

The most common types of services provided in foreign service centres in Poland include:

- Finance and Accounting,
- IT Services,
- Research and Development (including Software Development),
- Customer Service,
- HR,
- Financial services,
- Decision Support & Knowledge Process Outsourcing,
- Procurement.

The top 10 foreign employers in the business services sector in Poland include: France Telecom, Capgemini, IBM, General Electric, Hewlett Packard, Bertelsmann Media, Nokia, Citi Group, Shell and Accenture.

The following investment incentives may be offered to foreign companies, willing to establish a business service center in Poland:

- Government cash grant in the name of the Programme for supporting investment of major importance to the Polish economy for the years 2011- 2020:
 - The number of jobs planned to be set up in connection with the investment project is the basic criterion of qualification for the instrument. In the case of:
 - Shared Services Centres (SSC), Business Process Outsourcing (BPO), and IT centres the qualifying number is the minimum of 250 new jobs with investment expenses amounting to PLN 1.5 million.
 - Research and Development (R&D) Centres, the investor is required to create a minimum of 35 new jobs for workers with higher education and to pay a minimum of PLN 1.5 million of investment costs.
- The value of investment underlying the creation of new jobs in the business services sector shall be at least two times higher than the granted support. The level of support per job ranges between PLN 3,200 and PLN 15,600 and the following factors are assessed by the government committee:
 - number of jobs created,
 - quantity of jobs created, i.e. the number of jobs for employees with higher education,
 - type and degree of sophistication of the accomplished processes,

- their uniqueness,
 - investment location,
 - involvement in the development of the local environment such as cooperation with universities,
 - investor's brand.
- Tax exemptions in a Special Economic Zone (for further details see the SEZ section):

In order to be eligible for a tax exemption, a company must apply for a permit to operate in the SEZ. The SEZ permit is issued by the zone's managing entity on the basis of the investor's application. Regardless of the current location of the zones, an existing SEZ may be extended to include a location chosen by an investor, subject to certain criteria, provided that in the case of (according to The ordinance of the Council of Ministers dated on 10 of December 2008, concerning the criteria according to which land may be included in a SEZ, with subsequent changes):

- R&D services, this criterion is for the investment to result in the creation of a minimum of 50 new jobs, or incurring costs in the minimum amount of PLN 10 million, or
- services within the scope of: information technology, accounting and books auditing with the exclusion of tax returns, call centers - the criterion is for the investment to result in the creation of a minimum of 150 jobs, or incurring at least PLN 20 million of capital expenditures.
- Grants from the EU funds:

In former EU funds framework, entities planning to set up a new or expand an existing SSC, BPO/ITO or R&D center could request support under Action 4.5.2 "Support for investment in modern services sector" of the Operational Program - Innovative Economy. It has to be noted that in the current 2014-2020 financial framework the programme 4.5. will be not continued in its previous form. It is expected that only companies implementing R&D projects will be able to apply for financial grants.

Source: Polish Investment and Trade Agency, *Poland your business Partner. Invest in Poland, 2016.*



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